IMPORTANT NOTICE

THIS PRELIMINARY PROSPECTUS IS BEING DISPLAYED ON THIS WEBSITE TO MAKE THE PRELIMINARY PROSPECTUS ACCESSIBLE TO INVESTORS IN THE PHILIPPINES AND IS TO BE VIEWED EXCLUSIVELY WITHIN THE PHILIPPINES.

THE PHILIPPINE STOCK EXCHANGE, INC. (THE "PSE") ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF STATEMENTS MADE, OR THE OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. THE PSE MAKES NO REPRESENTATION AS TO THE COMPLETENESS OF THE PROSPECTUS AND DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE, IN FULL OR IN PART, OF THE CONTENTS OF THE PROSPECTUS

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

The offering information on this website is intended to be available only to Philippine and non-Philippine citizens residing in the Philippines or corporations or judicial entities organized and existing under Philippine law and is not intended for distribution outside the Philippines.

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You are responsible for protecting against viruses and other destructive items. Your receipt of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

This Preliminary Prospectus and the information contained herein are subject to completion or amendment without notice. The Offer Shares may not be sold nor may an offer to buy be accepted prior to the time that the Preliminary Prospectus is issued in final form. Under no circumstances shall this Preliminary Prospectus constitute an offer to sell or the solicitation of an offer to buy any Offer Shares nor shall there be any offer, solicitation or sale of the Offer Shares in any jurisdiction.

OVIALAND

Premier Family Living

OVIALAND, INC.

Offer of up to [336,000,000] Primary Common Shares and up to [24,000,000] Secondary Common Shares
With an Over-allotment Option of up to [36,000,000] Secondary Common Shares

Offer Price of up to [₱5.60] per Share

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

Sole Issue Manager, Lead Underwriter and Sole Bookrunner

SB CAPITAL
A Subsidiary of Security Bank

Selling Agents

The Trading Participants of The Philippine Stock Exchange, Inc.

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

The date of this Preliminary Prospectus is [March 17], 2023.

OVIALAND, INC.
Unit 2701 Parkway Corporate Center,
Corporate Ave. Cor. Parkway Place,
Filinvest, Alabang Muntinlupa City, Philippines
https://www.ovialand.com/

This Preliminary Prospectus ("**Prospectus**") relates to the offer and sale of up to [336,000,000] primary common shares and up to [24,000,000] secondary common shares (the "**Firm Offer**", and such shares, the "**Firm Shares**"), with an Over-allotment Option (as defined below) of up to [36,000,000] secondary common shares (the "**Option Shares"**) (collectively, the Firm Shares and the Option Shares are referred to as the "**Offer Shares"**), each with a par value of ₱0.50 per share (the "**Shares**", or the "**Common Shares**"), of Ovialand, Inc., a corporation organized under Philippine law (the **"Company**", the "**Issuer**", or, "**Ovialand**"). The Firm Shares will comprise up to [336,000,000] new Common Shares to be issued and offered by the Company out of its authorized capital stock by way of a primary offer and up to [24,000,000] Secondary Common Shares of Januarius Holdings Inc. ("**Januarius**") while the Option Shares will comprise up to [36,000,000] issued shares owned by 1802 SJ Holdings Inc. and Januarius Holdings Inc. (the "**Selling Shareholders**") to be offered by way of a secondary offer. The offer of the Offer Shares is referred to herein as the "**Offer**."

Ovialand, Inc., founded in 2014, is a fast-growing real estate developer focused on-pioneering the massive potential in the premium affordable housing market. The Company's vision is to be a top real estate brand for emerging generations of aspirational and discerning customers across the country. With this, it aims to develop distinctive and well-situated developments that create and deliver a unique home ownership and community living experience for its homebuyers through its Brand Mission of " Premier Family Living". As of the date of this Prospectus, the Company has an authorized capital stock of ₱1,000,000,000.00 divided into 1,800,000,000 common shares with a par value of ₱0.50 per share and 100,000 preferred shares with a par value of ₱1,000.00 per share, of which 870,000,000 common shares are issued and outstanding.

The Offer Shares will be offered at a price of up to ₱[5.60] per Offer Share (the "**Offer Price**"). The determination of the Offer Price is further discussed in the section entitled "*Determination of the Offer Price*" on page [52] of this Prospectus and is based on a book-building process and discussions among the Company, the Selling Shareholders, and SB Capital Investment Corporation ("**SB Capital**", or the "**Sole Issue Manager, Lead Underwriter and Sole Bookrunner"**). After the completion of the Offer and assuming full exercise of the Over-allotment Option, the Company will have a total of [1,206,000,000] issued and outstanding Common Shares.

The Common Shares will be listed and traded on the Main Board of The Philippine Stock Exchange, Inc. (the "**PSE**") under the trading symbol "**OLI**".

Pursuant to the approval of the Securities and Exchange Commission (the "**SEC**") dated [●], the Selling Shareholders have appointed [SB Equities, Inc.] ("[**SB Equities**]") to act as stabilizing agent (the "**Stabilizing Agent**") in relation to the Offer. The Stabilizing Agent has an option, exercisable in whole or in part for a period beginning on the initial listing of the Offer Shares on the PSE (the "**Listing Date**") and, if exercised, ending on a date no later than thirty (30) calendar days from and including the Listing Date, to purchase the Option Shares at the Offer Price from the Selling Shareholders, on the same terms and conditions as the Firm Shares as set forth in this Prospectus, solely to cover over-allotments, if any (the "**Over-allotment Option**"). In connection with the Offer, the Stabilizing Agent or any person acting on its behalf may over-allot the Option Shares and may effect price stabilization transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date (the "**Price Stabilization**"). Any stabilization activities may begin on or after the date on which adequate public disclosure of the final price of the Offer Shares is made and, if begun, may be ended at any time, but must end no later than thirty (30) calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, rules and regulations. The total number of Shares which the Stabilizing Agent or any person acting in its behalf may purchase to undertake Price Stabilization shall not exceed 10]% of the aggregate number of the Firm Shares. If the Stabilizing Agent commences any Price Stabilization (which would include thereafter disposing of or selling the Shares purchased), it may discontinue such activity at any time. However, the Stabilizing Agent or any person acting on its behalf has the sole discretion whether to undertake Price Stabilization, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Shares will not decline significantly before or after any such stabilizing activities end.

The estimated gross proceeds to be raised by the Company from the sale of the Firm Shares will be approximately ₱[2.02] billion. The estimated net proceeds to be raised by the Company from the sale of the Primary Shares forming part of the Firm Shares (after deducting from the gross proceeds the estimated fees and expenses of the Offer of approximately ₱[87.50] million is expected to be approximately ₱[1.79] billion. The Company intends to use the net proceeds from the Offer for land banking, construction and development expenses, and general corporate purposes. For a more detailed discussion of the Company's proposed use of proceeds, please see "*Use of Proceeds*" on page [44] of this Prospectus. Assuming full exercise of the Over-allotment Option, the gross proceeds to be raised by the Selling Shareholders from the sale of the Option Shares is estimated to be approximately ₱[201.60] million and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholders is estimated to be approximately ₱[193.67] million. The Company will not receive any portion of the proceeds from the sale of a portion of the Firm Shares and Option Shares by the Selling Shareholders.

The Sole Issue Manager, Lead Underwriter and Sole Bookrunner will receive from the Company a fee of up to [3.16]% of the gross proceeds from the sale of the Offer Shares. This is inclusive of the amounts to be paid to other participating underwriters and selling agents, where applicable, and exclusive of the amounts to be paid to the duly licensed securities brokers who are trading participants of the PSE (the "**PSE Trading Participants"**) as selling agents. PSE Trading Participants who take up the Trading Participants and Retail Offer Shares (as defined below) shall be entitled to a selling fee of [1.0]%, inclusive of VAT, of the gross proceeds of the Trading Participants and Retail Offer Shares taken up and purchased by the relevant PSE Trading Participant. Any Firm Shares left unsubscribed after the Trading Participants and Retail Offer (as defined below) and the Institutional Offer (excluding Option Shares) will be firmly underwritten by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. For a more detailed discussion, please see "*Plan of Distribution*" on page [113] of this Prospectus.

Up to [108,000,000] Firm Shares (or [30%] of the Firm Shares) are being offered to all trading participants of the PSE (the "**PSE Trading Participants")** and to local small investors ("**LSIs"**) under the Local Small Investors Program being implemented by the PSE ("**Trading Participants and Retail Offer**"; and the shares subject of the Trading Participants and Retail Offer, the "**Trading Participants and Retail Offer Shares**"). Out of the Trading Participants and Retail Offer Shares, up to [72,000,000] Offer Shares (or [20%] of the Firm Shares) are being allocated to all of the PSE Trading Participants (the "**Trading Participants Offer Shares**"**)** at the Offer Price, and up to [36,000,000] Offer Shares (or [10%] of the Firm Shares) (the "**Retail Offer Shares**") are being offered to LSIs, subject to re-allocation as described below.

At least [252,000,000] Firm Shares (or 70% of the Firm Shares) (the "**Institutional Offer Shares"**) are (subject to re-allocation as described below) being offered for sale to certain qualified buyers and other investors in the Philippines by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner (the "**Institutional Offer"**).

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Firm Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and a corresponding over-application in the Institutional Offer, Firm Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the one hand, and the Institutional Offer, on the other hand.

All of the Offer Shares have, or upon issue will have, rights and privileges identical to those of the issued and outstanding Common Shares. For a detailed discussion of the rights and features of the Common Shares, including the Offer Shares, please refer to the section on "*Description of the Offer Shares*" on page [149] of this Prospectus.

The Company is authorized to declare dividends to holders of its Common Shares as of a record date set by the Company's Board of Directors ("**Board**"). Dividends may be payable, at the discretion of the Board, in cash, property, or stock. A cash or property dividend declaration requires the approval of the board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's total outstanding capital stock. The Revised Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether or not paid in full, except treasury shares. At the meeting of the Board held on May 5, 2022, the Board resolved to adopt a dividend policy whereby up to 50% of the net income after tax of the Company from the previous year shall be declared as dividends, subject to cash availability and operational requirements. There can be no guarantee that the Company will pay any dividends in the future. The ability to declare dividends is subject to the requirements of applicable laws, rules and regulations; the availability of unrestricted retained earnings; and circumstances which restrict the payment of dividends. Please see "*Dividends and Dividend Policy*" on page [50] of this Prospectus.

On [●], the Company filed a Registration Statement with the SEC, in accordance with the provisions of the Securities

Regulation Code of the Philippines (Republic Act No. 8799, the "**SRC**") for the registration of all the issued and outstanding Shares of the Company and the Offer Shares. On [●], 2023 the SEC approved the Registration Statement and issued a Pre-Effective Letter. Upon compliance with the requirements of the Pre-Effective Letter, the Company expects the SEC to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale.

The listing of the Offer Shares is subject to the approval of the PSE. On [●], 2023 the Company filed its application for the listing and trading of the issued and outstanding common shares of the Company and the Offer Shares. In its Notice of Approval dated [●], 2023 the PSE Board approved the listing application subject to compliance with certain conditions. The PSE's approval of the listing is merely permissive and does not constitute a recommendation or endorsement of the Offer by the PSE. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor the issuance or sale of any Offer Shares made hereunder shall, under any circumstance, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

In making an investment decision, prospective investors are advised to carefully consider all the information in this Prospectus, including, but not limited to, the risks associated with an investment in the Offer Shares. These risks include:

1. Risks relating to the business;
2. Risks relating to the Philippines;
3. Risks relating to the Offer and the Offer Shares; and
4. Risks relating to the Presentation of Information in this Prospectus.

Please see the section entitled "*Risk Factors*" beginning on page [24] of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with an investment in the Offer Shares.

The Offer Shares are offered subject to receipt and acceptance of any order by the Company and subject to its right to reject any order in whole or in part in consultation with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. ("**PDTC**") on or about [●], 2023.

No representation or warranty, express or implied, is made by the Company, the Selling Shareholders or the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner regarding the legality of an investment in the Offer Shares under any laws, rules or regulations. No representation or warranty, express or implied, is made by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner as to the accuracy or completeness of the information herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. The contents of this Prospectus are not investment, financial, legal or tax advice. Prospective investors should consult their own counsel, accountant, and other advisors as to legal, tax, business, financial and related aspects of an investment in the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own careful examination of the Company and the terms of the Offer, including the merits and risks involved. Furthermore, prospective investors should inform themselves of any taxation or exchange control law, rule, or regulation affecting them personally. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited. Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

THE OFFER SHARES ARE BEING OFFERED IN THE PHILIPPINES ONLY, ON THE BASIS OF THIS PROSPECTUS. ANY DECISION TO SUBSCRIBE OR PURCHASE THE OFFER SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Shareholders, and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. The Company has exercised due diligence to the effect that, and confirms that, after having taken reasonable care to ensure that such is the case, as of the date of this Prospectus, all information contained in this Prospectus relating to the Company and its operations is true and there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect and the Company hereby accepts full and sole responsibility for the accuracy of all material information in this Prospectus and in all documents submitted to the relevant regulators in connection with the Offer.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. The Company, the Selling Shareholders, and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or a solicitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or resells the Offer Shares or possesses and distributes this Prospectus and must obtain any consents, approvals or permissions required for the purchase, offer, sale or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or resales, and none of the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner and the Selling Shareholders or the Company shall have any responsibility therefore.

The Sole Issue Manager, Lead Underwriter and Sole Bookrunner have exercised due diligence required by Philippine law in ascertaining that all material representations contained in this Prospectus, and any amendment or supplement thereto, are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect. No representation, warranty, or undertaking, express or implied, is made by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, and no responsibility or liability is accepted by the same as to the accuracy, adequacy, reasonableness, or completeness of the information and materials contained herein (excluding any and all information pertaining specifically to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner) or any other information provided by the Company in connection with the Offer.

Each person contemplating an investment in the Offer Shares should exercise appropriate due diligence, conduct an independent investigation and evaluation of the financial conditions, business affairs, status, prospects and other relevant circumstances of the Company, and arrive at his or her own determination of the creditworthiness of the Company as well as the suitability and merit of investing in the Offer Shares. A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the Offer or the nature of the risks involved in the trading of the Common Shares. Investing in the Offer Shares involves a higher degree of risk compared to an investment in debt instruments. For a discussion of certain factors to be considered in respect of an investment in the Offer Shares, please see the section "Risk Factors" beginning on page [24] of this Prospectus.

The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to the nationality limits prescribed under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in certain activities. In particular, the Company owns land as identified in the section on "*Description of Property*" on page [111]. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. For further discussion, please refer to section on "*Regulatory and Environmental Matters*" on page [121].

The Company, together with the Selling Shareholders, reserve the right to withdraw the offer and sale of Offer Shares at any time. In consultation with the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner, the Company reserves the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allow to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner and certain related entities may acquire for their own account a portion of the Offer

Shares.

Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

BASIS FOR CERTAIN MARKET DATA

Market data and certain industry data used throughout this Prospectus were obtained from market research, publicly available information, industry publications and on the Company's own analysis and knowledge of the markets for its products. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner makes any representation or warranty, express or implied, as to the accuracy or completeness of such information. Information in this Prospectus on the housing industry in the Philippines is from independent market research carried out by [Santos Knight Frank] ("[SKF]") commissioned by the Company, but should not be relied upon in making, or refraining from making, any investment decision.

The operating information used throughout this Prospectus has been calculated by the Company on the basis of certain assumptions. As a result, this operating information may not be comparable to similar operating information reported by other companies.

Please see the section entitled "*Industry Overview*" on page [105] of this Prospectus for information relating to the industry in which the Company operates.

CONVENTIONS USED IN THIS PROSPECTUS

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "**Company**," the "**Issuer**," and "**Ovialand**" are to Ovialand, Inc. All references to the "**BSP**" are references to Bangko Sentral ng Pilipinas, the Central Bank of the Philippines. All references to the "Government" are references to the government of the Republic of the Philippines. All references to "**Philippine Pesos**", "**Php**", and "**₱**" are to the lawful currency of the Philippines. Certain terms used herein are defined in the "**Glossary**" beginning on page [3] of this Prospectus. Any specific time of day refers to Philippine Standard Time.

PRESENTATION OF FINANCIAL INFORMATION

The Company's financial statements are reported in Philippine Pesos and are prepared based on the Company's accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standards Council of the Philippines.

The financial information included in this Prospectus has been derived from the Company's financial statements. Unless otherwise indicated, financial information relating to the Company in this Prospectus is stated in accordance with PFRS.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

Ovialand's fiscal year begins on January 1 and ends on December 31 of each year. Punongbayan & Araullo (Grant Thornton Philippines), a member firm of Grant Thornton International Ltd, has audited the financial statements as of and for the years ended December 31, 2020, December 31, 2021 and as of December 31, 2022, in accordance with Philippine Standards on Auditing ("**PSA**").

The Company appointed Punongbayan & Araullo as its independent auditors on [August 25, 2020]. Punongbayan & Araullo issued a report with an unqualified opinion on the Company's financial statements as of and for the years ended December 31, 2020, December 31, 2021 and as of December 31, 2022, respectively. For more information, please refer to the Company's audited financial statements as of and for the years ended December 31, 2020, 2021 and 2022 found in [Appendix A-1 and B-1] of this Prospectus.

PRESENTATION OF NON-PFRS FINANCIAL INFORMATION

This Prospectus includes certain non-PFRS financial measures, including EBITDA and EBITDA margin. References to "**EBITDA**" are to net profit before finance costs, taxes, depreciation and amortization. EBITDA is a supplemental measure of the Company's performance and liquidity that is not required by or presented in accordance with PFRS. Further, EBITDA is not a measurement of the Company's financial performance or liquidity under PFRS and should not be considered as an alternative to net income, revenues or any other performance measure derived in accordance with PFRS or as an alternative to cash flow from operations or as a measure of the Company's liquidity. The Company believes that EBITDA may facilitate operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation and amortization. However, as there are various EBITDA calculation methods, the Company's presentation of EBITDA may not be comparable to similarly titled measures used by other companies. "**EBITDA Margin**" is calculated as EBITDA divided by sales.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

OVIALAND, INC.

By:

MARIE LEONORE FATIMA V. OLIVARES-VITAL
President

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

Before me, a notary public for and in the city named above, personally appeared **MARIE LEONORE FATIMA V. OLIVARES-VITAL**, with Passport No. P6244818B issued on 09 February 2021 at DFA NCR SOUTH, who was identified by me through competent evidence of identity to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this 17 MAR 2023 at Makati City.

CELINA MARIE S. HILARIO
Appointment No. M-328
Notary Public for Makati City
Until December 31, 2023
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80942
PTR No. 9573202/Makati City/01-07-2023
IBP No. 292504/Makati City/01-05-2023
MCLE Exempted-Admitted to the bar in 2022

Doc No. 148;
Page No. 31;
Book No. II;
Series of 2023.

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FORWARD-LOOKING STATEMENTS

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

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

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies, the environment in which the Company will operate in the future and current expectations and projections about future events and financial trends affecting its business. Words or phrases such as "believes," "expects," "anticipates," "intends," "plans," "foresees" or other words or phrases of similar import are intended to identify forward-looking statements. Similarly, statements that describe Ovialand's objectives, plans or goals are also forward-looking statements, and the Company gives no assurance that such forward-looking statements will prove to be correct. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur. Actual results could differ materially from those contemplated in the relevant forward-looking statements. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

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

Additional factors that could cause the Company's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "*Risk Factors*" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. In light of the COVID-19 pandemic, geopolitical developments, and associated uncertainties in the global financial markets and their effect on the real economy, any forward-looking statements and forward-looking financial information contained in this Prospectus must be considered with caution and reservation. The Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. The Company does not intend to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise, unless material within the purview of the SRC and other applicable laws, the mandate of which is to enforce investor protection. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Investors should not place undue reliance on any forward-looking information. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by cautionary statements.

Should one or more of the aforementioned uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated, or projected as well as from historical results. Specifically, but without limitation, revenues could decline, costs could increase, and anticipated improvements in performance might not be realized fully or at all. Although the Company believes that the expectations of its management as reflected by forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to be correct. Accordingly, prospective investors are cautioned not to place undue reliance on the forward-looking statements herein.

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

GLOSSARY OF TERMS

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

Application to Purchase	The documents to be executed and/or submitted by any Person or entity qualified to become a Shareholder offering to purchase the Offer Shares
Banking Day	A day, other than Saturday, Sunday or legal non-working holiday, on which facilities of the Philippine banking systems are generally open and available for clearing, and banks are open for business in Makati City, Metro Manila, Philippines
Beneficial Owner	Any person (and "Beneficial Ownership" shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is held by: i. members of his immediate family sharing the same household; ii. a partnership in which he is a general partner; iii. a corporation of which he is a controlling shareholder; or iv. subject to any contract, arrangement or understanding, which gives him voting power investment or power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer: a. A broker dealer; b. An investment house registered under the Investment Houses Law; c. A bank authorized to operate as such by the BSP; d. An insurance company subject to the supervision of the Office of the Insurance Commission; e. An investment company registered under the Investment Company Act; f. A pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Securities and Exchange Commission or relevant authority; and g. A group in which all of the members are persons specified above
BIR	Bureau of Internal Revenue
Board of Directors or Board	Board of Directors of the Company
BOI	Board of Investments
B.P. 220	Batas Pambansa Blg. 220, a Philippine statute regulating the standards and technical requirements for economic and socialized housing projects in urban and rural areas
BSP	*Bangko Sentral ng Pilipinas*, the central bank of the Philippines
Common Shares	Common shares of the Company with a par value of ₱0.50 per share
Company, Issuer, Ovialand	Ovialand, Inc.

Congress	The Congress of the Philippines, which comprises the House of Representatives and the Senate
Constitution	The 1987 Philippine Constitution
CTS	Contract to sell, a contract generally entered into by the Company and its customers for the sale and purchase of a Mass Housing unit, the ownership of which remains with the Company until the full purchase price is paid by the customer
DAR	Department of Agrarian Reform
DHSUD	Department of Human Settlements and Urban Development
Economic Housing	Housing and land units priced below ₱2,500,000, as categorized by the DHSUD
Government	The national government of the Republic of the Philippines
Gross Income Margin	The Company's gross income divided by sales as described in the consolidated financial statements included in this Prospectus
GSIS	Government Service Insurance System
HLURB	Housing and Land Use Regulatory Board
House of Representatives	The House of Representatives of the Philippines, one of the two branches of the Congress
HUDCC	Housing and Urban Development Coordinating Council
Institutional Offer	Offer to certain qualified buyers and other investors in the Philippines by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner
IRO	Investor Relations Officer
IRRs	Implementing Rules and Regulations of the SRC, as amended
Listing Date	[July 4,] 2023
Sole Issue Manager, Lead Underwriter and Sole Bookrunner	SB Capital Investment Corporation
Low-cost Housing	Housing and land units priced over ₱2,500,000 up to ₱3,000,000, as categorized by the SHDA and HUDCC
Maceda Law	Republic Act No. 6552, or An Act to Provide Protection to Buyers of Real Estate on Installment Payments
Majority Shareholders	1802 SJ Holdings and Januarius Holdings, Inc.
Mass Housing	Housing units and land priced up to ₱2,500,000; this term comprises the Socialized Housing, Economic Housing and Low-cost Housing categories as defined by the SHDA and HUDCC
MPO	Minimum public ownership

MRB	Medium-rise building, a walk-up building generally four to five stories or an elevator-equipped building of eight to 12 stories
Net Income Margin	The Company's net income divided by sales as described in the consolidated financial statements included in this Prospectus
Offer	The offer for sale, distribution, and issuance of Common Shares by the Company under the conditions as herein contained
Offer Period	The period when the Offer Shares are offered for sale, distribution, and issuance by the Issuer to the public commencing at 9:00 a.m. on [·] and ending at 12:00 noon on [●], or such other dates as may be determined by the Issuer and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner
Offer Price	Up to ₽ [5.60] per Offer Share
OFs	OFWs and Filipino expatriates
OFWs	Overseas Filipino workers
Pag-IBIG or HDMF	The Home Development Mutual Fund, also known as the Pag-IBIG Fund, the primary government housing financial assistance program in the Philippines, with a statutory mandate to provide Government assistance for the housing requirements of its members and allot not less than 70% of its available funding for deployment of housing loans to its qualified buyers
PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC
PDTC	The Philippine Depository & Trust Corp.
PDTC Rules	SEC-approved rules of the PDTC, including the PDTC Operating Procedures and PDTC Operating Manual, as may be amended, supplemented, or modified from time to time
Person	Individuals, juridical persons such as corporation, partnership, joint venture, unincorporated association, trust or other juridical entities, or any governmental authority
Pesos, Philippine Pesos, Php, ₱ and Philippine currency	The legal currency of the Republic of the Philippines
PFRS	Philippine Financial Reporting Standards
Philippine National	As defined under the Foreign Investments Act of 1991, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and the entitlement to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals. Pursuant to Philippine SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the

	Philippine Constitution, the Foreign Investments Act of 1991 and other existing laws, amendments thereto, and implementing rules and regulations of the said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.
PSE	The Philippine Stock Exchange, Inc.
PSE Trading Participants	Duly licensed securities brokers who are trading participants of the PSE
QIB	Qualified institutional buyers under Section 10.1(3) of the SRC and SRC Rules, namely: i. Bank; ii. Registered investment house; iii. Insurance company; iv. Pension fund or retirement plan maintained by the Government of the Philippines or any political subdivision thereof or managed by a bank or other persons authorized by the BSP to engage in trust functions; v. Registered Securities Dealer; vi. An account managed by a Registered Broker under a discretionary arrangement as provided for in the other relevant provisions in the SRC 2015 Rules; vii. Registered Investment Company (e.g., mutual fund companies); viii. Provident fund or pension fund maintained by a government agency or by a government or private corporation and managed by an entity authorized accordingly by the BSP or the SEC to engage in trust function or in fund management; ix. A trust corporation that is authorized by the BSP to perform the acts of a trustee; x. Unit investment trust funds that are established in accordance with rules and regulations of the BSP; xi. A fund established and covered by a trust or IMA agreement under a discretionary arrangement in accordance with rules and regulations of the BSP; a discretionary arrangement means that the entity managing the fund is granted authority to decide on the investment of the trust funds or IMA funds; xii. A fund established and covered by a trust or IMA agreement under a non-discretionary arrangement in accordance with rules and regulations of the BSP, provided that the beneficial owner/s or principal/s of such fund possess the qualifications on financial capacity and sophistication as specified in 2015 SRC Rules 10.1.11.1 for natural persons, and 10.1.11.2 for juridical persons; and provided also, that the treatment of such fund as qualified buyer does not contravene the trust or IMA agreement; xiii. A fund established and covered by a trust or IMA agreement wherein the beneficial owner or principal of the fund has been deemed or conferred as a qualified buyer under SRC Sec. 10.1 (l) or SRC Rule 10.1.11; xiv. An entity with quasi bank license issued by BSP; xv. Pre-need company authorized by the Insurance Commission; xvi. Collective Investment Scheme authorized by the relevant regulatory authority pursuant to existing laws and regulations; xvii. A listed entity on the PSE, or a related body corporate of a PSE-listed entity provided that it engages the service of a professional fund manager, through direct hire or via outsourcing to an authorized fund management entity; xviii. A foreign entity not being established or incorporated in the Philippines that, if established or incorporated in the Philippines, would be covered by one of the preceding paragraphs; and

	xix. Such other person as the SEC may by rule or order determine as qualified buyers, on the basis of such factors as financial sophistication, net worth, knowledge, and experience in financial and business matters, or amount of assets under management.
REM	Real estate mortgage
SEC	Philippine Securities and Exchange Commission
SEC Permit to Sell	Permit to Sell Securities issued by the SEC in connection with the Offer
Shareholder	Shareholders of the Common Shares
SHDA	Subdivision and Housing Developers Association, the largest industry organization of subdivision and housing developers in the Philippines with over 200 members
Socialized Housing	Housing and land units priced up to ₱700,000.00 as categorized by the SHDA and HUDCC
SRC	Republic Act No. 8799, also known as the Securities Regulation Code of the Philippines, and any of its amendments
SSS	The Republic of the Philippines Social Security System
Stock Transfer Agent	Stock Transfer Service, Inc. a duly authorized stock and transfer agent organized and existing under the laws of the Philippines
Tax Code	Philippine National Internal Revenue Code of 1997, as amended
Take-out	Refers to the loan approval and receipt of proceeds of the Company for the buyers' end-user loan financing whether by HDMF, Banks, or other Financing Institutions
Taxes	Any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, taxes on the overall income of the underwriters or of the Shareholders (which for the avoidance of doubt includes any creditable withholding tax), value added tax, and taxes on any gains realized from the sale of the Offer Shares
Tax Exempt/Treaty Documents	Collectively, (i) a BIR-certified true copy (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) of the current and valid tax exemption certificate, ruling or opinion issued by the BIR or a Certificate of Residence for Tax Treaty Relief ("**CORTT Form**"), as applicable, confirming the exemption or preferential rate; (ii) a duly notarized undertaking, in the prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative of such Applicant or Shareholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Shareholder holds, the Offer Shares for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Shares pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) such other documentary requirements as may be reasonably required by the Issuer and/or the Paying Agent or under the applicable regulations of the relevant taxing or other authorities;

Trading Participants and Retail Offer	The offer for sale of the Trading Participants and Retail Offer Shares to be made in the Philippines
Trading Participants and Retail Offer Shares	[72,000,000] Firm Shares being offered pursuant to the Trading Participants and Retail Offer
Underwriting Agreement	The underwriting agreement between Ovialand, Inc. and SB Capital Investment Corporation dated [●].

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Prospectus, including the Company's audited consolidated financial statements for the years ended 2020, 2021, and 2022, and related notes included elsewhere in this Prospectus. Prospective investors should read this entire Prospectus fully and carefully, including the section on "Risk Factors". In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail. Capitalized terms not defined in this summary are defined in the "Glossary of Terms," "Risk Factors," "Business" or elsewhere in this Prospectus.

THE COMPANY

Ovialand, Inc., (the "**Company**" or "**Ovialand**") founded in 2014, is a fast-growing real estate developer focused on pioneering the massive potential in the premium affordable housing market. The Company's vision is to be a top real estate brand for emerging generations of aspirational and discerning customers across the country. With this, it aims to develop distinctive and well-situated developments that create and deliver a unique home ownership and community living experience for its homebuyers through its Brand Mission of "Premier Family Living".

The company demonstrates "Premier Family Living" using three pillars across all its developments. The first pillar is "Premier Homes", beautifully designed to appeal to an aspirational home buying market. Built using Ovialand's proprietary precast technology, each home is made of solid concrete to ensure lasting quality for the next generation. All homes are delivered fully finished, giving the clients the satisfaction of moving into their brand new homes, without the inconvenience. Each home is quality inspected before turn-over, assuring the home-buyers the Company's commitment to all its clients.

The second pillar of Premier Family Living is "Premier Communities". Each development was designed to be a safe and secure peaceful neighborhood, an ideal setting for individuals and families. Wide roads and open spaces, enhanced with family centered amenities nestled within perimeter fences and gates provide the homebuyers with a sense of security and peace of mind.

Lastly, the Company is committed to provide to each client "Premier Service". The company understands that the home-buying process entails a lot of details, from choosing the right property, applying for home-financing, turnover and even post-move in. Since the Company caters to first-time homebuyers, there is emphasis in assisting the clients to ensure a smooth and hassle-free transaction from start to finish. This is done by assigning each homebuyer a dedicated personal account officer that will assist each client throughout the home-buying process.

Ovialand has adapted a regional growth strategy starting with Southern Luzon as its first regional presence. Since 2017, Ovialand has turned-over 1,614 homes across its developments. The Company has 42.6 hectares in its land bank with five (5) ongoing projects covering 35.9 hectares. The projects consist of the following: (i & ii) Savana Phase 1 & Phase 2 with 588 house and lot units for completion by Q4 2024, (iii) Caliya Phase 1, located in Candelaria, Quezon with a total of 591 units for completion by Q4 2023, (iv) Santeví, San Pablo, with 707 units for completion by Q4 2025, and (v) Seriya, Baliwag Bulacan, with 698 house and lot units for completion by Q4 2026. The Company has identified 6 projects in its immediate pipeline with 10.7 hectares already acquired plus additional 34 hectares to be acquired, equivalent to about 3,600 units inventory.

Ovialand plans to acquire more parcels of land to grow its land bank up to 217 hectares within the next 5 years. Currently, it has the capacity to build up to 1,200 units per year through its proprietary precast system, the OLI-Cast precast system. The OLI-Cast precast system uses monolithic wall panels, welded together at the corners using a steel plate. Each wall is made of a solid concrete piece that prevents leaks from entering the homes. The walls and structures are lifted and erected using a mobile crane, allowing the technology to be efficient and less labor dependent. Ovialand assembles a pre-cast facility in each development, eliminating logistical costs in transporting the massive pieces of panels. Each pre-cast facility is also modular, making the whole system easily transferable to different project sites as needed. Ovialand is working on increasing its capacity to 1,500 units per year this year. With this capacity, it will be able to complete and deliver between 20 to 25 homes in a month per casting bed set. In 5 years, the Company plans to increase its precast capacity to 2,700 units per year and by 2033, to further ramp up such capacity to 7,500 units per year. In order to increase its production capacity, the Company intends to build at least 1 set of casting bed in each project.

Ovialand primarily serves and targets an aspirational market in the broad middle-income segment that are looking to purchase homes between the range of ₱2 million to ₱4 million.

RISKS OF INVESTING

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. Certain of these risks are discussed in the section entitled "*Risk Factors*". Prospective investors should also consider the following risks of investing in the Offer:

- risks relating to the business;
- risks relating to the Philippines;
- risks relating to the Offer and the Offer Shares; and
- risks relating to the presentation of information in this Prospectus.

INVESTOR RELATIONS OFFICE

The investor relations office will implement the investor relations program in order to reach out to all shareholders and keep them informed of corporate activities. The office will also handle communication of relevant information to the Company stakeholders as well as to the broader investor community. The investor relations office will also be responsible for receiving and responding to investor and shareholder queries relating to the Company.

Mr. John Bryan A. Vital has been appointed by the Board as the head of the investor relations office and to serve as the Company's Investor Relations Officer ("**IRO**"). The IRO will ensure that the Company complies with and files on a timely basis all required disclosures and continuing requirements of the SEC and the PSE. In addition, the IRO will oversee most aspects of the shareholder meetings, press conferences, investor briefings, and management of the investor relations portion of the Company website, which will contain information, including but not limited to:

(a) Company information (organizational structure, board of directors and management team);

(b) Company news (analyst briefing report, press releases, latest news, newsletters (if any));

(c) Financial report (annual and quarterly reports for the past two years);

(d) Disclosures (recent disclosures to PSE and SEC for the past two years);

(e) Investor FAQs;

(f) Investor Contact (email address and phone numbers for feedback/comments, shareholder assistance and service); and

(g) Stock Information.

The IRO will be located at 2701 Parkway Corporate Center, Corporate Ave. cor. Parkway Place, Filinvest Alabang , Muntinlupa City, Philippines with contact details as follows:
Landline: +632 85198714
E-mail: investorrelations@ovialand.com
Website: http://ovialand.com

COMPANY INFORMATION

Ovialand is a Philippine corporation organized under the laws of the Philippines. The Company's principal office address is Unit 2701 Parkway Corporate Center, Corporate Ave. cor. Parkway Place, Filinvest, Muntinlupa City, Philippines, with telephone number: (+632) 8519-8714. The Company corporate website is http://ovialand.com. Information on the website is not incorporated by reference into this Prospectus.

SUMMARY OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Offer Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to exercise appropriate due diligence and perform their own independent investigation and analysis of the Company and the Offer Shares. Each prospective investor must rely on its own appraisal of the Company and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the significance, adequacy, or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis.

Issuer	: Ovialand, Inc.
Selling Shareholders	: 1802 SJ Holdings Inc. and Januarius Holdings Inc.
Sole Issue Manager, Lead Underwriter and Sole Bookrunner	: SB Capital Investment Corporation
Selling Agents	: PSE Trading Participants
The Offer	: Offer and sale of up to [360,000,000] Offer Shares, consisting of [336,000,000] Primary Shares offered to be issued by the Company and [24,000,000] Secondary Shares to be offered by Januarius Holdings Inc., with an offer of up to [36,000,000] Option Shares by the Selling Shareholders pursuant to the Over-allotment Option (as described below).
Firm Shares	: [336,000,000] Primary Shares offered and to be issued by the Company and [24,000,000] Secondary Shares to be offered by Januarius.
Option Shares	: Up to [36,000,000] Secondary Shares will be made available by the Selling Shareholders pursuant to the Over-allotment Option.
Offer Shares	: The Firm Shares and the Option Shares.
Institutional Offer	: At least [252,000,000] Firm Shares, or [70]% of the Firm Shares are being offered and sold to certain qualified buyers and other investors in the Philippines, by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. The Option Shares will form part of the Institutional Offer. The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, as well as oversubscription or undersubscription of either or both the Trading Participants and Retail Offer and the Institutional Offer. See "—*Reallocation*" below.
Trading Participants and Retail Offer	: Up to [108,000,000] Firm Shares are being offered at the Offer Price in the Trading Participants and Retail Offer. Up to [72,000,000] (or [20]% of the Firm Shares) are being allocated to all of the PSE Trading Participants and up to [36,000,000] Firm Shares (or [10]% of the Firm Shares) are being allocated to local small investors. Each PSE Trading Participant shall initially be allocated [870,000] Firm Shares, subject to reallocation as may be determined by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. Based on the initial allocation for each PSE Trading Participant, there will be a total of [120,000] residual Firm Shares to be allocated as may be determined by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. Each LSI

		applicant may subscribe up to a maximum of [●] Firm Shares at the Offer Price. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer or otherwise not taken up by the PSE Trading Participants, LSIs or clients of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or the general public in the Philippines pursuant to the terms and conditions of the Underwriting Agreement. LSIs shall subscribe through the PSE Electronic Allocation System ("**PSE EASy**"). An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed ₱100,000.00. In the case of this Offer, the minimum subscription of LSIs shall be [●] Offer Shares or ₱[●], while the maximum subscription shall be [●] Offer Shares or up to ₱[●]. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall prioritize the subscriptions of LSIs with amounts lower than the maximum subscription.
Offer Price	:	Up to ₱[5.60] per Offer Share. The Offer Price was determined through a book-building process and discussions between the Company, and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner.
Over-allotment Option	:	The Selling Shareholders have granted the Stabilizing Agent, [SB Equities, Inc.], an option, exercisable in whole or in part, to purchase up to [36,000,000] Option Shares at the Offer Price, on the same terms and conditions as the Firm Shares as set out in this Prospectus, solely to cover over-allotments, if any, and effect price stabilization transactions. The Over-allotment Option is exercisable from time to time for a period which shall not exceed thirty (30) calendar days from and including the Listing Date. See "*Plan of Distribution – The Over-allotment Option.*"
Price Stabilization	:	The Option Shares may be over-allotted and the Stabilizing Agent may effect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than thirty (30) calendar days from and including the Listing Date. The Stabilizing Agent may purchase Shares in the open market only if the market price of the Common Shares falls below the Offer Price. Such activities may stabilize, maintain or otherwise affect the market price of the Common Shares, which may have the effect of preventing a decline in the market price of the Common Shares and may also cause the price of the Common Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions (which would include thereafter disposing of or selling the Common Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Common Shares will not decline significantly after any such stabilizing activities end. Once the Over-allotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Common Shares in the open market for the conduct of stabilization activities. To the extent the Over-allotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders and shall remain part of the issued and outstanding shares of the Company. See "*Plan of Distribution – The Over-allotment Option.*"
Eligible Investors	:	The Trading Participants and Retail Offer Shares may be purchased by any

natural person of legal age regardless of nationality, or any corporation, association, partnership, trust account, fund or entity organized under the laws of the Philippines or licensed to do business in the Philippines, regardless of nationality, subject to the Company's right to reject an Application or reduce the number of the Firm Shares applied for subscription and subject to restrictions on ownership as set out below.

The Institutional Offer Shares are being offered for sale to certain qualified buyers and other investors in the Philippines, by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner.

Purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

Use of Proceeds : The Company intends to use the net proceeds from the Offer primarily for land banking, construction and development expenses, and general corporate purposes. See "*Use of Proceeds*" beginning on page [44] of this Prospectus.

Minimum Subscription : Each application must be for a minimum of [●] Firm Shares, and thereafter, in multiples of [●] Firm Shares. Applications for multiples of any other number of Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.

Reallocation : The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as determined by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. If there is an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer and the Institutional Offer. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer or otherwise not taken up by the PSE Trading Participants, LSIs or clients of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or the general public in the Philippines pursuant to the terms and conditions of the Underwriting Agreement.

Lock-up : Under the PSE Consolidated Listing and Disclosure Rules, existing shareholders who own an equivalent of at least 10% of the issued and outstanding Common Shares as of the Listing Date cannot sell, assign or in any manner dispose of their Shares for a minimum period of 180 days after the Listing Date.

Assuming the Over-allotment Option is not exercised, the following are covered by the 180-day lock-up requirement from Listing Date:

Shareholder	No. of Shares Subject to 180-day Lock-up Period

1802 SJ Holdings Inc.	596,000,000
Januarius Holdings Inc.	150,000,000
TOTAL	746,000,000

Assuming the Over-allotment Option is fully exercised, the following are covered by the 180-day lock-up requirement from Listing Date:

Shareholder	No. of Shares Subject to 180-day Lock-up Period
1802 SJ Holdings Inc.	567,200,000
Januarius Holdings Inc.	142,800,000
TOTAL	710,000,000

To implement the lock-up requirement, the Company, Januarius Holdings Inc. and 1802 SJ Holdings Inc. shall enter into an escrow agreement with [Security Bank Corporation Trust & Asset Management Group ("**SBC Trust**")].

The Company has agreed with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner that, except in connection with the Over-allotment Option, it will not, without the prior written consent of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, issue, offer, pledge, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Common Shares or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Common Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of 180 days after the Listing Date.

See "*Principal and Selling Shareholders*" and "*Plan of Distribution – Lock-Up.*"

Listing and Trading : The Company has filed an application with the SEC for the registration and an application with the PSE for the listing of all its issued and outstanding stock (including the Offer Shares). The PSE has approved the listing application in a Notice of Approval dated [●] subject to compliance with certain conditions and the SEC is expected to issue the Order of Effectivity and Permit to Sell on or about [●].

All of the issued and outstanding Common Shares of the Company, including the Offer Shares to be issued, are expected to be listed on the Main Board of the PSE under the symbol "[OLI]" on or about [●], or such other date that may be agreed by the Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner . Notice of any adjustment to the Listing Date shall be made by publication by the Company in two (2) newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the PSE. See "*Description of the Offer Shares.*" Trading of the Common Shares of the Company, excluding those subject to lock-up, is expected to commence on or about [●].

Dividends and Dividend Policy : The Company is authorized to declare dividends. A cash dividend declaration requires approval from the Board. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the

		Company's outstanding capital stock. Dividends may be declared only from available unrestricted retained earnings. Under the Company's current dividend policy, it intends to maintain an annual cash dividend payment ratio for its Shares of up to 50% of net income after tax for the preceding fiscal year, subject to the availability of cash and subject to the requirements of applicable laws and regulations. See "*Dividends and Dividend Policy*".
Registration and Lodgment of Shares with PDTC	:	The Offer Shares are required to be lodged with the PDTC. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC on Listing Date. The applicant may request to receive share certificates evidencing such applicant's investment in the Offer Shares through his/her broker after the Listing Date. Any expense to be incurred for such issuance of certificates shall be borne by the applicant.
Restrictions on Ownership	:	The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to any applicable nationality limits under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in certain activities. In particular, the Company owns land as identified in the section on "*Description of Property*" on page [111]. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. For further discussion, please refer to section on "Regulatory and Environmental Matters" on page [121].
Registration of Foreign Investments	:	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP only if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See "*Regulatory and Environmental Matters.*"
Restriction on Issuance and Disposal of Shares	:	See "*Lock-up*" above.
Tax Considerations	:	See "*Taxation*" for further information on the Philippine tax consequences of the purchase, ownership and disposal of the Offer Shares.
Procedure for Application for the Trading Participants and Retail Offer	:	The Offer Period shall commence at [9:00 a.m.] on [●] and shall end at [12:00 noon] on [●]. If, for any reason, any day of the Offer Period is a non-Banking Day, then the Offer Period may be extended to the next immediately succeeding Banking Day, or such other date as may be agreed upon by the Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. The Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner reserve the right to extend, shorten, or terminate the Offer Period, subject to the approval of the SEC and the PSE. Applications must be received by the Receiving Agent for PSE Trading Participant applications or through PSE EASy for LSI applications, as applicable, by [●] on [●] and shall be subject to the terms and conditions of the Offer as stated in the Prospectus and in the Application. Applications received thereafter or without the required documents will be rejected. <u>For PSE Trading Participants:</u>

Application forms to purchase the Trading Participants Offer Shares and signature cards may be obtained from the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or any participating PSE Trading Participant. Application forms will also be made available for download on the Company website.

Applicants shall complete the application form, indicating all pertinent information, such as the applicant's name, address, contact number, taxpayer's identification number, citizenship and all other information required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of the Trading Participants Offer Shares. Failure to complete the application form may result in the rejection of the application.

Applications must be received by the Receiving Agent not later than [●] on [●]. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to a PSE Trading Participant and shall be subject to the terms and conditions of the Offer as stated in this Prospectus and in the Application.

All applications shall be evidenced by the application to purchase form, in quadruplicate, duly executed in each case by an authorized signatory of the applicant and accompanied by one (1) completed signature card, which for applicants who are corporations, partnerships or trust accounts, should be authenticated by the corporate secretary or equivalent corporate officer (or managing partner in the case of a partnership), and the corresponding payment for the Trading Participants Offer Shares covered by the application and all other required documents.

If the applicant is a corporation, partnership or trust account, the application must be accompanied by the following documents:

- A certified true copy of the applicant's latest articles of incorporation and by-laws (or articles of partnership, in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership);
- A certified true copy of the applicant's SEC certificate of registration duly certified by its corporate secretary (or managing partner in the case of a partnership); and
- A duly notarized corporate secretary's certificate (or certificate of the managing partner in case of partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying to the percentage of the applicant's capital or capital stock held by Philippine nationals.

Foreign corporate and institutional applicants who qualify as eligible investors, in addition to the documents listed above, are required to submit in quadruplicate, a representation and warranty stating that their purchase of the Trading Participants Offer Shares to which their application relates will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed, under such laws, to acquire, purchase and hold the Trading Participants Offer Shares.

This should be read in conjunction with the Company's Implementing Guidelines for PSE Trading Participants which will be published on the PSE EDGE website prior to the start of the Offer Period.

For Local Small Investors:
With respect to the LSIs, applications to purchase the Retail Offer Shares must be done online through PSE EASy. The system will generate a unique reference number and payment instructions. LSI applications and payments must be completed and settled, respectively, by [●] on [●] ("**Retail Settlement Date**").

Further information about the Company, details about the Offer, instructions for subscribing through PSE EASy, payment terms and the list of PSE Trading Participants where LSI applicants may open trading accounts for the lodgement of the LSI applicant's Retail Offer Shares will be made available in the online IPO information center. The link to the online information center will be made available on the Company's website in due course and in the Company's Implementing Guidelines for LSIs which will be published on the PSE EDGE website prior to the start of the Trading Participants and Retail Offer.

LSI applications will be processed on a first-come, first-served basis, while final allocation of the Retail Offer Shares will be determined pursuant to allocation mechanics. This section should be read in conjunction with the Company's Implementing Guidelines for LSIs which will be published on the PSE EDGE website prior to the start of the Offer Period.

Payment Terms for the Offer :

The purchase price must be paid in full in Philippine Pesos upon the submission of the duly completed and signed application form and signature card together with the requisite attachments.

For the Institutional Offer, payment for the Offer Shares shall be made either by: (i) a personal or corporate check drawn against an account with a BSP authorized bank having a clearing period of no more than one business day, (ii) a manager's or cashier's check issued by a BSP authorized bank having a clearing period of no more than one (1) Banking Day; or (iii) a direct remittance via Real Time Gross Settlement ("**RTGS**") or any other remittance services, or an intrabank fund transfer.

For the Trading Participants Offer, payment for the Offer Shares shall be made through over-the-counter cash or check deposit payment in any [•] branches via [•].

For LSIs, payment for the Offer Shares shall be made either by: (i) over-the-counter cash or check deposit payment in any [•] branches via Bills Payment under the account "[•]", or (ii) online payment via [•] under the biller account "[•]" or via [•]. LSI applicants may contact the Receiving Agent for alternative modes of payment.

For check payments, only personal or corporate checks, and manager's or cashier's checks with a clearing period of not more than one (1) Banking Day and drawn against any BSP authorized agent bank will be accepted as a valid mode of payment. The check must be dated as of the date of submission of the Application, made payable to "[•]", and crossed "Payee's Account Only". Checks subject to clearing periods of over one (1) Banking Day shall not be accepted.

Acceptance or Rejection of Applications for the Trading Participants and Retail Offer :

Acceptance of Applications and Effect of Non-Listing on the Issuance of Offer Shares

Applications for the Trading Participants and Retail Offer Shares are subject to the confirmation of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and the Company's final approval. The Company, in consultation with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, reserve the right to accept, reject or scale down the number and amount of Trading Participants and Retail Offer Shares covered by any application. The Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner have the right to reallocate available Trading Participants and Retail Offer Shares in the event that the Trading Participants and Retail Offer Shares are insufficient to satisfy the total applications received. The Trading Participants and Retail Offer Shares will be allotted in such a manner as we and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner may, in the Company's sole discretion, deem appropriate, subject to distribution guidelines of the PSE.

Applications may be rejected if (i) the subscription price is unpaid or not fully paid; (ii) payments are insufficient or where checks, as applicable, were dishonored upon first presentation; (iii) the applications are not received by the Receiving Agent on or before the end of the Offer Period; (iv) the number of Offer Shares subscribed is less than the minimum amount of subscription; (v) the application forms do not comply with the terms of the Trading Participants and Retail Offer; (vi) the sale of the Offer Shares will result in a violation of foreign ownership restrictions; (vii) the applicant is not an Eligible Investor; (viii) the applications do not have sufficient information as required in the application form or are not supported by the required documents; or (ix) the underwriting agreement is suspended, terminated or cancelled on or before the Listing Date (subject to the terms set forth under the section *"Withdrawal of the Offer"* below.

Notwithstanding any provision to the contrary as may be found in the Application, Prospectus, and other offer-related document, an Application, when accepted, shall constitute a binding and effective agreement between the Applicant and the Company for the subscription to the Offer Shares. For the avoidance of doubt, notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an Applicant shall take place only upon the listing of the Offer Shares on the PSE. If the Company's shares, including the Offer Shares, are not listed on the PSE on Listing Date due to the cancellation or withdrawal of the offer by the Company at any time on or after the commencement of the Offer Period and prior to Listing due to the occurrence of any of the events under the section entitled Withdrawal of the Offer, the agreement between the Applicant and the Company for subscription to the Offer Shares shall be automatically cancelled and of no further force or effect. In such event, the Applicant shall be entitled to a refund following the same procedure outlined in the Refunds of the Trading Participants and Retail Offer provision of this Summary of the Offer.

Withdrawal of the Offer

The Company may withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, subject to disclosure to the SEC and PSE.

The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to Listing, if there is a supervening force majeure or fortuitous event, such as:

a. An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the Prospectus, or would have a material adverse effect on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Prospectus, or the Philippine economy or on the securities or other financial or currency markets of the

Philippines, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated on or after the commencement of the Offer Period solely by reason of the Company's or the Sole Issue Manager, Lead Underwriter and Sole Bookrunner's inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Company, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, or any other entity/ person to take up any shares remaining after the Offer Period;

b. Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution or listing of the Offer Shares by any court or governmental agency or authority with jurisdiction on the matter, the SEC or the PSE;

c. Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell;

d. Cancellation or suspension of trading in the PSE for at least three (3) consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by PSE;

e. A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Company to engage in the business it is presently engaged in; or (b) the capacity and due authorization of the Company to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer, or (ii) would render illegal the performance by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner of its underwriting obligations hereunder;

f. Any significant, adverse, and unforeseeable change or development in the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;

g. The Company decides to or is compelled to stop its operations which is not remedied within five (5) Banking Days;

h. The Company shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Company shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Company shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Company; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Company; or (vi) any event occurs which under the laws of the Philippines or other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

j. Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against the Sole Issue Manager, Lead Underwriter and Sole Bookrunner in connection with or with respect to the issuance or sale by the Company of the Offer Shares or the Offer in general which renders the performance of its underwriting commitment impossible or impracticable;

k. Any event occurs which makes it impossible for the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to perform its underwriting obligations due to conditions beyond its control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, or directing the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to cease, from performing its underwriting obligations;

l. Any representation, warranty or statement of the Company in the Prospectus shall prove to be untrue or misleading in any material respect or the Company shall be proven to have omitted a material fact necessary in order to make the statements in the Prospectus not misleading, which untruth or omission: (a) was not known and could not have been known to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Company’s long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;

m. Unavailability of PDTC and PSE facilities used for the Offer and/or Listing and such unavailability impacts the ability of the Issuer and Sole Issue Manager, Lead Underwriter and Sole Bookrunner to fully comply with the listing requirements of PSE; and

n. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Company’s long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

The Offer shall not be withdrawn, cancelled, suspended or terminated on or after the commencement of the Offer Period solely by reason of the Company’s or the Sole Issue Manager, Lead Underwriter and Sole Bookrunner’s inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Company, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, or any other entity/ person to take up any shares remaining after the Offer Period.

Notwithstanding the foregoing, the Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner recognize and acknowledge that the PSE, in the exercise of its authority as a self-regulatory organization and further to its mandate to maintain a fair and orderly market, may impose appropriate sanctions and penalties on the relevant party if the PSE determines that the cancellation or termination of the underwriting commitment or the Underwriting Agreement was not warranted based on the facts gathered by PSE and after due and proper proceedings initiated by the PSE not later than five (5) Banking Days after such cancellation or termination.

Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an applicant shall take place only upon the listing of the Offer Shares on the PSE. The PSE issued its Notice of Approval on [●], subject to compliance by the Company with certain conditions. Subject to the right of the

Company to withdraw or cancel the offer and sale of the Offer Shares prior to Listing Date pursuant to this section, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.

If the Offer Shares are not listed on the PSE on Listing Date, all application payments will be returned to the Applicants without interest starting on the fifth (5th) Banking Day after the end of the Offer Period or on [●]

Refunds of the Trading Participants and Retail Offer : In the event that the number of Trading Participants and Retail Offer Shares to be received by an applicant, as confirmed by the Company, the Receiving Agent and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, is less than the number covered by the application, or if an application is rejected, then the applicant is entitled to a refund, without interest, within five (5) Banking Days from the end of the Offer Period or on [●], of all or a portion of the applicant's payment corresponding to the number of Trading Participants and Retail Offer Shares wholly or partially rejected.

Subject to the final mechanics to be included in the LSI Implementing Guidelines, refunds to Local Small Investors, if any, may be coursed directly through their nominated PSE Trading Participant (subject to confirmation of such PSE Trading Participant). The refunds will be processed by the Receiving Agent directly to the nominated PSE Trading Participant by transferring immediately available funds to the relevant bank account of, or via check to, each relevant nominated PSE Trading Participant in such amount representing the total refund due to all the clients of the relevant PSE Trading Participant on or before the fifth (5^{th}) banking day after the end of the Offer Period or on [●]. The affected LSI Applicants may coordinate directly with their respective nominated PSE Trading Participant, as indicated in the submitted LSI Application.

Expected Timetable : The timetable of the Offer is expected to be as follows:

Receipt of SEC Pre-effective clearance	[Week of May 29, 2023]
Date of PSE Notice of Approval	[Week of June 5, 2023]
Receipt of PSE Board approval	[Week of June 5, 2023]
Book-building Period	[Week of June 5 to Week of June 12, 2023]
Pricing and allocation of the Offer Shares	[Week of June 12, 2023]
Notice of final Offer Price to the SEC and PSE	[Week of June 12, 2023]
Receipt of the Permit to Sell from the SEC	[Week of June 12, 2023]
Offer Period	[Week of June 19, 2023]
PSE Trading Participants' Commitment Period	[June 19 to 21, 2023]
Submission of Firm Order and Commitments by PSE Trading Participants	[June 21, 2023]
Trading Participants Settlement Date	[June 21, 2023]
Retail Settlement Date	[June 23, 2023]

Institutional Offer Settlement Date	[June 23, 2023]
Listing Date and commencement of trading on the PSE	[July 4, 2023]

The dates included above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.

If, for any reason, any day of the above periods or dates is not a Banking Day, then such period or date may be extended or moved, as the case may be, to the immediately succeeding Banking Day, or such other date as may be agreed upon by the Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. Notice of any adjustment to the Listing Date shall be made by publication by the Company in two (2) newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the SEC and PSE.

Risks of Investing : In making an investment decision, investors are advised to carefully consider all the information contained in this Prospectus, including the risks associated with an investment in the Offer Shares. These risks include:

- risks relating to the business;
- risks relating to the Philippines;
- risks relating to the Offer and the Offer Shares; and
- risks relating to the presentation of information in the Prospectus.

For a more detailed discussion on certain of these risks, see "*Risk Factors*" beginning on page [24], which while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares. The Offer Shares are offered solely on the basis of the information contained in the Prospectus.

Receiving Agent : Stock Transfer Service, Inc.

Stock and Transfer Agent : Stock Transfer Service, Inc.

Escrow Agent : Security Bank – Trust & Asset Management Group

Counsel for the Issuer : Picazo Buyco Tan Fider & Santos

Counsel for the Sole Issue Manager, Lead Underwriter and Sole Bookrunner : Romulo Mabanta Buenaventura Sayoc & de los Angeles

Independent Auditors : Punongbayan & Araullo

RISK FACTORS

An investment in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not indicative of future performance and results, and there may be a large difference between the buying price and the selling price of any security. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Common Shares to decline. All or part of an investment in the Offer Shares could be lost.

The means by which the Company intends to address the risk factors discussed herein are principally presented under the captions "Business," particularly under "Competitive Strengths" "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry Overview," and "Board of Directors and Senior Management—Corporate Governance" of this Prospectus. This risk factor discussion does not purport to disclose all of the risks and other significant aspects of investing in the Common Shares. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities. Investors may request publicly available information on the Common Shares and the Company from the SEC. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

The means by which the Company intends to address the risk factors discussed herein are principally presented under this Section of the Prospectus, but may also be found in the discussion on "Strengths and Strategies" on page [*74*].

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to the Company's business, results of operations, financial condition and prospects.

RISKS RELATING TO THE COMPANY'S BUSINESS

The COVID-19 Pandemic

The COVID-19 pandemic caused disruptions in the Philippine and global economy and financial markets, as well as the Company's financial performance, among others. While the Company has implemented and complied with government health and safety protocols to mitigate the adverse effects of the pandemic, the duration and extent of these effects are beyond the control of the Company. As of the date of this Prospectus, quarantine restrictions have been lifted in the Philippines.

As the country started to adjust and recover from the pandemic, the Philippine economy posted a growth of 7.2% in the fourth quarter of 2022 and a full-year GDP growth rate of 7.6% in 2022. The main contributors to the growth for the fourth quarter were: wholesale and retail trade; repair of motor vehicles and motorcycles (8.7%), financial and insurance activities, 9.8 percent; and manufacturing (4.2%). Among the major economic sectors, industry and services posted positive growths of 4.8% and 9.8%, respectively, while agriculture, forestry, and fishing posted a contraction of -0.3 percent in the fourth quarter of 2022. On the demand side, Household Final Consumption Expenditure improved by 7.0% alongside Gross Capital Formation (5.9%); Exports (14.6%); Imports (5.9%); and Government Final Consumption Expenditure (3.3%). Gross National Income also posted a growth of 9.3% in the fourth quarter of 2022 for a full year growth of 9.9%.

The World Bank, for its part, sees a slower paced growth for 2023 with its updated Gross Domestic Product ("**GDP**") growth forecast for the Philippines of 5.4%, largely due the slowdown of growth of exports to major markets. Their 2024 outlook trended higher at 5.9% but still below the official 2024-2028 goal of 6.5-8.0 percent.

There is no assurance that community quarantine measures will not be re-imposed in the future. Due to numerous uncertainties and factors beyond its control, the Company is unable to predict the impact that COVID-19 will have going forward on its businesses, results of operations, cash flows, and financial condition. These factors and uncertainties include, but are not limited to:

- the severity and duration of the pandemic or other additional periods of increases or spikes in the number of COVID-19 cases in future periods in areas in which the Company operates;

- the duration and degree of governmental, business or other actions in response to the pandemic, including but not limited to quarantine, stay-at-home or other lockdown measures;

- restrictions on operations up to and including complete or partial closure of offices;

- economic measures, fiscal policy changes, or additional measures that have not yet been effected;

- the health of, and effect of the pandemic on, the Company's personnel and the Company's ability to maintain staffing needs to effectively operate its businesses;

- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;

- the impact of the pandemic and related economic uncertainty on consumer confidence, economic well-being, spending, and shopping behaviors, both during and after the crisis;

- impacts—financial, operational or otherwise—on the Company's supply chain, including manufacturers or suppliers of products and logistics or transportation providers, and on the Company's service providers or third-party contractors;

- volatility in the credit and financial markets during and after the pandemic;

- the impact of any litigation or claims from customers, suppliers, regulators or other third parties relating to COVID-19 or the Company's actions in response thereto;

- the pace of recovery when the pandemic subsides; and

- the long-term impact of the pandemic on the Company's businesses.

The above factors and uncertainties, or others of which the Company is not currently aware, may result in adverse impacts to the Company's businesses, results of operations, cash flows, and financial condition.

The vaccination drive in the country started on February 15, 2021 and as of the date of this Prospectus, the Philippines has administered [166.55] million doses of the vaccine, with [73.9] million people fully vaccinated representing [64]% of the total population of the country.

For the Company's real estate business, the pandemic and its disruption of global supply chains have affected construction activities, with shortages of raw materials and other inputs and workers. Some building material supply chains have suspended production and distribution. There was a delay in the construction as well as costs increased as many factories have been closed for extended periods. Limited transportation and travel bans also slowed the project delivery and labor shortages have been a problem for the real estate sector since the government imposed community quarantine restrictions.

The extent to which the COVID-19 pandemic may impact the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19, in the Philippines and internationally, by governments, central banks, healthcare providers, health system participants, other businesses, and individuals, all of which are highly uncertain and unpredictable. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company, it may also have the effect of heightening many of the other risks described in this Prospectus.

Availability of Raw Materials from Suppliers

All of the Company's raw materials are sourced from domestic Philippine suppliers primarily from manufacturers or distributors. Local suppliers primarily source its inventory from China and any supply chain disruption will have a material effect to the Company's delivery of its products.

In terms of cost of raw materials, steel and cement account for 51% of the building cost. The balance is accounted for by roofing, windows, and other finishing materials and accessories.

Details of the Company’s suppliers are further detailed in page [101].

To mitigate risks in the delivery of key suppliers of necessary materials to the Company, a stringent process of selection is undertaken based on a number of criteria, including assessment of company background, accreditations, quality of materials, list of finished projects and past customers.

The Company is not dependent on any single supplier and always maintains alternative material and supplier options.

The Company’s business activities are conducted in the Philippines and most of its projects are currently located in South Luzon, which exposes the Company to concentration risks.

Historically, the Company has derived primarily all of its revenue from the sale of real estate assets in the Philippines, specifically in South Luzon. Its business is highly dependent on the state of the Philippine economy and the growth for the said region. Demand for, and prevailing prices of real estate assets are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines, the overall employment levels in the Philippines and the level of remittances received from OFWs. On a regional level, the growth of the South Luzon area and the expected demand for real estate assets in the area is critical given the Company’s focus in building more developments within the area. Historically, the Philippines has periodically experienced economic downturns. For example, the general slowdown of the global economy in 2008 and 2009 had a negative effect on the Philippine economy, which in turn had a negative effect on the Philippine property market as property sales declined.

Though there is no direct mitigant associated with the Company’s operations being purely domestic, the Company takes comfort in the strong macroeconomic fundamentals of the Philippines and its product being considered a necessity by buyers. Despite the challenges brought about by the COVID-19 pandemic and Russia-Ukraine war, the Company was able to post a topline growth of 64% to ₱1.37 Billion from 2021 to 2022. This is a testament to the strong demand for the Company’s more spacious house and lot units albeit the economic uncertainty. The result also shows the Company’s ability to pivot its selling activities to take into consideration impacts brought about by the pandemic, geopolitical and economic issues.

Its focus to South Luzon is intentional given the strong growth of the region with the region even registering a 7.2% GDP growth in 2022, the highest among all regions in the Philippines. South Luzon is also very accessible to Metro Manila paving the way for many areas to increasingly becoming more urbanized. The Company is starting to look for avenues to diversify the locations of its projects as reflected in its pipeline projects in Bulacan and potentially in Visayas and Mindanao.

The Company’s buyers rely on HDMF financing in their purchase of Ovialand’s products.

Under its business and operating model, and based on the Company’s current buyers, the Company requires the prospective purchaser to apply with the HDMF or accredited Banks for take-up of the loan obligation. The Company may also transfer loan portfolios directly to the HDMF or accredited Banks on behalf of its customers. Currently, 98% of Ovialand clients are financing their purchase of the Company’s products through HDMF. Should the HDMF grant the prospective buyer’s application, it would then grant a home loan to the prospective buyer (to pay for the purchase price of the Premium Affordable Housing unit) and transfer the loan amount to the Company or the subsequent owner of the relevant receivable. However, due to the number of applications pending with the HDMF at any one time, there are often delays in the processing of these loan take-ups. Furthermore, the HDMF may also deny loans for various reasons, such as incomplete documents and insufficient equity ownership (through prior payment of principal), among others. In addition, other factors, such as review of titles by banks that purchase receivables from the Company, may also delay the financing process. Furthermore, if the loans are held as collateral by banks, then the banks need time to pass the titles, which could cause delays. Depending on the degree of any such delays or denials, and the amounts of the loans and number of customers involved, these could have a material adverse effect on the Company’s liquidity because the home buyer loans would be retained on the Company’s books as receivables and delay its cashflow. Moreover, in the event that the HDMF completely ceases the take-up of these loans, the Company would have to keep these loans for a significant portion of time and may encounter difficulty in selling these loans to other financial institutions. Any of these events may have a material adverse effect on the Company’s financial condition and results of operations.

To mitigate this risk, the Company relies on its industry experience and in-depth knowledge and understanding of the needs, preferences, means and constraints of the Premium Affordable Housing segment customer base. Prior to reservation, trained sales specialists already conduct the first layer of screening their potential clients by asking for pertinent income documents. If a client is unable to produce acceptable proof of income, the sales specialists inform the interested buyer and ask them to return once they already have the requirements. Upon reservation, the Sales Officers of Ovialand conduct a thorough explanation to the clients to discuss the details of the sale, and that their housing loan application is contingent to the approval of their desired financing institution. In conducting such assessments, Ovialand does not guarantee or give false-hope to its clients by assuring them an approval. The Company also conducts credit and background checks for all its buyers upon reservation and has developed a comprehensive collection platform comprising policies, systems, and mechanisms focused on collection efficiency and the mitigation of payment delinquency.

Historically, the Company has had a mutualistic and growing relationship with the HDMF, even being granted the status of a Prime Developer of the institution. It has historically successfully grown its HDMF takeout volumes a testament to the Company's efficient process of determining HDMF-eligible buyers.

	Full Year 2020			**Full Year 2021**			**Full Year 2022**		
	# of Units	**Loan Amount** (₱ Millions)	**TCP** (₱ Millions)	**# of Units**	**Loan Amount** (₱ Millions)	**TCP** (₱ Millions)	**# of Units**	**Loan Amount** (₱ Millions)	**TCP** (₱ Millions)
Corporate wide Takeouts	-	63,750	-	-	100,800	-	105,212	117,850	-
Southern Luzon Takeouts	7,468	6,949	-	12,972	12,593	-	14,452	15,825	-
Ovialand Performance									
HDMF Financing	231	423.72	435.10	439	819.87	828.70	601	1,262.8	1,359
Bank Financing	-	-	-	-	-	-	3	6.3	7.6
Cash Buyer	-	-	-	2	-	4.4	13	-	29.4
Total	231	423.72	435.10	441	819.87	833.10	617	1,269.1	1,396

To further mitigate this risk, Ovialand also has accreditations for end-buyer financing with BPI and BDO which are offered to its buyers as alternative loan financing. Ultimately, buyer's screening and qualification is a crucial step in the selling process to minimize the aforesaid risk

The real estate business is a highly competitive industry.

The Company is primarily engaged in the business of horizontal middle-income real estate residential developments. According to a market study by Santos Knight Frank, in the cities and municipalities of Laguna located along the fringe of Quezon province where the Company's current developments are situated, developers are predominantly local based which are mainly focused on socialized, economic and medium-cost housing projects.

In the event the Company's competitors are able to secure better locations or develop, market and sell more attractive properties than the Company, or if the Company is unable to properly gauge the market for its properties, then the Company's results of operations and prospects may be negatively impacted.

Some competitors may also have substantially greater financial and other resources, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets.

To manage this risk, the Company continues its active land acquisition and development activities of its Premium Affordable Housing in key growth areas. The Company continuously looks for growth opportunities in different geographic areas to further expand its customer base.

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

The Company adopts various measures to manage its liquidity risk. For example, the Company developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency. To ensure a reliable and consistent liquidation of its receivables, the Company enters into wholesale end-user loan take-up arrangements with institutions such as the HDMF and Banks. The Company also ensures each project it launches will have an available working capital mix of equity and debt to allow it to continuously deliver the projects according to schedule. As such, the Company also has approved lines from banks that it can utilize for its liquidity requirements.

Ovialand Inc. Key Working Capital Ratios:

(in ₱ Million)	2019	2020	2021	2022
Current Assets	415	668	1,014	1,430
Current Liabilities	243	423	578	470
Current Ratio	1.71	1.58	1.75	3.04
Days Receivable Outstanding	66.61	99.74	78.82	67.48
Days Inventory Outstanding	202.05	517.04	405.80	295.79
Days Payable Outstanding	72.86	267.76	232	144.75

The Company believes that its working capital ratios are better than the ratios of its peers servicing the same industry segment thus showing better management of its working capital.

The inability to manage its receivables portfolio could lead to a situation where the Company does not have sufficient cash to pay its obligations as they come due or have insufficient cash to meet its expansion strategy. If any of the Company's means of managing its liquidity risks is unsuccessful, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

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

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant expenditures to acquire land for development, complete existing projects and commence construction on new developments. For the years 2020, 2021, and 2022 the Company spent ₱140.7 million ₱148.6 million, and ₱199.7 million, respectively, for land banking expenditures for its real estate development projects.

Historically, the Company has funded a significant portion of its capital expenditure requirements as well as steady growth from its real estate revenues, it has periodically utilized external sources of financing. There can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to obtain sufficient funds at acceptable rates to fund its capital expenditure requirements, or that it will be able to obtain sufficient funds at all. Failure to obtain the requisite funds could delay or prevent the acquisition of land, completion of old projects or commencement of new projects and materially and adversely affect the Company's business, financial condition and results of operations.

The Company believes, however, that it has consistently demonstrated prudence in managing its financial requirements, continuously striving to be efficient in utilizing its capital. For instance, in the case of land acquisition, while the Company's real estate revenue has increased by 280% since 2019, the Company's land bank has increased by [109]%, from 20.4 hectares in 2019 to 42.6 hectares in 2022. It has also demonstrated continued improvements to its current ratio from 1.71:1 in 2019 to 3.05:1 in 2022 and solvency ratio from 1.2:1 in 2019 to 1.78:1 in 2022.

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

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

- an appreciation of the Philippine peso, which would result in decreased value of the other currencies transmitted by OFs;
- any difficulties in the repatriation of funds;

- a downturn in the economic performance of the countries and regions where a significant number of these potential customers and supporters are located, such as the United Arab Emirates, the Kingdom of Saudi Arabia, United States of America, Canada, Taiwan, Singapore, and Republic of Korea;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East;
- and restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from OFWs, which could materially and adversely affect its business, financial condition or results of operations.

In 2022, OFWs constitute around 26% of Ovialand's client base. These clients are mostly professional and career pathed individuals such as nurses, doctors, accountants, engineers, etc. Ovialand's OFW market is currently spread out in North America (40%), Middle East (30%), Europe (10%) and Asia (15%) and other countries (5%). To mitigate this risk, the Company is continuously educating its sellers to reach more locally employed homebuyers by providing training that will enable sellers to focus more on the locally employed market. Starting 2023 onwards, Ovialand aims to balance this by targeting up to 80% -locally employed base and 20% for the OFW market.

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

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

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

For information on how the Company mitigates this risk, please see discussion on "Strengths and Strategies" as well as the discussion on the Competition on pages [74] and [95].

Competition for the acquisition of land for new projects and risks relating to the management of its land bank, including fluctuations in demand and prices, may adversely affect the Company's business.

The Company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. When the Company attempts to locate sites for development, it may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. Furthermore, land acquired by the Company may have pre-existing tenets or obligations that prevent immediate commencement of new developments. In the event the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth prospects could be limited, and its business and results of operations could be adversely affected.

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

The Company faces certain risks related to the cancellation of sales involving its residential projects and, if the Company were to experience a material number of sales cancellations, the Company's historical revenue would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of horizontal subdivisions are canceled.

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. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled by the Company, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without the right of refund.

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

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

To mitigate this risk, the Company relies on end-user financing through the Home Development Mutual Fund and bank partners. The Company has also adopted a strategy to promote home ownership in the Premium Affordable Housing segment by continuing to develop financing products tailored to the specific needs, requirements and financial situation of its customers.

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

The Company intends to continue to pursue an aggressive growth strategy for its residential property business. To this end, the Company currently has five [5] ongoing projects, as of [February 28, 2023], and is expecting to startup four [4] new projects in 2023. The Company's growth strategy for its housing and land development business may require the Company to manage additional relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. This substantial growth in projects will also require significant capital expenditure, which may entail taking on additional debt or equity to finance housing and land development projects.

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

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

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

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

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

To mitigate this risk, the Company performs due diligence and prudently selects its network of accredited contractors, and closely monitors the development of each project.

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

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

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

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

Though such macroeconomic risks are uncontrollable, to mitigate such risks, the Company relies on its competitive advantages and key business strategies. For further discussion, please refer to pages [74 and 95].

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

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

To mitigate these risks, the Company undertakes due diligence in its acquisition of parcels of land.

Nevertheless, if third-party claims are brought against the Company, or any such claims involve land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. Such circumstances may have a material adverse effect on the Company's business, financial condition, and results of operations, and have a material effect, as well, on its business reputation.

The Company faces risks relating to project cost and completion.

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

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- delays in completion of its prior projects, which would create shortages of contractors and skilled labor due to the Company's regular use of a limited number of contractors (see "Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.");
- changes in laws or in Government priorities;
- timing of commencement of the projects;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials and equipment;
- labor disputes with contractors and subcontractors;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites;
- lack of familiarity with high-rise projects; and
- other unforeseen problems or circumstances.

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

To mitigate this risk, the Company seeks to improve its construction efficiencies in part by adding more mechanization and by standardizing the sizes of its building components. Furthermore, the Company currently utilizes pre-cast technology in building its houses. Such technology is efficient and highly scalable allowing the Company to deliver houses within six (6) to nine (9) months from client reservation.

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

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

To address this risk, the Company's overall business strategy is geared towards the speedy delivery of quality homes to its customers. Further, the Company prudently monitors the development of each stage of each project, from project inception up to project turnover, to quickly address possible completion risks.

The Company uses exclusive external third-party brokers to sell all its residential housing and land development projects.

The Company uses partner external third-party brokers to market and sell all its residential housing and land development projects to potential customers. If these brokers do not meet their requisite sales targets, the Company's business, financial condition and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could immediately recruit a new set of brokers that can competently sell the products to the correct target market. Also, negative publicity on the Company's third-party brokers may spill over and have a negative effect on the Company's reputation. Furthermore, with the passage of R.A. No. 9646 or the Real Estate Service Act of the Philippines and its Implementing Rules and Regulations, more stringent requirements are now being imposed in respect of the practice of real estate service, as well as the qualifications and licensing of real estate service practitioners. There can be no assurance that the imposition of these requirements will not affect the real estate service practice of the Company, or its ability to retain its existing third-party brokers or identify new third party brokers. These factors could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

To mitigate this risk, Ovialand employs Sales Managers whose responsibilities include to consistently recruit, train and develop partner brokers and sales agents for the Company. This allows the Company to always have a new stream of competent sellers with various networks to reach the target market of homebuyers. Furthermore, since Sales Managers are directly employed by the Company, they are able to immediately disseminate and implement new policies, programs, incentives and quotas to their set of brokers and sellers thru monthly sales trainings and meetings.

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

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

In 2016, an executive order imposing a two-year moratorium on the processing of the applications for the land use conversion of agricultural lands was recommended by DAR to be signed by President Duterte. The moratorium will allow the preservation of prime agricultural lands and ensure food security. However, to date, the executive order is yet to be signed and issued. It is alleged that the moratorium is facing stiff opposition from President Duterte's economic managers. Once signed, the moratorium may delay the implementation of the Company's proposed projects because the supply of land available for development may be limited. This may further lead to an increase in the acquisition cost of land and the development cost of the Company's projects.

In July 2019, Senate Bill No. 256 or the Agricultural Land Conversion Ban Bill was filed, which seeks to prohibit the conversion of irrigated and irrigable agricultural lands for non-agricultural uses. If passed into law, the ban may delay the implementation of the Company's proposed projects because the supply of land available for development may be limited. This may further lead to an increase in the acquisition cost of land and the development cost of the Company's projects. As of September 9, 2019, the bill is pending before Senate Committees on Local Agriculture, Food, and Agrarian Reform.

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

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

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

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

The Company is in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits, and approvals are anticipated and obtained in a timely manner. The Company believes it has an established compliance culture and has processes in place to manage adherence to laws and regulations.

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

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

The Company is in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits, and approvals are anticipated and obtained in a timely manner. The Company believes it has an established compliance culture and has processes in place to manage adherence to laws and regulations.

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

The Company benefits from provisions under Philippine law and regulations which exempt sales of residential lots with a gross selling price of ₱1.5 million or less and sales of residential houses and lots with a gross selling price of ₱2.5 million or less from the VAT of 12%. However, under the TRAIN Law which amended certain provisions of the Tax Code, beginning January 1, 2021, the VAT exemption shall only apply to (i) sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of business; (ii) sale of real property utilized for socialized housing as defined by Republic Act No. 7279; and (iii) sale of house and lot, and other residential dwellings with selling price of not more than ₱2 million as adjusted to ₱3,199,200.00 in 2011 using the 2010 Consumer Price Index values as provided under Revenue Regulation No. 8-2021.

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

For information on how the Company mitigates this risk, please see discussion on "Strengths and Strategies" on page [74].

Construction defects and other building-related claims

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of fifteen (15) years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, the Building Code, which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

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

To ensure that the construction of houses is built to specification, the Company's quality control and monitoring group inspects the houses and provides immediate feedback to the Construction group to address. The independence of the Quality Control team with the Sales and Marketing team was set-up to rectify defects and complaints reported.

The Certificate of Acceptance Form is signed by customers before move-in to ensure that they are satisfied with the quality of the houses.

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

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

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

For information on how the Company mitigates this risk, please see discussion on "Strengths and Strategies" on page [74].

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

The companies controlled by the Majority Shareholders have a number of commercial transactions with the Company. The Company had entered into a number of transactions with its related parties, which primarily consist of advances and reimbursements of expenses and sale and purchase of real estate properties and development and installment contract receivables and related other assets and assumption of related liabilities.

The transactions referred to above are described under "Related Party Transactions" and the notes to the Company's consolidated financial statements appearing elsewhere in this Prospectus. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Majority Shareholders. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its stakeholders. Conflicts of interest may also arise between the Company and the Majority Shareholders in a number of other areas relating to its businesses, including:

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

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

To mitigate this risk, the related-party transactions are made on an arm's-length basis.

The Company is highly dependent on the continued service of its directors, members of senior management and other key officers.

The Company's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include Giovanni Juzgaya Olivares, Marie Leonor Fatima O. Vital, and John Bryan A. Vital. If the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of the Company, the Company's business and results of operations may be adversely affected.

The Company believes it maintains a positive relationship with its directors, members of senior management and other key officers.

The Company may be unable to attract and retain skilled professionals, such as architects, engineers and third-party contractors.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects, engineers and third-party contractors. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of the Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

The Company believes it maintains a positive relationship with its architects, engineers and third-party contractors. To attract and retain skilled professionals, the Company also provides a competitive compensation and benefits package.

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations.

The Company's success depends partially on the ability of the Company, its contractors and its third-party marketing agents to maintain productive workforces. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's, its contractors' or its third-party marketing agents' employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

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

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

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

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

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

Disruptions in the global financial markets in 2008 and 2009 resulted in a tightening of credit markets worldwide, including in the Asia Pacific region. Liquidity in the global and regional credit markets severely contracted as a result of these market disruptions, making it difficult and costly to refinance existing obligations or raise additional financing, including equity financing. While liquidity has increased and credit markets have improved since then, there can be no assurance that such conditions will not reoccur. If such conditions reoccur, it may be difficult for the Company to obtain additional financing on acceptable terms or at all, which may prevent the Company from completing its existing projects and future development projects and have an adverse effect on the Company's results of operations and business plans. If due to general economic conditions, the Company is unable to obtain sufficient funding to complete its projects in a feasible manner, or if management decides to abandon certain projects, all or a portion of the Company's investments to date on its projects could be lost, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The incurrence of additional debt to finance the Company's planned development projects could impair the Company's financial condition, results of operations and cash flows. The Company may need to incur additional debt to finance its expansion projects and future development projects. This indebtedness could have important consequences for the Company. For example, it could:

- make it more difficult for the Company to satisfy its debt obligations as they become due;
- increase the Company's vulnerability to general adverse economic and industry conditions;
- impair the Company's ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisitions or general corporate purposes;
- require the Company to dedicate a significant portion of its cash flow from operations to the payment of principal and interest on its debt, which would reduce the funds available for the Company's working capital needs, capital expenditures or dividend payments;
- limit the Company's flexibility in planning for, or reacting to, changes in the business and the industry in which the Company operates;
- require the Company to comply with financial and other covenants that could impose significant restrictions on the Company's existing and future businesses and operations;
- place the Company at a competitive disadvantage compared to competitors that have less debt; and
- subject the Company to higher interest expense in the event of increases in interest rates as a significant portion of the Company's debt is and may continue to be at variable rates of interest.

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

For information on how the Company intends to maintain its business, strong financial conditions, results of operations and cash flows, please see discussion on "Strengths and Strategies" on pages [74].

RISKS RELATING TO THE PHILIPPINES

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

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

There can be no assurance that political violence will not occur in the future, and any such events could negatively impact the Philippine economy. An unstable political environment, whether due to the impeachment of government officials, imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations that impose vehicular volume reduction programs.

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

There is no guarantee that future events will not cause political instability in the Philippines. Such instability may disrupt the country and its economy, as well as commercial traffic into and out of the Philippines, which could materially and adversely affect the Company's business, financial condition and results of operations. Acts of terrorism, clashes with separatist groups and violent crimes could destabilize the country and could have a material adverse effect on the Company's business and financial condition.

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

Continued conflicts between the Government and separatist groups, and attacks from terrorist groups could lead to further injuries or deaths by civilians and members of the policy and military, which could destabilize parts of the country and adversely affect the country's economy. Any such destabilization could cause interruption to parts of the Company's business and materially and adversely affect its financial conditions, results of operations and prospects. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines and adversely affect the country's economy.

The proposed amendment of the Constitution may cause political unrest which could adversely affect the Company's financial condition, results of operations, and cash flows.

Despite President Marcos' pronouncement that Charter Change is not among his priorities, The House of Representatives has voted to amend economic provisions of the 1987 Philippine Constitution through a constitutional convention.

With respect to proposed amendments to the economic provisions of the current Constitution, the House of Representatives subcommittee proposed to delete certain provisions in the current Constitution providing foreign nationality restrictions, particularly in the following areas: exploitation, development and utilization of natural resources, ownership of alienable lands, franchise on public utilities, practice of profession, ownership of educational institutions, mass media, and advertising. Business groups in the Philippines believe that such amendments will enable the Government to achieve its goal of sustainable and inclusive economic growth, and that an increase in foreign investments would create more job opportunities for Filipinos.

The then Speaker of the House of Representatives Pantaleon Alvarez has posited that the House of Representatives alone may proceed to amend the Constitution even without the concurrence of the Senate, but current senators are not supportive of making amendments to the Constitution citing that it is not the time to do it now due to more pressing economic concerns and that the House of Representatives proposal of con-con is too expensive . The disagreement between the two chambers may result in a crisis of government administration, causing conflicts among different political groups.

Due to the Company's business being subject to extensive regulation from the Government and dependence on economic stability, the potential for instability and unrest may have a material adverse effect on the Company and its financial condition, results of operations, and prospects.

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

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. In 2013, due to rising tensions arising from a dispute between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal, the Philippines filed a case before the Permanent Court of Arbitration, to legally challenge China's claim in the West Philippine Sea and resolve the dispute under the United Nations Convention on the Law of the Sea ("**UNCLOS**"). In July 2016, the tribunal constituted by the Permanent Court of Arbitration rendered a decision upholding the exclusive sovereign rights over the West Philippine Sea and that China's "nine-dash-line" claim, which covered nearly all of the West Philippine Sea, is invalid. Under the administration of President Duterte, the Philippine government has taken measures to ease tensions with China which was brought about by the two countries' territorial dispute.

In March 2021, more than 180 Chinese military vessels were spotted on Julian Felipe Reef in the West Philippine Sea. The presence of the vessels defined a diplomatic protest and demand for the vessels to leave the area, issued by Defense Secretary Delfin Lorenzana.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors, including a significant depreciation of the Peso or increase in interest rates, may adversely affect the Company's operations. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or overseas Filipinos permits. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition and results of operations.

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

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, such as the Company. Historically the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. As of December 31, 2022, the Philippines' long-term foreign-currency denominated debt was rated Baa2 by Moody's, BBB+ S&P Global Ratings, and BBB by Fitch. However, no assurance can be given that Fitch, Moody's, S&P Global Ratings or any other international credit rating agency, will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies, including the Company. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine government and Philippine companies, including the Company, to raise additional financing, and will increase borrowing and other costs. As of September 15, 2022, Moody has affirmed the Philippines Baa2 rating with stable outlook. On October 27, 2022, Fitch affirmed the Philippines' long-term foreign-currency issuer default rating at BBB, however revising its outlook to negative. The change in outlook was attributed to risks to the Philippines' medium-term growth prospects, fiscal adjustment path and external buffers in an environment of higher interest rates, weaker external demand and higher commodity prices. As of November 18, 202, S&P maintained its BBB+ long-term credit rating for the Philippines with a stable outlook, and also affirmed its A-2 short-term credit rating for the Philippines.

The Philippine real estate industry is subject to extensive regulation from the Government, including local governmental authorities.

The Philippine real estate industry is subject to extensive government regulation. The Company is also subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and wastewater discharges, odor emissions, and the management of, disposal of and exposure to hazardous materials. The Company must comply with the various requirements of the Government, including local governmental authorities in the areas in which the Company's properties are located.

In addition, the Company is required to maintain business licenses, permits and other authorizations, including those relating to certain construction activities for its properties, and are also required to obtain and renew various permits, including business permits and permits concerning, for example, health and safety, environmental standards. Its licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. While the Company closely monitors its compliance with such licenses and permits, if it nevertheless fails to meet the terms and conditions of any of the licenses, permits or other authorizations necessary for the Company's operations, these may be suspended or terminated, leading to temporary or potentially permanent closing of properties, suspension of construction activities or other adverse consequences.

The Government influences the property sector by imposing industry policies and economic measures, including those that affect the classification of land available for property development, foreign exchange restrictions, property financing, taxation, acquisition and development, and foreign investment. Property laws and regulations, including relevant judicial decisions, are at times ambiguous and may be subject to inconsistent and contradictory interpretations. Although the Company strives to keep abreast of regulatory developments, such laws and regulations are constantly evolving and therefore consistent interpretations of such regulations are difficult to anticipate. New laws and regulations or modifications may also be passed, which would impose more stringent and complex requirements on us, thereby adversely affecting the Company's business, financial condition, and results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the DENR. For environmentally sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current environmental laws and regulations applicable to the Company will not increase the costs of operating its facilities above currently projected levels or require future capital expenditures. In addition, the Company cannot predict what environmental, health, safety or other legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. See "*Regulatory and Environmental Matters*."

The introduction or inconsistent application of or changes in laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations. In addition, delays or other possible complications in obtaining the required regulatory and environmental permits could have a material adverse effect on the Company's business, financial condition and results of operations.

RISKS RELATING TO THE COMMON SHARES

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Common Shares, the merits and risks of investing in the Common Shares and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Common Shares and the impact the Common Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Common Shares, including where the currency for principal or dividend payments is different from the currency of the potential investor;

- understand thoroughly the terms of the Common Shares and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

There has been no prior market for the Common Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

There has been no prior trading for the shares, and there can be no assurance that an active market for the Offer Shares will develop following the Offer or, if developed, that such market will be sustained.

The Offer Price will be determined after taking into consideration a number of factors including, but not limited to, the Company prospects, the market prices for shares of companies engaged in related businesses similar to that of its business and prevailing market conditions. The price at which the Shares will trade on the PSE at any point in time after the Offer may vary significantly from the Offer Price.

The market price of the shares may be volatile, which could cause the value of investors' investments in the Common Shares to decline.

The market price of shares could be affected by several factors, including:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks in general and other retail stocks in particular;
- the market value of the Company's assets;
- changes to Government policy, legislation or regulations; and
- general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Shares.

There can be no guarantee that the Offer Shares will be listed on the PSE.

Purchasers of Offer Shares will be required to pay for such Offer Shares on the Trading Participants and Retail Offer Settlement Date, which is expected to be on or about [●] and on the Institutional Offer Settlement Date, which is expected to be on or about [●]. There can be no guarantee that listing will occur on the anticipated Listing Date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

Future sales of Common Shares in the public market could adversely affect the prevailing market price of the Common Shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of the Company's business and operations, the Board will consider the funding options available to them at the time, which may include the issuance of new shares. If additional funds are raised by the Company through the issuance of new equity or equity-linked securities other than on a pro rata basis to existing shareholders, the percentage ownership of existing shareholders may be reduced, shareholders may experience subsequent dilution or such securities may have rights, preferences and privileges senior to those of the Offer Shares.

Further, the market price of the Common Shares could decline as a result of future sales of substantial amounts of the Common Shares in the public market or the issuance of new Common Shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Common Shares or the Company's ability to raise capital in the future at a time and at a price it deems appropriate.

The PSE rules require the existing shareholders owning at least 10% of the outstanding shares of a company not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the shares. In addition, all shares issued or transferred within 180 days prior to the commencement of the Offer at an issue price less than the price per Offer Share shall be subject to a lock-up period of at least 365 days from the date that full payment is made on such shares, as required by the PSE. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

Moreover, a listed company on the PSE shall be prohibited from offering additional securities, except offerings for stock dividends and employee stock option plans, within 180 calendar days from the date of initial listing.

Except for such restrictions, there is no restriction on the Company's ability to issue shares or the ability of any of its shareholders to dispose of, encumber or pledge, their Common Shares, and there can be no assurance that the Company will not issue Common Shares or that such shareholders will not dispose of, encumber or pledge, their shares.

Investors may incur immediate and substantial dilution as a result of purchasing Common Shares in the Offer.

The issue price of the shares in the Offer may be substantially higher than the net tangible book value of net assets per share of the outstanding shares. Therefore, purchasers of shares in the Offer may experience immediate and substantial dilution and its existing shareholders may experience a material increase in the net tangible book value of net assets per share of the Shares they own. See "*Dilution*" on page [53] of this Prospectus.

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

The Philippine Constitution and Philippine statutes restrict the ownership of private lands to Philippine Nationals. The term Philippine National, as defined under the Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991 (the "**Foreign Investments Act**"), as amended, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

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

Shareholders may be subject to limitations on minority shareholders' rights.

The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those that are available in certain other countries. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

The Revised Corporation Code provides for minimum minority shareholders' protection in certain instances where a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Revised Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions, while permitted under the Revised Corporation Code and governed by the Interim Rules of Procedure Governing Intra-Corporate Controversies (A.M. No. 01-2-04-SC), are rarely brought on behalf of Philippine companies. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

The Company is required to maintain a minimum public ownership of 20%.

In accordance with SEC Memorandum Circular No. 13 Series of 2017 and under the PSE Amended Rule on Minimum Public Ownership ("**MPO Rule**"), the Company is required to maintain a minimum public ownership (MPO) of 20.0% of its total issued and outstanding shares. Listed companies that become non-compliant with the MPO Rule will be suspended from trading for a period of not more than six months and will automatically be delisted if they remain non-compliant with the MPO Rule after the lapse of the suspension period. Suspended or delisted shares will not be traded on the PSE. In addition, the sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subject to capital gains tax and documentary stamp tax.

Additional Taxes

The sale, exchange or disposition of the Common Shares after the Offer Period, if made outside the facilities of the PSE is subject to capital gains tax and documentary stamp tax, and if made through the facilities of the PSE (except for a dealer in securities) is subject to stock transaction tax. Changes in laws, rules and regulations may result in additional taxes on the acquisition, disposition, or transfer of the Common Shares. For a discussion on the taxes currently imposed by the BIR, please refer to the section on "Taxation" on page [163] of this Prospectus.

There can be no assurance that the Company will be able to pay dividends or maintain any given level of dividends.

Dividends on the Common Shares may not be paid or the Company may pay less than full dividends, under the terms and conditions governing the Common Shares. Holders of the Common Shares will not receive dividends on a Dividend Payment Date or for any period during which the Company does not have retained earnings out of which to pay dividends. If dividends on the Common Shares are not paid in full, or at all, the Common Shares may trade at a lower price than they might otherwise have traded if dividends had been paid. The sale of Common Shares during such a period by a holder of Common Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Common Shares until dividend payments resume. In addition, because of the dividend limitations, the market price for the Common Shares may be more volatile than that of other securities that do not have these limitations.

Insufficient distributions upon liquidation

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

Liquidity of the securities market

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

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

Risks relating to certain information in the Prospectus

Certain information contained herein is derived from unofficial publications.

Certain statistics in this Prospectus relating to the Philippines, the industries and markets in which the business of the Company operates, including statistics relating to market size and market share, are derived from various government and private publications, including those produced by industry associations and research groups. This information has not been independently verified and may not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines.

USE OF PROCEEDS

The Company estimates that net proceeds from the Primary Offer, based on an Offer Price of [₱5.60] per Offer Share, will be approximately [P1,794] Million after deducting the applicable underwriting fees and commissions and expenses for the Primary Offer and any additional expenses that may be incurred in relation to the Over-allotment Option payable by the Company.

EXPENSES PAYABLE BY THE COMPANY

Estimated fees, commissions and expenses relating to the Offer are as follows:

	Estimated Amounts (₱ Millions)
Estimated gross proceeds from the sale of the Primary Shares	1,881,600,000
Less:	
Underwriting and selling fees for the Offer Shares being sold by the Company	55,695,360
Documentary stamp taxes	1,680,000
PSE filing fee (inclusive of Value Added Tax)	6,809,600
Selling fees to be paid to the PSE Trading Participants	3,763,200
SEC registration, filing and legal research fees	1,429,425
Estimated professional fees	
● *Legal fees*	3,449,600
● *Accounting fees*	2,665,600
● *Consultancy fees*	2,090,667
● *Escrow agent fee*	4,231,360
● *Stock transfer and receiving agent fee*	793,333
● *Securities depository fee*	735,360
Estimated other expenses *(printing, publication, out-of-pocket expenses, etc.)*	3,602,667
Total estimated expenses	87,501,510
Estimated net proceeds from the sale of the Primary Shares	1,794,098,490

*Note: * Sum of the individual estimated expenses may not necessarily tally with the total due to rounding adjustments.*

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts. The estimated expenses set forth in the table above reflect the estimated expenses relating to the sale of the Primary Shares and are presented in this Prospectus for convenience only.

The Company will not receive any proceeds from the sale of the Secondary Shares by the Selling Shareholders. Underwriting and selling fees, crossing expenses, transaction taxes and certain other fees and expenses specifically pertaining to the sale of the Secondary Shares will be paid by the Selling Shareholders.

USE OF PROCEEDS FROM THE SALE OF PRIMARY SHARES

The use of proceeds for this Offer will be for land banking of the Company, the development of pipeline real estate projects, and for other general corporate purposes.

Details on the proposed use of proceeds from the sale of Primary Shares, based on the Offer Price of up to ₱[5.60] per Offer Share, are as follows:

Use of Proceeds	Estimated Amounts (₱ millions)	Disbursement Schedule
Landbanking	860	2023-[2024]
Development of Pipeline Real Estate Projects	764	2024-[2025]
Other General Corporate Purposes	170	[2023-2024]
Estimated net proceeds from the sale of the Primary Shares	**1,794**	

In the event that the net proceeds from the sale of Primary Shares is less than the expected amount, the Company intends to allocate the proceeds in order of priority as follows:

- 50% - Land Banking
- 40% - Construction and development of landholdings
- 10% - Other General Corporate Purposes

Any shortfall from the net proceeds of the Offer allotted to any of the foregoing will be financed from the Company's internally generated funds.

Land banking

The Company intends to use up to ₱860 million of the proceeds from the Offer to support land banking initiatives in the areas of Southern Luzon Laguna and North of Metro Manila (Bulacan). Final terms of the acquisitions are dependent on the negotiations with the sellers. The Company intends to use internally generated funds and available credit lines from local banks in the event that the actual acquisitions would need additional capital.

Location	Intended Use	Estimated Area (in ha.)	Allocation (in ₱'000)	Estimated Timing of Disbursement
San Pablo City , Laguna	Santevi Phase 3	4	72,000	Q4 of 2023
San Pablo City , Laguna	Savana Phase 3	6	108,000	Q3 to Q4 of 2023
Alaminos / Sto. Tomas Batangas	[Premium Affordable Subdivision]	10	180,000	Q3 2023 to Q1 of 2024
Pandi / Baliwag , Bulacan	Seriya Phase 2	10	250,000	Q3 2023 to Q1 of 2024
Malolos / Pandi / Baliwag , Bulacan	[Premium Affordable	10	250,000	Q1 to Q2 of 2024

	Subdivision]			

Land banking is focused on areas where the Company has local presence and a competitive advantage as well as in identified high potential growth areas for its market. Properties adjacent to completed and ongoing projects will support expansion phases.

Development of Pipeline Real Estate Projects

The estimated startup cost for the development of pipeline projects is ₱1,110 million and the Company intends to use up to ₱764 million of the proceeds from the Offer to support the development of the Company's several real estate projects across the Laguna, Quezon, Batangas and Bulacan provinces. The remaining ₱ 345 million will be sourced from internally generated funds of the Company and other funding sources options such as drawing on available credit lines from local banks, project financing, and tapping the capital markets, in the event that the actual development costs would need additional capital.

A summary of the pipeline of real estate projects to be funded from proceeds of the Offer are as follows:

No.	Project	Description	Estimated Startup Cost (in ₱)	Estimated Commencement Date	Estimated Completion Date
1	Caliya Phase 2	Land Development & House Construction	100,000	Q2 of 2023	Q4 of 2025
2	Savana San Pablo Phase 3	Land Development & House Construction	100,000	Q1 of 2024	Q4 of 2026
3	Silangil Candelaria, Quezon	Land Development & House Construction	150,000	Q1 of 2024	Q3 of 2027
4	Santevi San Pablo Phase 3	Land Development & House Construction	60,000	Q1 of 2024	Q1 2027
5	Seriya Baliwag, Bulacan Phase 2	Land Development & House Construction	150,000	Q1 of 2024	Q1 2028
6	Alaminos/Sto. Tomas Batangas-10 Hectare Project	Land Development & House Construction	150,000	Q1 to Q2 of 2024	Q4 of 2027
7	Malolos / Pandi / Baliwag 10-Hectare Project	Land Development & House Construction	200,000	Q1 to Q2 of 2024	Q4 of 2027
8	Malolos / Pandi / Baliwag 10-Hectare Project	Land Development & House Construction	200,000	Q2 to Q3 of 2024	Q1 2028

Management expects to use such a portion of the proceeds for the pipeline real estate projects within 18 months from the Listing Date. The proceeds from the Offer to be used for general corporate purposes will be used directly by the Company.

Other General Corporate Purposes

The Company may likewise use a portion of the proceeds of the Offer to provide additional funds for the expenses of the Company related to its operations and activities, overhead expenses and taxes. Subject to determination by

Management of the appropriate amounts to be used as investments in subsidiaries, taking into consideration the abovementioned factors, a portion of the proceeds may be allocated for general corporate purposes. Management expects to use up to ₱170 million of the proceeds for this purpose within 18 months from the Listing Date for general corporate purposes by the Company.

UNDERTAKING ON THE USE OF PROCEEDS

The proposed use of proceeds described above represents best estimates of the use of net proceeds of the Primary Shares based on the Company's current plans and expenditures. Other than as described above, no part of the net proceeds from the Primary Shares shall be used to acquire assets outside of the ordinary course of business or finance the acquisition of other businesses, or to reimburse any officer, director, employee or shareholder of the Company for services rendered, assets previously transferred, money loaned or advanced, or otherwise. No amount of the net proceeds of the Offer will be lent to any of the Company's affiliates. The actual amount and timing of disbursement of the net proceeds from the Primary Shares for the uses stated above will depend on various factors which include, among others, changing market conditions or new information regarding the cost or feasibility of its expansion projects. The Company's cost estimates may change as it develops its plans, and actual costs may be different from our budgeted costs. To the extent that the net proceeds from the Primary Shares are not immediately applied to the above purposes, the Company will invest the net proceeds in interest-bearing short term demand deposits and/or money market instruments and other short term liquid instruments.

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

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed in this Prospectus. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans.

In the event of any deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the PSE in writing at least thirty (30) days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by its board of directors and disclosed to the PSE. In addition, the Company shall submit via the PSE Edge the following disclosures to ensure transparency in the use of proceeds:

(1) any disbursements made in connection with the planned use of proceeds from the Primary Shares;

(2) quarterly progress report on the application of the proceeds from the Primary Shares on or before the first fifteen (15) days of the following quarter; the quarterly progress reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;

(3) annual summary of the application of the proceeds on or before January 31 of the following year, which will be certified by its Chief Financial Officer or Treasurer and external auditor; and

(4) approval by its board of directors of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

The quarterly and annual reports required in items (2) and (3) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any. The detailed explanation must state the approval of the Board as required in item (4) above. The Company will submit an external auditor's certification of the accuracy of the information reported by us to the PSE in its quarterly and annual reports.

The Company will not receive any of the proceeds from the sale of the Option Shares.

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts indicated above. The estimated amounts used to determine the estimated net proceeds are presented in this Prospectus for convenience only.

PROCEEDS AND EXPENSES FROM THE SALE OF SECONDARY SHARES FROM THE FIRM OFFER

The total proceeds from the sale of Secondary Shares by Januarius will be ₱134.4 million. We estimate that the net proceeds from the sale of Secondary Shares will be approximately ₱128.9 million after deducting the applicable underwriting fees, costs and expenses pertaining to the sale of Secondary Shares. The Company will not receive any proceeds from the sale of Secondary Shares. Underwriting fees, costs and expenses pertaining to the sale of Secondary Shares will be paid by Januarius.

	Estimated Amounts (₱ Millions)
Estimated gross proceeds from the sale of the Secondary Shares	134,400,000
Less:	
Underwriting and selling fees for Secondary Shares	3,978,240
Selling fees to be paid to the PSE Trading Participants	268,800
Estimated professional expenses	945,040
Estimated other expenses (printing, publication, out-of-pocket expenses, etc.)	257,333
Total estimated expenses	5,449,413
Estimated net proceeds from the sale of the Secondary Shares	**128,950,587**

PROCEEDS AND EXPENSES FROM THE SALE OF THE OPTION SHARES

Assuming full exercise of the Over-allotment Option, the gross proceeds from the sale of the Option Shares is estimated to be approximately ₱[201.6] million and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholders is estimated to be approximately ₱[193.7] million. The Company will not receive any proceeds from the sale of Option Shares. Estimated fees, commissions and expenses relating to the Option Shares are as follows:

	Estimated Amounts (₱ Millions)
Estimated gross proceeds from the sale of the Option Shares (assuming Over-allotment Option is exercised in full)	201,600,000
Less:	
Underwriting and selling fees for the Option Shares being sold by the Selling Shareholders	6,370,560
Taxes to be paid by the Selling Shareholders (Stock Transaction Tax) and other Crossing Expenses	1,558,812
Total estimated expenses	7,929,372
Estimated net proceeds from the sale of the Option Shares (assuming Over-allotment Option is exercised in	**193,670,628**

full)	

To the extent the Over-allotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders and shall remain part of the issued and outstanding shares of the Company.

DIVIDENDS AND DIVIDEND POLICY

LIMITATIONS AND REQUIREMENTS

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC.

The approval of the board of directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

The Revised Corporation Code of the Philippines generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation; (ii) when the required consent of any financing institution or creditor to such distribution has not been secured; (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

RECORD DATE AND PAYMENT DATE

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

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP.

Pursuant to the "Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends" of the SEC, all cash dividends and stock dividends declared by a company shall be remitted to PDTC for immediate distribution to participants not later than 18 trading days after the record date (the "**Payment Date**"); provided that in the case of stock dividends, the credit of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends' listing date. If the stock dividend shall come from an increase in capital stock, all stock dividends shall be credited to PDTC for immediate distribution to its participants not later than 20 trading days from the record date set by the SEC, which in no case shall be later than the stock dividends' listing date.

DIVIDEND POLICY

Pursuant to a board approval on May 5, 2022, the Company intends to maintain an annual dividend payment ratio of up to 50% of net income after tax for the preceding fiscal year, payable primarily in cash. However, the Board of Directors, in its discretion, may decide to declare dividends to be payable in property or shares. The declaration of dividends shall also be subject to the requirements of applicable laws and regulations, compliance with the Company's loan covenants and other circumstances which restrict the payment of dividends. The Board, may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans and other considerations.

Dividends shall be declared and paid out of the Company's unrestricted retained earnings and shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them. Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of its earnings, cash flow, return on equity and retained earnings;
- its results for and financial condition at the end of the year in respect of which the dividend is to be paid and expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on us by any of its financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board deems appropriate.

HISTORY OF DIVIDEND PAYMENT

The Company declared dividends on September 7, 2021 and November 2,2021 amounting to ₱35,338,144.32 from the 2020 earnings in favor of its stockholders holding an aggregate of 250,000 shares.

The Company declared dividends on March 2, 2022, amounting to ₱118,750,000.00 from its unrestricted retained earnings in favor of its stockholders holding an aggregate of 250,000 shares. On the same year, the Company declared dividends of ₱5 million at ₱0.01 per share on May 5,2022, ₱15 million at ₱0.02 per share on September 8, 2022 and ₱15M at ₱0.02 per share on December 1, 2022.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

On March 4, 2022, with the approval by the SEC of the increase in its authorized capital stock from ₱500,000,000.00 divided into 400,000 common shares with a par value of ₱1,000.00 per share and 100,000 preferred shares with a par value of ₱1,000.00 per share to ₱1,000,000,000.00 divided 900,000,000 common shares with a par value of ₱1.00 per share and 100,000,000 preferred shares with a par value of ₱1.00 per share, the Company issued an aggregate of 138,000,000 common shares to 1802 SJ Holdings Inc. and Januarius Holdings Inc. at ₱1.00 per share equivalent to ₱138,000,000. Payment for such shares was partly made in cash and partly by conversion of advances.

DETERMINATION OF THE OFFER PRICE

The Offer Price is up to ₱[5.60] per Offer Share, as determined through a book-building process and discussions among the Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. Since the Offer Shares have not been listed on any stock exchange, there has been no market price for Shares derived from day-to-day trading.

The factors considered in determining the Offer Price were, among others, the Company's ability to generate earnings and cash flow, the Company's short- and long-term prospects, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer and the market prices of listed comparable companies, with reference to the relevant country's stock market index. The Offer Price does not have any correlation to the book value of the Offer Shares.

DILUTION

As of 31 December 2022, the Company's net tangible book value per Share was ([₽0.48]). Net tangible book value per Share represents total assets minus intangible assets, total liabilities and non-controlling interests, divided by the total number of Common Shares outstanding.

After giving effect to the sale of the Primary Offer Shares (at an Offer Price of ₽[5.60] per Primary Offer Share) and after deducting estimated discounts, commissions, estimated fees and expenses of the Offer, the net tangible book value per share would be ₽ [2.02]. At the Offer Price of ₽[5.60], the Shares will be purchased at a premium of ₽ [3.58] to net tangible book value per share.

The following table illustrates dilution on a per Share basis based on an Offer Price of ₽ [5.60] per Offer Share assuming full exercise of the Over-allotment Option:

Offer Price per Offer Share	[₽5.60]
Net tangible book value per share as of 31 December 2022	[₽0.48]
Net tangible book value per share as adjusted after the Offer	[₽2.02]
Dilution to investors in the Offer	[₽3.58]

The following table sets forth the shareholdings, and percentage of Common Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer assuming full exercise of the Over-allotment Option:

	Number of Common Shares		%
Existing shareholders...	810,000,000		[67.16]
New Investors……………………………………….	396,000,000		[32.84]
Total...	[1,206,000,000]		100.0

The following table sets forth the shareholdings, and percentage of Common Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer assuming the Over-allotment Option is not exercised:

	Number of Common Shares		%
Existing shareholders...	[846,000,000]		[70]
New Investors ………………………………………	[360,000,000]		[30]
Total...	[1,206,000,000]		100.0

See *"Risk Factors – Risks Relating to the Offer and the Offer Shares – Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings" and "Risk Factors – Risk Relating to the Offer and the Offer Shares –Investors may incur immediate and substantial dilution as a result of purchasing shares in the Offer"* on pages [41-42] of this Prospectus.

CAPITALIZATION

The following table sets out the Company's consolidated debt, shareholders' equity and capitalization as of December 31, 2022, and as adjusted to reflect the issue of the Offer Shares. The table should be read in conjunction with the Company's consolidated financial statements, included in the Prospectus. There has been no material change in the figures as shown in the following table and the notes thereto since the date thereof except for the issue of the Offer Shares.

	As of [December 31, 2022]	As of [December 31, 2022] as Adjusted After Giving Effect to the Offer	Adjusted After Fully Paid Up Subscriptions and After Offer
	₱000	₱000	₱000
Total Debt	917,034		917,035
Equity			
Capital stock	435,000	168,000	603,000
Additional Paid-in Capital	10,000	1,713,600	1,723,600
Revaluation Reserve	70		70
Retained earnings	271,035		271,035
Total Equity	716,105		2,597,705
Total Capitalization	1,633,139	1,881,600	3,514,739

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present the summary of financial information and should be read in conjunction with the independent auditors' reports and Ovialand's financial statements, including the notes thereto, appearing in Appendix A-1 and B-1 in this Prospectus, and the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" The summary financial information as of and for the years ended December 31, 2020, 2021 and 2022 were derived from Ovialand's audited financial statements, which were prepared in accordance with PFRS and were audited by Punongbayan & Araullo (Grant Thornton Philippines) in accordance with the PSA.

In accordance with the relevant accounting and financial reporting standards, certain information in Ovialand's financial statements as of and for the years ended 31 December 2020 has been restated, as discussed further in Note [●] to the financial statements as of and for the years ended 31 December 2020, 2021 and 2022, appearing in [Appendix A-1 and B-1] in this Prospectus.

The summary financial information below is not necessarily indicative of the results of future operations.

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	Years ended December 31		
in ₱'000	**2022 (Audited)**	**2021 (Audited)**	**2020 (Audited)**
REAL ESTATE SALES	1,367,100	833,104	435,101
COST OF REAL ESTATE SALES	791,747	452,826	248,364
GROSS PROFIT	575,352	380,278	186,737
OTHER OPERATING EXPENSES			
Administrative expenses	163,494	115,734	50,921
Selling and marketing expenses	105,788	78,306	39,406
TOTAL OTHER OPERATING EXPENSES	269,282	194,039	90,328
OPERATING PROFIT	306,070	186,239	96,410
OTHER INCOME – Net	6,132	22,358	4,274
FINANCE COSTS – Net	-13,840	-27,111	-2,643
PROFIT BEFORE TAX	298,363	181,486	98,041
TAX EXPENSE	71,767	16,026	22,504
NET PROFIT	226,596	165,460	75,537
OTHER COMPREHENSIVE INCOME (LOSS)	-97	924	-707
TOTAL COMPREHENSIVE INCOME	226,499	166,385	74,830

SUMMARY STATEMENTS OF FINANCIAL POSITION

	As at December 31		
	2022 (Audited)	**2021 (Audited)**	**2020 (Audited)**
ASSETS			
CURRENT ASSETS			
Cash	206,461	35,868	35,632
Trade and other receivables	182,524	123,695	107,881
Real estate inventories	697,052	586,198	420,695
Deposit for future land acquisition			7,007
Due from co-joint operator	4,351		
Due from related parties	144,513	124,916	8,988
Prepayments and other current assets	195,140	143,158	87,863
Total Current Assets	1,430,042	1,013,836	668,067
NON-CURRENT ASSETS			
Trade and other receivables	105,578	93,685	34,556
Property and equipment - net	39,286	22,651	12,342
Right-of-use assets - net	755	3,894	8,106
Investment property		1,886	1,886
Deferred tax assets - net			
Other non-current assets	57,479	2,479	13,480
Total Non-current Assets	203,097	124,595	70,369
TOTAL ASSETS	1,633,139	1,138,431	738,436
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	143,576	157,053	72,227
Trade and other payables	313,470	314,496	261,151
Due to co-joint operator		6,660	
Due to a related party	11,095	97,061	78,431
Lease liabilities	1,417	2,884	2,381
Income tax payable			8,995
Total Current Liabilities	469,558	578,154	423,185
NON-CURRENT LIABILITIES			
Interest-bearing loans	440,021	139,359	80,485
Lease liabilities		1,417	4,301
Retirement benefit obligation	385	138	1,120
Deposit for future stock subscription		134,736	78,621
Deferred tax liabilities - net	7,071	2,973	116
Total Non-current Liabilities	447,477	278,623	164,643

	As at December 31		
	2022 (Audited)	**2021 (Audited)**	**2020 (Audited)**
Total Liabilities	917,035	856,777	587,829
EQUITY			
Capital stock	435,000	82,500	82,500
Additional paid-in capital	10,000		
Revaluation reserve	70	167	-757
Retained earnings (Deficit)	271,035	198,987	68,864
Total Equity	716,105	281,654	150,608
TOTAL LIABILITIES AND EQUITY	1,633,139	1,138,431	738,436

SUMMARY STATEMENTS OF CASH FLOWS INFORMATION

	Years ended December 31		
	2022 (Audited)	**2021 (Audited)**	**2020 (Audited)**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	**298,363**	**181,486**	**98,041**
Adjustments for:			
Interest expense	13,902	27,136	2,654
Depreciation and amortization	15,139	11,278	6,453
Interest income	-62	-25	-11
Gain on derecognition of liabilities		-5,881	
Operating income before working capital changes	327,341	213,994	107,137
Increase in trade and other receivables	-70,722	-74,943	-47,094
Increase in real estate inventories	-78,924	-126,922	-93,204
Increase in due from related parties	-19,597	-117,850	-8,988
Increase in due from co-joint operator	-4,351		
Increase in other assets	-169,565	-56,751	-54,891
Decrease (increase) in deposit for future land acquisition		7,007	-7,007
Increase in trade and other payables	32,562	64,670	127,466
Increase in due to co-joint operator	-6,660	6,660	
Increase in retirement benefit obligation	111	119	39
Cash from (used in) operations	**10,194**	**-84,015**	**23,458**
Interest received	62	25	11
Income taxes paid	-5,054	-4,048	-10,673
Net Cash From (Used in) Operating Activities	**5,203**	**-88,038**	**12,796**

CASH FLOWS FROM AN INVESTING ACTIVITY

	Years ended December 31		
	2022 (Audited)	2021 (Audited)	2020 (Audited)
Additional capital expenditures on investment properties	-15,104		
Acquisitions of property and equipment	-11,644	-17,375	-7,571
Net Cash Used in Investing Activities	**-26,748**	**-17,375**	**-7,571**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	518,643	309,523	9,507
Repayments of interest-bearing loans	-231,459	-165,823	-35,750
Repayments of advances from related parties	-170,633		-234,186
Proceeds from collection of subscription receivables	167,500		
Dividends paid	-154,856	-34,830	
Proceeds from advances obtained from related parties	114,667	20,552	215,442
Interest paid	-78,809	-76,622	-18,077
Proceeds from issuance of shares	30,264		
Repayments of lease liabilities	-3,180	-3,265	-3,085
Deposits for future stock subscription received		56,115	78,621
Net Cash From Financing Activities	**192,138**	**105,650**	**12,471**
NET INCREASE IN CASH	170,593	236	17,696
CASH AT BEGINNING OF YEAR	35,868	35,632	17,936
CASH AT END OF YEAR	**206,461**	**35,868**	**35,632**

SUMMARY OF SELECTED OPERATING AND FINANCIAL INFORMATION

KEY PERFORMANCE INDICATOR	**2022**	**2021**	**2020**
Gross profit Margin	42%	46%	43%
Net Income over Sales	17%	20%	17%
Before tax return on sales	22%	22%	23%
Debt to Equity Ratio	1.28 : 1	3.04 : 1	3.90 : 1
Current Ratio	3.05 : 1	1.75 : 1	1.58 : 1
AR Turnover	5.41	4.63	3.66
Receivable Collection Period	67.48	78.82	99.74
Inventory Turnover Period	295.79	405.80	517.04
Day Payable Outstanding Period	131.98	181.21	187.58

Computations for the following KPIs

1. *Gross Profit Margin = Gross Profit / Real Estate Sales*
2. *Net Income over Sales = Net Income / Real Estate Sales*
3. *Before Tax Return on Sales = Profit before Tax / Real Estate Sales*
4. *Debt to Equity Ratio = Total Liabilities / Total Equity*
5. *Current Ratio = Current Assets / Current Liabilities*
6. *Receivables Collection Period = 365 / AR Turnover*
7. *AR Turnover = Real Estate Sales / Average Accounts Receivable*
8. *Inventory Turnover Period = 365 / Inventory Turnover*
9. *Day Payable Outstanding Period = 365 / AP Turnover*

EBITDA RECONCILIATION

	2022	2021	2020
Net Income	226,498,673	166,384,587.00	74,829,808.00
Interest Expense	13,387,093.88	26,894,378.17	7,140,157.74
Provision for Income Tax	71,766,599	16,025,739.00	22,504,172.00
Depreciation	15,138,515.14	11,277,711.00	6,453,382.00
Amortization	-	-	-
EBITDA	**326,790,881.02**	**220,582,415.17**	**110,927,519.74**

EBITDA = Total Comprehensive Income plus Interest, Taxes , Depreciation and Amortization

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") represents net profit after adding interest expense, depreciation and amortization, and provision for income tax. EBITDA is not required by, and is not a measure of performance or liquidity under, PFRS or any other generally accepted accounting principles. Investors should not consider EBITDA in isolation or as an alternative to operating profit, or net profit as an indicator of the Company's operating performance, or the Company's cash flow from operating, investing, or financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's implementation of EBITDA may not be comparable to similarly titled measures used by other companies.

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

Prospective investors should read this discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Summary Historical Financial Information" and "Selected Financial And Other Information" and with the audited financial statements as of and for the years ended 31 December 2020, 2021 and 2022 (the "audited financial statements, including the notes relating thereto, appearing in [Appendix A-1] and [B-1] of this Prospectus.

The Company's audited financial statements and the 31 December 2022 included in this Prospectus were prepared in compliance with PFRS.

The Company appointed Punongbayan & Araullo as its independent auditors on [August 25, 2020]. *Punongbayan & Araullo issued a report on our financial statements as of and for the years ended 31 December 2020, 2021 and 2022 on* [●]. *For more information, please refer to the Company's audited financial statements as of and for the years ended 31 December 2020, 2021 and 2022, appearing in [Appendix A-1] and [B-1] of this Prospectus.*

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" on pages [24] *to* [43] *of this Prospectus. See also "Forward-Looking Statements" on page* [1] *of this Prospectus.*

FACTORS AFFECTING THE COMPANY'S RESULTS OF OPERATIONS

Revenue Recognition

Ovialand's revenues are based on completed house and lot units that are taken out by financing institutions. For the past 3 years, 98% of Ovialand's clients avail of their end-user financing via the state-owned Home Development Mutual Fund ("**HDMF**") or more commonly known as "Pag-IBIG Fund".

Sales

Ovialand has a total network of 50 brokers and 600 sales agents. The Company's brokers and agents are guided by its team of Ovialand Sales Officers who ensure buyers are well educated on their purchase and are qualified to avail of a loan. Together, they have continuously produced robust and increasing sales. The Company logged a total of 231 sales worth ₱435 million in 2020, 441 sales worth ₱833 million in 2021 and 617 sales worth ₱1.37 billion in 2022.

Pre-cast Technology

Ovialand developed its own monolithic pre-cast technology used to build houses called OLI-Cast. Based on current capacity, this technology allows Ovialand to efficiently build up to 25 units per month per project per set of casting bed.

Each Ovialand development has its own "casting yard" where the casting activities are done. The OLI-Cast process is divided into three (3) parts. First is the pouring of cement on steel beds which will be used for all the external walls and second floor slab of the house, referred to as "wall panels." Using a proprietary blend of cement and chemicals, the wall panels only take eighteen (18) hours of curing time. Second is the lifting process. Using a mobile tower crane, the wall panels are lifted from the steel beds and transported using a flatbed truck to the construction area where it will be assembled together to build the structure of the house. Lastly, using the mobile cranes, wall panels are assembled on the unit site, reinforced with steel connectors.

The OLI-Cast allows for easier control of resources as the major components of cost to build the housing units are contained in a centralized area. It also uses less manpower to operate, with an average of only 20 to 30 persons per casting yard, versus 200 to 250 persons for the same output using conventional housing construction systems.

As the cement wall is naturally exposed, clients are assured that all wall panels are made of solid concrete without defects such as honey comb, uneven wall surfaces or hollow walls.

End User Financing via HDMF and Commercial Banks

When it comes to home ownership, an essential component of the business model is a reliable end-user financing facility that can serve its clients. This financing facility allows the developer to collect the full amount of the house and lot package price, eliminating risks of default, cancellation, reselling of previously sold units, etc.

HDMF is a state-owned financing institution mandated to provide Filipinos financing for home ownership. All working Filipinos, whether domestic or foreign-employed, are urged to become fund members. A common misconception is that HDMF only caters to low-cost and socialized housing buyers, but in 2007, HDMF raised their maximum loan amount per member to up to ₱6.0 million. In 2021 and 2022, HDMF broke their performance records by approving and releasing ₱100 Billion and P118 Billion in housing loans respectively. Around 30% of this amount was taken out in partnership with accredited developers.

HDMF has accredited approximately 551 developers nationwide. Among these developers, HDMF has classified a group called ‘Prime Developers’.

Ovialand is recognized as a Prime Developer of HDMF – a status only awarded to less than forty (40) developers nationwide. This status is given to developers who have a solid track record as a partner developer of HDMF; particularly those who are able to deliver and maintain accounts within standards of (a) quality of construction of housing units – houses must be 100% completed and ready for turnover upon loan application; (b) quality of mortgage documents processed in behalf of the clients – loan applications and requirements are complete and with integrity; (c) Performing Accounts Ratio or the collection efficiency rate of the developer in respect of its receivables from buyers; (d) rate of conversion or the developer’s compliance in transferring the land titles to the names of its buyers.

As a Prime Developer, Ovialand is able to process housing loans and receive the loan proceeds of its buyers within thirty (30) days from loan application.

With the Ovialand model, clients are only required to outlay around 5% to 10% of the package price as equity for their home purchase. The balance can be loaned from HDMF, with a maximum term loan of up to thirty (30) years. Since HDMF is a state-owned institution, they are also known for providing some of the lowest interest rates in the market.

Ovialand is also an accredited developer of top commercial banks such as BDO & BPI. As an accredited developer, Ovialand is able to extend the same convenient payment terms to its clients with a 5-10% down payment, and the rest of the Total Contract Price to be financed by partner financing institutions. This allows Ovialand homebuyers to more buyer’s financing options essentially geared towards the same objective: to allow the home-buyer to move into their brand new home as soon as possible.

RESULTS OF OPERATIONS

Results of Operations as of December 31, 2022 vs. December 31, 2021

	Years ended December 31				
			Horizontal Analysis	**Vertical Analysis**	
in ₱'000	**2022 (Audited)**	**2021 (Audited)**	**% of Change**	**2022 % of Total Sales**	**2022 % of Total Sales**
REAL ESTATE SALES	1,367,100	833,104	64%	100%	100%
COST OF REAL ESTATE SALES	791,747	452,826	75%	58%	54%

GROSS PROFIT	575,352	380,278	51%	42%	46%
OTHER OPERATING EXPENSES					
Administrative expenses	163,494	115,734	41%	12%	14%
Selling and marketing expenses	105,788	78,306	35%	8%	9%
TOTAL OTHER OPERATING EXPENSES	269,282	194,039	39%	20%	23%
OPERATING PROFIT	306,070	186,239	64%	22%	22%
OTHER INCOME – Net	6,132	22,358	-73%	0%	3%
FINANCE COSTS – Net	-13,840	-27,111	-49%	-1%	-3%
PROFIT BEFORE TAX	298,363	181,486	64%	22%	22%
TAX EXPENSE	71,767	16,026	348%	5%	2%
NET PROFIT	226,596	165,460	37%	17%	20%
OTHER COMPREHENSIVE INCOME (LOSS)	-97	924	-111%	0%	0%
TOTAL COMPREHENSIVE INCOME	226,499	166,385	36%	17%	20%

Real Estate Sales
Ovialand posted total real estate sales of ₱1.4 billion equivalent to 617 house and lot units for the year ended 31 December 2022. This is equivalent to a 64% growth from the previous year's performance of ₱833 million equivalent to 441 house and lot units. The increase in real estate sales is due to an increase in annual unit sales by 49% as well as the increase in average price per unit from P1.9 million to P2.3 million. Ovialand's new project, Savana Phase 1 turned over a total of 329 house and lot units. Sannera Phase I and II contributed 97 units and Caliya Phase I contributed 191 units.

Cost of Real Estate Sales
Cost of real estate sales increased to ₱792 million compared to ₱453 million owing to the higher number of house and lot units constructed and turned over. The cost of real estate sales increased to 58% of revenue in 2022 from 54% in 2021. The increase was due to the spike in raw materials prices during the year and JV costs worth P33 million for the BOI socialized housing compliance of Sannera Phase 2 project that became due during the year.

Operating Expenses
Administrative expenses of ₱164 million and selling expenses of ₱106 million grew by 41% and 35%, respectively compared to 2021. This is due to increase of manpower cost and documentation cost under the new guidelines of HDMF where transfer costs and taxes are now settled prior to buyers' loan application filing compared to prior years where transfer costs and taxes are undertaken within 24 months from loan take out by HDMF. Selling expenses grew in accordance with the increase in revenue and the launching of the Company's new project, Savana San Pablo and Santevi. Overall, operating expenses comprise 20% of revenue in 2022 vs 23% of revenue in 2021.

Other Income
Other income, composed of forex gain/loss for foreign exchange joint venture, interest income from contracts, processing fees and penalties for late payment decreased by 73% to ₱6 million from ₱22 million. Home improvement contracts and processing fees have decreased as with the increase in economic housing price ceiling from ₱1.25 Million to ₱2.5 Million, the Company decided to include the house improvements and processing fees in its total contract price. The decrease in income from penalties and charges was due to more timely and stringent collections from buyers.

Finance Income / (Costs)
Finance costs decreased from 3% of revenue in 2021 to only 1% of revenue in 2022. Comparatively, this is a 49% decrease year-on-year in net financing costs for the Company. This is due to the continuous pay down of debt by the Company throughout the year and no additional new debts were entered until the fourth quarter of 2022.

Profit Before Tax
Profit before tax increased by 64% at P298 million for 2022 compared to 2021 which was at P181 million. This represents 22% of revenues in 2022 which is similar to prior year 2021 at 22% also. The Peso amount increase is attributable to the increase in the Company's real estate sales.

Tax Expenses
Ovialand incurred tax expenses for the year ended December 31, 2022 worth ₱72 million. This represents 5% of real estate sales versus the year ended 2021 of 2% of real estate sales or ₱16 million. This is due to less units enjoying the BOI Income Tax Holiday were recognized for the year whereas only 22% of revenue is covered by the BOI-ITH in 2022 compared to 32% of revenue in 2021. The company is enjoying BOI-ITH benefits for various units in its projects Sannera Phase II, Caliya Phase I and Savana.

Net Income
The Company's net income for the year ended 31 December 2022 amounted to ₱226 million. This is ₱60 million or 36% increase compared to the net income recorded for the year ended 31 December 2021 of ₱166 million, mainly attributable to the increase in real estate sales for the period.

	As of December 31				
			Horizontal Analysis	**Vertical Analysis**	
in ₱'000	**2022 (Audited)**	**2021 (Audited)**	**% of Change**	**2022 % of Total Sales**	**2022 % of Total Sales**
ASSETS					
CURRENT ASSETS					
Cash	206,461	35,868	476%	13%	3%
Trade and other receivables	182,524	123,695	48%	11%	11%
Real estate inventories	697,052	586,198	19%	43%	51%
Due from co-joint operator	4,351			0%	0%
Due from related parties	144,513	124,916	16%	9%	11%
Prepayments and other current assets	195,140	143,158	36%	12%	13%
Total Current Assets	**1,430,042**	**1,013,836**	**41%**	**88%**	**89%**
NON-CURRENT ASSETS					
Trade and other receivables	105,578	93,685	13%	6%	8%
Property and equipment - net	39,286	22,651	73%	2%	2%
Right-of-use assets - net	755	3,894	-81%	0%	0%
Investment property		1,886	-100%	0%	0%
Other non-current assets	57,479	2,479	2218%	4%	0%
Total Non-current Assets	**203,097**	**124,595**	**63%**	**12%**	**11%**
TOTAL ASSETS	**1,633,139**	**1,138,431**	**43%**	**100%**	**100%**
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans	143,576	157,053	-9%	9%	14%
Trade and other payables	313,470	314,496	0%	19%	28%
Due to co-joint operator		6,660	-100%	0%	1%
Due to a related party	11,095	97,061	-89%	1%	9%
Lease liabilities	1,417	2,884	-51%	0%	0%
Total Current Liabilities	**469,558**	**578,154**	**-19%**	**29%**	**51%**
NON-CURRENT LIABILITIES					
Interest-bearing loans	440,021	139,359	216%	27%	12%

Lease liabilities		1,417	-100%	0%	0%
Retirement benefit obligation	385	138	180%	0%	0%
Deposit for future stock subscription		134,736	-100%	0%	12%
Deferred tax liabilities - net	7,071	2,973	138%	0%	0%
Total Non-current Liabilities	**447,477**	**278,623**	**61%**	**27%**	**24%**
Total Liabilities	**917,035**	**856,777**	**7%**	**56%**	**75%**
EQUITY					
Capital stock	435,000	82,500	427%	27%	7%
Additional paid-in capital	10,000			1%	0%
Revaluation reserve	70	167	-58%	0%	0%
Retained earnings (Deficit)	271,035	198,987	36%	17%	17%
Total Equity	**716,105**	**281,654**	**154%**	**44%**	**25%**
TOTAL LIABILITIES AND EQUITY	**1,633,139**	**1,138,431**	**43%**	**100%**	**100%**

Total Assets
Ovialand posted total assets of ₱1.6 billion as at 31 December 2022, a net increase of ₱495 million or 43% from ₱1.1 billion as at 31 December 2021.

Cash
Cash balance as at December 31, 2022 increase to 206M from 36M as at December 31,2021 due to operational cash available and bank line drawdown that was executed during December 2022.

Trade receivables
Trade receivables rose by ₱71 million, from ₱217.4 million to ₱288 million due to the increase in sales and retention receivables from Pag-IBIG Fund for the units taken out for the year.

Inventories
Inventories increased by 19% from ₱586 million to ₱697 million due to the acquisition and development of newly acquired projects, Savana San Pablo, Santevi San Pablo and Seriya Baliwag.

Due from co-joint venture
Due from co-joint venture represents the payment made for the unrealized revenue of Sannera Phase 2 joint venture agreement amounting to 4.4M.

Due from Related Parties
Due from related parties increased by ₱20 million due to advances made to related parties. Liquidations for prior transactions were received and documented in relation to donations, BOI socialized housing JV compliance costs, and cash repayments. Additions included JV advances attributable to BOI socialized housing compliance, consultancy fees, and borrowings by related parties. BOI socialized housing compliance costs and consultancy fees are awaiting completion and billing within 12 months. Borrowings by the Parent Company 1802 SJ Holdings and related party under Common Ownership are documented under various PN's.

Prepayments and Other Current Asset
Prepayments and other current assets increased by ₱52 million due to advance payments made to the contractors and suppliers and various security deposits for project utilities including the cost of 2 new school buildings in Candelaria Quezon which are earmarked for donation to the Department of Education.

Right-of-Use Assets
Right-of-use assets decreased by ₱3 million or 81% which represents our usage of said equipment over the period.

Property and Equipment
Property and equipment increased by ₱17 million or 73% from ₱23 million to P39 million due to purchase of additional equipment of Santevi project, vehicle for sales & marketing and construction of Ovialand Business Center

Investment Property
Investment property decrease as it was reclassified to property and equipment as its used was identified as headquarters for administrative purposes.

Other Non-Current Assets
Other non-current assets increased by P55M due to purchase of lot in Candelaria Quezon which is earmarked to be donated by the Company to the Department of Education.

Total Liabilities
The Company posted total liabilities of ₱917 million as at 31 December 2022, a net increase of ₱60 million or 7% from ₱857 million as at 31 December 2021.

Trade and Other Payables
Trade and other payables decreased by P1M due to payments made to suppliers.

Interest-bearing Loans
Interest-bearing loans increased from ₱296 million to ₱584 million due to additional loans made by the Company for the development of Savana Phase 2 and the land acquisition and development of Seriya Bulacan.

Deposit for Stock Subscription
Deposit for stock subscription decreased as it was converted as payment for the subscribed shares of the stockholders.

Total Equity
The Company posted a total equity of ₱716 million as at 31 December 2022, a net increase of ₱434 million or 154% from ₱282 million as at 31 December 2021 due to the payments received for subscription of shares.

Retained Earnings
The company gained ₱226 million of net income that resulted in the increase of retained earnings by 36% equivalent to year-end amount of ₱271 million after issuance of dividends as at 31 December 2022.

Results of Operations as of December 31, 2021 vs. December 31, 2020

	Years ended December 31				
			Horizontal Analysis	Vertical Analysis	
in ₱'000	2021 (Audited)	2020 (Audited)	% of Change	2021 % of Total Sales	2020 % of Total Sales
REAL ESTATE SALES	833,104	435,101	91%	100%	100%
COST OF REAL ESTATE SALES	452,826	248,364	82%	54%	57%
GROSS PROFIT	380,278	186,737	104%	46%	43%
OTHER OPERATING EXPENSES					
Administrative expenses	115,734	50,921	127%	14%	12%
Selling and marketing expenses	78,306	39,406	99%	9%	9%
TOTAL OTHER OPERATING EXPENSES	194,039	90,328	115%	23%	21%
OPERATING PROFIT	186,239	96,410	93%	22%	22%
OTHER INCOME – Net	22,358	4,274	423%	3%	1%
FINANCE COSTS – Net	-27,111	-2,643	926%	-3%	-1%
PROFIT BEFORE TAX	181,486	98,041	85%	22%	23%
TAX EXPENSE	16,026	22,504	-29%	2%	5%

NET PROFIT	165,460	75,537	119%	20%	17%
OTHER COMPREHENSIVE INCOME (LOSS)	924	-707	-231%	0%	0%
TOTAL COMPREHENSIVE INCOME	166,385	74,830	122%	20%	17%

Real Estate Sales
Ovialand posted total real estate sales of ₱833.1 million equivalent to 441 house and lot units for the year ended 31 December 2021. This is equivalent to an 91% growth from the previous year's performance of ₱435.1 million equivalent to 238 house and lot units. The increase in real estate sales is due to Ovialand's new project, Caliya Candelaria Phase I which turned over a total of 211 house and lot units. Sannera Phase II contributed 200 units and Sannera Phase I contributed 30 units. The robust sales reflect a growing preference among buyers for more spacious house and lot units brought about by the COVID-19 pandemic.

Cost of Real Estate Sales
Cost of real estate sales increased by 82% to ₱452.8 million compared to ₱248.3 million owing to the higher number of house and lot units constructed and turned over. The cost of real estate sales as a percentage of revenues decreased to 54% of revenue in 2021 from 57% in 2020. This was due to the wider use of OLI-Cast for house construction. OLI-Cast allowed the Company to build the units faster, at lower costs and better quality.

Operating Expenses
Administrative expenses of ₱115.7 million and selling expenses of ₱78.3 million grew by 127% and 99%, respectively compared to 2020. This is due to the full year operations of the Company in 2021 compared to limited operations in 2020 caused by COVID-19 restrictions and the resulting community quarantines. Selling expenses grew in accordance with the increase in revenue and the launching of the Company's new project, Savana San Pablo.

Other Income
Other income, composed of interest income from contracts and processing fee, grew by 423% to ₱22.4 million from ₱4.3 million. This was due to more houses turned over during the period and additional house improvement contracts from buyers.

Finance Income / (Costs)
Finance costs increased by 926% amounting to ₱27.1 million from ₱2.6 million. This is due to the interest earnings paid to joint venture ("**JV**") partners in Caliya Candelaria Phase I.

Tax Expenses
Ovialand incurred lower tax expenses for the year ended December 31, 2021 of ₱16.0 million or 2% of real estate sales versus ₱22.5 million or 5% of real estate sales for the year ended December 31, 2020. The Company was able to avail of BOI Income Tax Holidays for its projects Sannera Phase II and Caliya Phase I, pursuant to Omnibus Investment Code of 1987 – Expanding Developer of Economic and Low-Cost Housing Project.

Net Income
The Company's net income for the year ended 31 December 2021 amounted to ₱165.5 million. This is ₱90 million or 119% higher than the net income recorded for the year ended December 31, 2020 of ₱75.5 million, mainly attributable to the increase in real estate sales for the period.

	As at December 31				
in ₱'000	2021 (Audited)	2020 (Audited)	Horizontal Analysis	Vertical Analysis	
			% of Change	2021 % of Total Assets	2020 % of Total Assets
ASSETS					
CURRENT ASSETS					

Cash	35,868	35,632	1%	3%	5%
Trade and other receivables	123,695	107,881	15%	11%	15%
Real estate inventories	586,198	420,695	39%	51%	57%
Deposit for future land acquisition		7,007	-100%	0%	1%
Due from related parties	124,916	8,988	1290%	11%	1%
Prepayments and other current assets	143,158	87,863	63%	13%	12%
Total Current Assets	**1,013,836**	**668,067**	**52%**	**89%**	**90%**
NON-CURRENT ASSETS					
Trade and other receivables	93,685	34,556	171%	8%	5%
Property and equipment - net	22,651	12,342	84%	2%	2%
Right-of-use assets - net	3,894	8,106	-52%	0%	1%
Investment property	1,886	1,886	0%	0%	0%
Other non-current assets	2,479	13,480	-82%	0%	2%
Total Non-current Assets	**124,595**	**70,369**	**77%**	**11%**	**10%**
TOTAL ASSETS	**1,138,431**	**738,436**	**54%**	**100%**	**100%**
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans	157,053	72,227	117%	14%	10%
Trade and other payables	314,496	261,151	20%	28%	35%
Due to co-joint operator	6,660			1%	0%
Due to a related party	97,061	78,431	24%	9%	11%
Lease liabilities	2,884	2,381	21%	0%	0%
Income tax payable		8,995	-100%	0%	1%
Total Current Liabilities	**578,154**	**423,185**	**37%**	**51%**	**57%**
NON-CURRENT LIABILITIES					
Interest-bearing loans	139,359	80,485	73%	12%	11%
Lease liabilities	1,417	4,301	-67%	0%	1%
Retirement benefit obligation	138	1,120	-88%	0%	0%
Deposit for future stock subscription	134,736	78,621	71%	12%	11%
Deferred tax liabilities - net	2,973	116	2459%	0%	0%
Total Non-current Liabilities	**278,623**	**164,643**	**69%**	**24%**	**22%**
Total Liabilities	**856,777**	**587,829**	**46%**	**75%**	**80%**
EQUITY					
Capital stock	82,500	82,500	0%	7%	11%
Revaluation reserve	167	-757	-122%	0%	0%
Retained earnings (Deficit)	198,987	68,864	189%	17%	9%
Total Equity	**281,654**	**150,608**	**87%**	**25%**	**20%**
TOTAL LIABILITIES AND EQUITY	**1,138,431**	**738,436**	**54%**	**100%**	**100%**

Total Assets
Ovialand posted total assets of ₱1.14 billion as at December 31, 2021, a net increase of ₱400.0 million or 54% from ₱738.4 million as at December 31, 2020.

Cash
Cash balance as at December 31, 2021 moved sideways at ₱35.9 million.

Trade receivables
Trade receivables rose by ₱74.9 million, from ₱142.5 million to ₱217.4 million due to the increase in sales and retention receivables from HDMF. This is mainly due to sales from the Savana project.

Inventories
Inventories increased by 39% from ₱420.7 million to ₱586.2 million due to the acquisition and development of newly acquired projects, Savana San Pablo and Santevi San Pablo and capitalization of JV cost for Caliya Candelaria.

Due from Related Parties
Due from related parties increased by ₱115.9 million from ₱8.9 million to ₱124.9 million due to advances granted to the parent company and companies with common ownership. These are attributable to socialized housing JV contribution costs as required by the BOI for the Company's real estate projects to be eligible for BOI-Income Tax Holiday, advances to purchase land, and PN's granted to the parent company and related party under common ownership. Payments and liquidations were also received for the prior year's related party transactions.

Prepayments and Other Current Assets
Prepayments and other current assets increased by ₱55.3 million from ₱87.9 million to ₱143.2 million due to payments made to the Company's JV partner and various security deposits for project utilities and rented living spaces used for workers and employees.

Right-of-Use Assets
Right-of-use assets decreased by ₱4.2 million or 52% from ₱8.1 million to ₱3.9 million which represents the Company's usage of said equipment over the previous historical period. These represent equipment under lease contract or lease financing agreements.

Property and Equipment
Property and equipment increased by ₱10.4 million or 84% to ₱22.7 million due to the purchase of equipment for the start-up of construction of Savana.

Other Non-Current Assets
Other non-current assets decreased by 82% from ₱13.5 million to ₱2.5 million due to the sale of units agreed in the JV sharing terms.

Total Liabilities
The Company posted total liabilities of ₱856.8 million as at 31 December 2021, a net increase of ₱268.9 million or 46% from ₱587.8 million as at 31 December 2020.

Trade and Other Payables
Trade and other payables increased by 20% from ₱261.2 million to ₱314.5 million due to increased construction materials requirements and commission accruals for new projects Caliya Phase I and Savana. Upon house completion and loan takeout, accrued amounts are reclassified to cost of sale for the construction materials.

Due to Co-Joint Venturer
Due to co-joint operator increased to ₱6.7 million from nil in the previous period as share of the co-joint venturer / "JV Partner" for the sold unit.

Interest-bearing Loans
Interest-bearing loans materially increased from ₱152.7 million to ₱296.5 million due to additional loans made by the Company for the development of Savana and the land acquisition of Santevi.

Deposit for Stock Subscription

Deposit for stock subscription increased by 71% to ₱135 million as payment for the subscribed shares of the stockholders.

Total Equity
The Company posted a total equity of ₱281.7 million as at 31 December 2021, a net increase of ₱131.1 million or 87% from ₱150.6 million as at 31 December 2020.

Retained Earnings
The company gained ₱166.4 million of net income that resulted in the increase of retained earnings by 189% equivalent to year-end amount of ₱199 million as at 31 December 2021.

Results of Operations as of December 31, 2020 vs. December 31, 2019

in ₱'000	Years ended December 31				
	2020 (Audited)	2019 (Audited)	Horizontal Analysis	Vertical Analysis	
			% of Change	2020 % of Total Sales	2019 % of Total Sales
REAL ESTATE SALES	**435,101**	**359,878**	**21%**	**100%**	**100%**
COST OF REAL ESTATE SALES	248,364	307,131	-19%	57%	85%
GROSS PROFIT	**186,737**	**52,747**	**254%**	**43%**	**15%**
OTHER OPERATING EXPENSES					
Administrative expenses	50,921	25,192	102%	12%	7%
Selling and marketing expenses	39,406	31,129	27%	9%	9%
TOTAL OTHER OPERATING EXPENSES	**90,328**	**56,320**	**60%**	**21%**	**16%**
OPERATING PROFIT	**96,410**	**-3,574**	**-2798%**	**22%**	**-1%**
OTHER INCOME – Net	4,274	5,009	-15%	1%	1%
FINANCE COSTS – Net	-2,643	-760	248%	-1%	0%
PROFIT BEFORE TAX	**98,041**	**675**	**14415%**	**23%**	**0%**
TAX EXPENSE	22,504	390	5668%	5%	0%
NET PROFIT	**75,537**	**285**	**26376%**	**17%**	**0%**
OTHER COMPREHENSIVE INCOME (LOSS)	-707	-50	1324%	0%	0%
TOTAL COMPREHENSIVE INCOME	**74,830**	**236**	**31655%**	**17%**	**0%**

Change of Auditor and Adoption of Full Philippine Financial Reporting Standards (PFRS)
Ovialand changed its auditors starting fiscal year 2020 from Villaruz Villaruz & Co. CPAs to Punongbayan & Araullo. During this year the Company made its first-time adoption of PFRS in accordance with PFRS 1.

In prior years, the Company had been preparing its financial statement under PFRS for Small and Medium-size Entities (SMEs) since its total assets and liabilities did not exceed the threshold set by the SEC. However, in 2019, total assets and liabilities already exceeded the SEC thresholds and in 2020, the Company determined that the balance of the Company's total assets and liabilities still exceeded and is expected to continuously and significantly exceed the threshold set by the SEC for the Company to qualify as a SME under the Revised Securities Regulation Code Rule 68. The effect of the transition of accounting reporting standards resulted to a restatement of costs and retained earnings for 2019.

Real Estate Sales

For the year ended December 31, 2020, the Company recognized ₱435 million in real estate sales representing a year-on-year increase of 21% compared to real estate sales of ₱359.9 million for the year ended December 31, 2019. Despite the uncertainties of the pandemic and community lockdowns, Ovialand's management decided to continue all projects and was able to recognize real estate sales for its new project, Sannera San Pablo Phase II, using its new building technology, OLI-Cast precast system.

Cost of Real Estate Sales.
Cost of real estate sales decreased to ₱248.4 million from ₱307.1 million despite a 21% growth in real estate sales for the period. The OLI-Cast system allowed the Company to build houses faster, cheaper and with less personnel allowing the Company to continue construction while observing maximum allowable worker density per site based on Inter-Agency Task Force (IATF) or local government guidelines. The introduction of the OLI-Cast precast system also resulted in the decrease in cost of real estate sales from 85% of real estate sales to 57% of real estate sales, thereby improving the Company's gross profit margins.

Operating Expenses.
Selling expenses of ₱39.4 million and administrative expenses of ₱50.94 million grew by 27% and 102% year-on-year, respectively. This was caused by the increased sales in 2020 and by COVID-19 related expenses incurred by the Company to ensure business continuity and employee safety for all sites. These include Company housing for employees and larger barracks for workers, private transportation to and from sites and third party logistics and delivery services for contactless transactions. The transition from SME to full PFRS of the Company also affected these expenses.

Finance Income / (Costs).
The company incurred finance costs amounting to ₱2.6 million from the continuous interest payments to its investors and banks.

Net Income.
The Company's net income for the year ended December 31, 2020 amounted to ₱74.8 million. This is a material increase of ₱74.6 million compared to the net income recorded for the year ended December 31, 2019 of ₱236 thousand. The launch of the new project Sannera San Pablo Phase II and the decrease in cost of real estate sales contributed to the significant increase in the Company's net income.

	As at December 31				
in ₱'000	**2020 (Audited)**	**2019 (Audited)**	**Horizontal Analysis**	**Vertical Analysis**	
			% of Change	**2020 % of Total Asset**	**2019 % of Total Asset**
ASSETS					
CURRENT ASSETS					
Cash	35,632	17,936	99%	5%	4%
Trade and other receivables	107,881	83,390	29%	15%	18%
Inventories	420,695	282,946	49%	57%	62%
Deposit for future land acquisition	7,007			1%	0%
Due from related parties	8,988			1%	0%
Prepayments and other current assets	87,863	31,456	179%	12%	7%
Total Current Assets	**668,067**	**415,727**	**61%**	**90%**	**91%**
NON-CURRENT ASSETS					
Trade and other receivables -NC	34,556	11,954	189%	5%	3%
Property and equipment - net	12,342	9,641	28%	2%	2%
Right-of-use assets - net	8,106	2,550	218%	1%	1%
Investment Property	1,886			0%	0%
Deferred tax asset		2,590	-100%	0%	1%

Other Non-current Assets	13,480	14,996	-10%	2%	3%
Total Non-Current Assets	**70,369**	**41,731**	**69%**	**10%**	**9%**
Total Assets	**738,436**	**457,458**	**61%**	**100%**	**100%**
LIABILITIES AND EQUITY					
CURRENT LIABILITY					
Trade and other payables	261,151	103,243	153%	35%	23%
Due to related parties	78,431	97,176	-19%	11%	21%
Interest-bearing loans- C	72,227	42,262	71%	10%	9%
Income tax payable	8,995			1%	0%
Lease Liability - Current	2,381	624	282%	0%	0%
Total Current Liabilities	**423,185**	**243,305**	**74%**	**57%**	**53%**
NON-CURRENT LIABILITY					
Interest-bearing loans -NC	80,485	136,693	-41%	11%	30%
Lease Liability - Non Current	4,301	1,450	197%	1%	0%
Retirement benefit obligation	1,120	232	383%	0%	0%
Deposit for stock subscription	78,621			11%	0%
Deferred tax liability	116			0%	0%
Total Non-Current Liabilities	**164,643**	**138,375**	**19%**	**22%**	**30%**
Total Liabilities	**587,829**	**381,680**	**54%**	**80%**	**83%**
EQUITY					
Capital stock	82,500	82,500	0%	11%	18%
Revaluation Reserve	-757	-50	1424%	0%	0%
Retained earnings	68,864	-6,673	-1132%	9%	-1%
Total Equity	**150,608**	**75,778**	**99%**	**20%**	**17%**
Total Liabilities and Equity	**738,436**	**457,458**	**61%**	**100%**	**100%**

Total Assets
Ovialand posted total assets of ₱738 million as at December 31, 2020, a net increase of ₱281 million or 61% from ₱457.5 million as at 31 December 2019.

Cash.
Cash balance improved from ₱17.9 million to ₱35.6 million as at 31 December 2020 or 99% growth due to increase in sales from Sannera phase 1 and Phase 2 project and better control on costs.

Trade and Other Receivables.
Trade and other receivables rose by ₱47.1 million from ₱95.3 million to ₱142.4 million due to the increase in real estate sales and the related retention receivables from HDMF for accounts financed by them for the period. The Company offered a restructuring agreement to its clients as part of the Bayanihan Act 2020 that also contributed to a delay in collections and increase of receivables. Alternate working arrangements in the Company and the related government agencies brought about by the pandemic also contributed to longer processing times for the retention refunds from HDMF.

Inventories.
Inventories increased by ₱137.7 million or 49% to ₱420.7 million compared to ₱282.9 million. This is due to the new project Caliya Candelaria Phase I and increased construction activities for Sannera San Pablo Phase I and II.

Deposit for future land acquisition.
The Company also decided to continue with its landbank targets and continued with its acquisition of new property for development, paying an initial deposit of ₱7 million.

Due from Related Parties.
The company incurred ₱8.9 million advances from related parties for the year 2020 which was in support of overhead expenses incurred during stay-at-home orders at the start of the COVID-19 pandemic.

Prepayments and Other Current Assets.
Prepayments and other current assets increased by ₱56.4 million or 179% to ₱87.9 million. These are advanced payments made by the Company to its land development contractors for Caliya Candelaria Phase I and Sannera San Pablo Phase II.

Property and Equipment.
Property and equipment increased by ₱2.7 million to ₱12.3 million for the purchase of equipment for the new project, Caliya Candelaria Phase I.

Right-of-Use Assets.
Right-of-use assets increased by 218% to ₱8.1 million due to the leasing of equipment also for Sannera Phase II and Caliya Candelaria Phase I.

Investment Property.
In 2020, the Company reclassified a parcel of land from its inventory to investment property amounting to ₱1.9 million which will be used as a site for a future commercial building.

Other Non-Current Assets.
Other non-current assets decreased by 10% due to the sale of units as agreed in the sharing terms.

Total Liabilities
The Company posted total liabilities of ₱587 million as at 31 December 2020, a net increase of ₱206 million or 54% from ₱381.7 million as at 31 December 2019.

Trade and Other Payables.
Trade and other payables increased by 153% from ₱103.2 million to ₱261 million due to the new project, Caliya Candelaria Phase I and full operations of Sannera San Pablo Phase II. This also reflected increased construction materials purchased by the Company, to ensure our supply in anticipation of problematic logistics and delivery turnaround times brought about by the pandemic. There was also an increase in commission payables due to increased sales for the financial year and accrual of interest for Caliya Candelaria JV.

Lease Liability.
Lease liability increased by 222% to ₱6.7 million which was used to finance construction equipment for the new project, Caliya Candelaria Phase I.

Interest Bearing Loans.
Interest bearing loans decreased by 15% or ₱179 million to ₱152.7 million compared to its year end loan balance as at December 31, 2019. The Company decided to continuously pay its loans to the bank despite the availability of the Bayanihan Act.

Deposit for Stock Subscription.
The stockholders made a deposit of ₱78.6 million as payment to their subscribed shares.

Total Equity
The Company posted a total equity of ₱150.6 million as at 31 December 2020, a net increase of ₱74.8 million or 99% from ₱75.8 million as at 31 December 2019.

Retained Earnings.
The Company gained ₱74.8 million of net income that led to the reversal of retained losses from the previous period.

BUSINESS OVERVIEW

Ovialand, Inc., (the "Company" or "Ovialand") founded in 2014, is a fast-growing real estate developer focused on pioneering the massive potential of the premium affordable housing market in the country. The Company's vision is to be a top real estate brand for emerging generations of aspirational and discerning customers across the country. Ovialand aims to carve out a new housing market segment, referred to as "Premium Affordable" which caters to a new generation of Filipino homebuyers which Ovialand describes as 'Educated, Hard-working & Aspirational". Ovialand aims to lead this new category thru the Company's mission of Premier Family Living.

The Company's mission of Premier Family Living is identified in 3 pillars and demonstrated across all developments. The 3 pillars are: Premier Homes, Premier Communities & Premier Service.

The Company's real estate developments offer premium suburban family living with well-designed, masterfully built homes made of quality materials and ample amenities and common spaces that include manicured pocket gardens, outdoor play areas, swimming pools, and clubhouses. Ovialand understands that the Filipino homebuyer is not simply buying a house and lot but is buying into a lifestyle and a community. It knows that each purchase of a house and lot is a milestone for the homebuyer and Ovialand provides a memorable and pleasant experience of such a milestone through a seamless purchase for each of its homebuyers by assigning a dedicated personal account officer from reservation to delivery of the unit.

Currently, Ovialand's communities are located in San Pablo, Laguna and Candelaria, Quezon. Since 2017, it has constructed and turned over 1,614 houses. The Company has 42.6 hectares in its landbank with five (5) ongoing projects covering 35.9 hectares. Ovialand's ongoing projects consist of the following: (i&ii) Savana Phase 1 and Phase 2 which has a total of 6.8 hectares with a total of 588 house and lot units which started in Q4 2021 and is targeted to be completed by Q4 2024, (iii) Caliya Phase 1, located in Candelaria, Quezon targeted to be completed by Q4 2023 with a total of 591 units covering an area of 6.8 hectares, and(iv) Santeví, San Pablo a 9.9 hectare development with 707 house and lot units for completion by Q4 2025 and (v) Seriya, Baliwag, Bulacan a 8.9 hectare development with 698 house and lot units slated for completion by Q4 2026. The Company has identified 6 projects in its immediate pipeline with 10.7 hectares already acquired plus 34 hectares to be acquired, equivalent to about 3,600 units inventory.

Ovialand plans to acquire more parcels of land to grow its land bank up to 217 hectares within the next 5 years. Currently, it has the capacity to build up to 1,200 units per year through its proprietary precast system, the OLI-Cast precast system. The OLI-Cast precast system uses monolithic wall panels, welded together at the corners using a steel plate. Each wall is made of a solid concrete piece that prevents leaks from entering the homes. The walls and structures are lifted and erected using a mobile crane, allowing the technology to be efficient and less labor dependent. Ovialand assembles a pre-cast facility in each development, eliminating logistical costs in transporting the massive pieces of panels. Each pre-cast facility is also modular, making the whole system easily transferable to different project sites as needed.

Ovialand is working on increasing such capacity to 1,500 units per year this year. With this capacity, it will be able to complete and deliver between 20 to 25 homes in a month per casting bed set. In 5 years, the Company plans to increase its precast capacity to 2,700 units per year and by 2033, to further ramp up such capacity to build up to 7,500 units per year. In order to increase its production capacity, the Company intends to build at least 1 set of casting bed in each project.

Ovialand primarily serves and targets an aspirational market, particularly the emerging middle-income earners who are looking to purchase homes between the range of ₱2 million to ₱4 million. This particular target market has become discerning when it comes to investing their hard-earned money. In this day of ceaseless influences, the emerging middle class has learned to aspire for better quality products and services but within their budget. Ovialand is focused on providing this particular market the best value for money house and lot product their hard-earned peso can buy.

The consolidated sales, gross profit and EBITDA of Ovialand for the year ended 31 December 2022 were ₱1.37 billion, ₱575.4 million, ₱326.8 million respectively compared to consolidated sales of ₱833.1 million, gross profit of ₱380.3 million and EBITDA of ₱220.6 million, respectively. For the year ended 31 December 2020, sales, gross profit and EBITDA of Ovialand were ₱435.1 million, ₱186.7 million and ₱110.9 million respectively

The COVID-19 Pandemic

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared a pandemic by the World Health Organization. The pandemic and its disruption of global supply chains have affected construction activities, with shortages of raw materials and other inputs, contractors and subcontractors, and workers. Some building material supply chains have suspended production and distribution. There was a delay in the construction as well as costs increased as many factories have been closed for extended periods. Limited transportation and travel bans also delayed project delivery. Labor shortages have been a problem for the real estate development sector since the lockdowns were first imposed in response to the pandemic.

In order to resume operations amidst the earlier lockdowns and community quarantine, the Company provided free board, lodging, and transportation for all its employees. This enabled the Company to quickly recover sales and construction activities to pre-pandemic levels by June 2020. In 2022, Ovialand instituted quarterly supply contracts with its cement, steel, roofing, doors and windows and tiles suppliers to ensure a stable supply of major construction materials for its production.

Recent Developments

On November 16, 2020, Ovialand Inc. filed for an amendment of its Articles of Incorporation and increase in capitalization. The Company received approval from the SEC for both applications on March 4, 2022. The increase in capitalization was from ₱500,000,000.00 divided into 400,000 common shares with Par Value of ₱1,000.00 per share and 100,000 preferred shares with par value of ₱1,000.00 per share to ₱1,000,000,000.00 divided into 900,000,000 common shares of par value of ₱1.00 each and 100,000 preferred shares of the par value of ₱1,000.00 each.

With the approval of the increase in capitalization last March 4, 2022, all existing stockholders fully paid up their subscriptions by March 15, 2022. With the fully paid-up subscriptions, total capital stock of the Company is at ₱435,000,000.00 with additional paid-in-capital of ₱10,000,000.00.

On March 2, 2022, the Board and stockholders held a meeting to approve the amendment to the Company's Articles of Incorporation to reflect the following: (a) a new principal address to Unit 2701 Parkway Corporate Center, Corporate Ave. cor. Parkway Place, Filinvest, Muntinlupa City; and (b) that the authorized capital stock of ₱1,000,000,000.00 shall be divided into 1,800,000,000 common shares with par value of ₱0.50 per share and 100,000 preferred shares with par value of ₱1,000.00 per share.

On May 30, 2022, the Company applied for a 1:2 stock split of its common stocks with the resulting change in par value of its common stocks from P1.00 to P0.50. This was approved by the SEC on June 14, 2022.

STRENGTHS AND STRATEGIES

Competitive Strengths

HousEasy! Unique selling proposition of Ovialand's house & lot products

Ovialand offers "Instant Homes, Instant Financing - HousEasy!" to their clients, allowing their buyers to move into their brand new homes within 3-6 months of reservation, depending on the availability of units. Ovialand is able to offer this to its clients by blending together its speed in house construction using the OLI-Cast precast system and easy-to-own payment terms for its clients. Included in Ovialand's ability to build homes quickly is also their speed and competency in the pre-development activities needed for every new development. Instant Financing is achieved through proper screening of clients upon reservation of units to ensure higher chances of approval for their housing loan applications. The downpayment requirement is between 5-10% of the total contract price, payable over 3-6 months, depending on the turnover schedule of the unit chosen by the client.

Currently, 98% of Ovialand clients are availing their housing loan via state-owned Home Development Mutual Fund ("**Pag-IBIG Fund**", "**Pag-IBIG**", or "**HDMF**"). As a Prime Developer, Ovialand is able to take out the financing proceeds of its clients between 21-35 days versus 6 to 9 months for non-prime developers.

Please click on QR code to watch Video

Addressing a growing aspirational market through a Premium Affordable product position

The Philippines remains to be one of the most dynamic economies in the East Asia Pacific region with the country's growth driven by strong consumer demand, a competitive young labor force, steady flow of OFW remittances, and robust performance from the service, BPO, real estate, and financial sectors.

The country has a young and large working population fueling a growing market of Filipino homebuyers. Of the total Philippine population of 109 million (as of 2020), around 68%[1] is comprised of the working population mostly from the services sector such as local professionals, supervisors/managers, SME business owners, professionally licensed individuals, and white collar OFWs. Furthermore, the Philippines has a large OFW population estimated at 2.2 million based on the 2019 Survey on Overseas Filipinos, with average annual remittance per capita of ₱106,000. Despite the COVID-19 pandemic, effects of the Russia-Ukraine war and global inflationary concerns, OFW cash remittances grew by 3.6% for the full year of 2022 compared to the same period last year, reaching an all time high of USD36.14 billion. With the continued reopening of economies, the BSP expects further growth of remittances in the Philippines.

According to the Subdivision and Housing Developers Association ("**SHDA**") report on The Housing Industry Road Map of the Philippines: 2012 – 2030, the country's housing backlog is expected to hit at least 6.5 million households by 2030, considering an average total housing production of 250,000 units annually.

SHDA categorizes the housing market into different segments based on price cap:

Segments	SHDA Price Range (in ₱)	
	From	To
Socialized	Below	700,000
Economic	700,001	2,500,000
Low Cost	Over 2,500,000	3,000,000
Mid End	Over 3,000,000	6,000,000
High End	Over 6,000,000	and above

Ovialand understands that the housing industry has evolved to become an "aspirational market" and that many middle-class homebuyers are moving towards premium affordable houses (or "Preference to Premium") in the price range of ₱2 million to ₱4.0 million. This consumer behavior and Preference to Premium trend is largely attributable to improving macroeconomic factors, such as the growing middle class, accelerating urbanization, and growing disposable incomes. Ovialand recognizes that many Filipino homebuyers are becoming more discerning and increasingly more inclined to purchase higher quality houses at even higher price points within their means, compared to 10-15 years ago.

[1] Based on the 2020 Labor Force Survey and Census by the Philippine Statistics Authority. Percentage computed using the population in the Philippines who are 15 years old and over and the total Philippine population

Given the dynamics and massive potential of the emerging aspirational market, Ovialand has positioned itself to cater to and capitalize on a segment of homebuyers looking for premium affordable houses starting at the ₱2 million price point. These are individuals with the intention to purchase houses as primary homes rather than for investment. Such home-buyers envision themselves living in a "dream home", one that can add value to their stature and quality of life.

Over the years, Ovialand has developed a deep understanding of the needs and preferences of this market and has been able to tailor its offerings to attract demand through the "Premier Family Living" concept. Premier Family Living means delivering the best value-for-money home ownership and community living experience via three (3) core offerings: (a) Premiere Homes; (b) Premiere Communities; and (c) Premiere Services.

PREMIER FAMILY LIVING

The Premier Family Living mission demonstrated into 3 concrete pillars

Premiere Homes

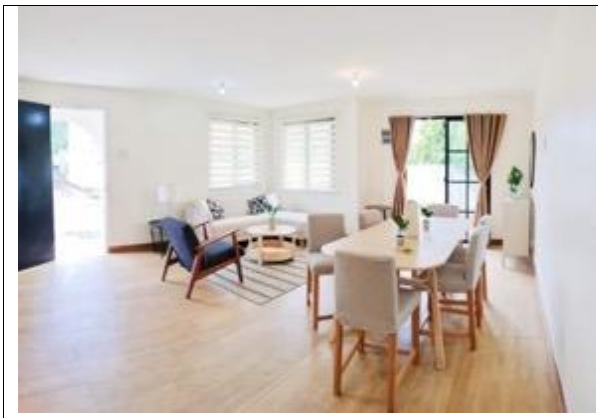
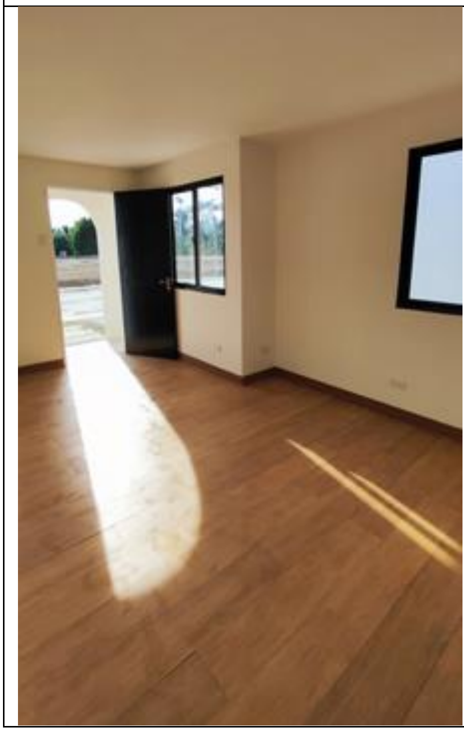
Ovialand homes are made of solid-concrete using quality finishing materials, skillfully installed by its team of competent workers.

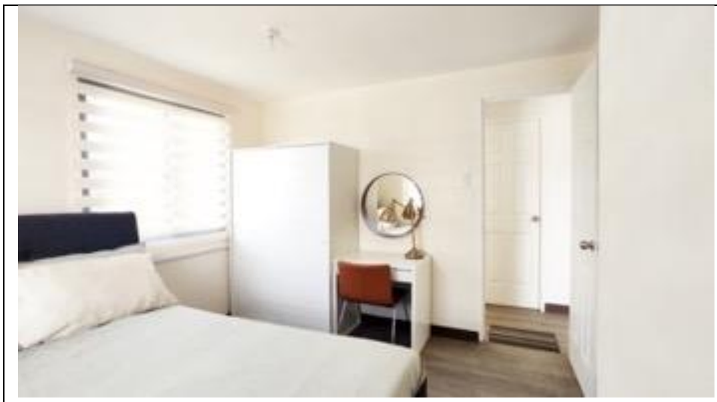
The Company's housing designs are unique to each development and places the customer foremost in mind. The Company follows rigorous detail in designing the house and lot units to make sure that it is aesthetically pleasing to the market while keeping in mind practicality and efficient use of space. The Company's houses are designed together with the late Architect Melvin Patawaran under his architectural firm, Tropiks Design Studio, known for their tropical inspired designs as well as their founder's advocacy for heritage sites restoration.

Tropiks Design Studio has been recognized as a finalist of Bluprint Avid Design Competition for the year 2012-2013.

Ovialand homes aspire to be picturesque and ready for the social-media feed of its homeowner. Aside from the focus on aesthetics, Ovialand homes are turned over with complete finishing, ready for the clients' move-in. Signature features include: toilet and bathrooms fully tiled from floor to ceiling, using high-end lavatory fixtures, aluminum windows, ceramic wood tile floorings, full-concrete stairs, subway tiles back splash, steel front doors and archway entryways for the front porch. Based on the SKF study as reflected in Table 39 and Table 41, such finishes are above what the Company's competitors are delivering.

Photo	Description
	Actual unit of a Single Detached home in Santeví, San Pablo. Homes built using a Modern-American design inspiration

	Interior view of Single detached home in Santeví. Ovialand stages sample units to display the use of space. The unit turnover is exactly as shown in the model unit, and the clients can envision their furnitures inside, clearly understanding the look of the turn-over unit.
	Ovialand homes provide a signature Toilet & Bath standard in all its units. The T&B consists of floor to ceiling tiles using high quality and branded toilet and shower fixtures.
	Ovialand homes are turned over with high quality flooring, in this case, ceramic wood tiles that contribute to the pleasing aesthetic of the home, as well as a durable finishing material for high traffic areas in the house.

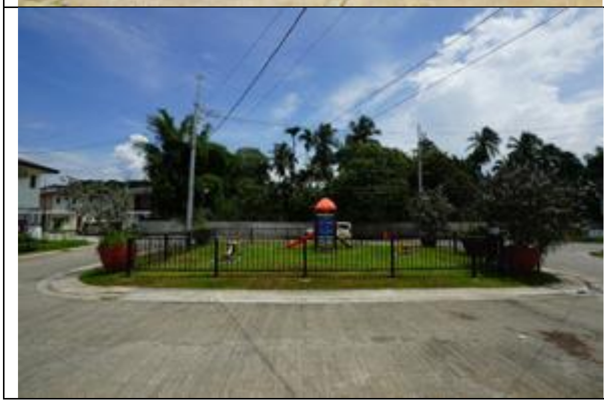
	One of the staged bedrooms in the model unit, Ovialand homes consist of spacious bedrooms, consistent with the ceramic wood tile flooring. Large windows allow for natural light and good air flow within the home.
	Sample empty bedroom in a premier home of Ovialand
	Common area in the 2^{nd} floor of the home, ideal space for working / studying for the family. The sliding doors open to a mini balcony that allows natural light and wind to engulf the 2^{nd} floor.
	Evening view of Townhouse end and Townhouse Inner unit

Premiere Communities

The Company puts emphasis in developing communities that are safe and secure, an ideal space for young families to thrive. Basic components such as enclosed perimeter fence, designated exit and entry points, ensured adequate availability of utilities and strong internet availability are some of the necessary items that Ovialand prioritizes in all developments. The Company also makes sure that its communities are designed to ensure that road elevations are properly designed so that water effluent standards are met and flooding and water stagnation are avoided.

Ovialand communities are built for a growing family, complete with amenities and security measures. Once customers move in to Ovialand's developments, the projects become catchment areas and catalysts of economic growth in the locality, allowing property to values to increase immediately. Ovialand also provides property management services for each development pending the transfer of housing units to its clients. Once units are turned-over, the Company organizes the development's homeowners' association and the transitioning property management agency to ensure that the community is self-sustaining.

Community-living is a concept that is introduced to all clients once they reserve their units with Ovialand. Clients and future homeowners are properly informed to ensure that house renovation specifications and design guidelines are complied with, resulting in mutualistic property value appreciation. Community activities are promoted within all developments to encourage and foster a positive neighborhood atmosphere between homeowners.

	Swimming pool and clubhouse in Sannera San Pablo, an ideal amenity for the community.
	Enclosed children's playground to ensure that children will not be able to accidentally run out to the streets while playing.

	Entrance signage and gate of Savana, San Pablo
	Aerial view of Caliya in Quezon
	Entrance Gate perspective of Seriya, Baliwag, Bulacan
	Clubhouse of Santeví, San Pablo

Premiere Service

Ovialand is committed to provide each client a smooth home buying experience from unit reservation until unit turnover. From the initial communication with clients, Ovialand ensures that all information are properly communicated to the clients to avoid misunderstandings, misleading statements and misinterpretations. Homeowner’s financing is an integral part of the home-buying process and Ovialand ensures that eligibility for financing is screened upon initial reservation. Coupled with its competitive pricing strategy, once Ovialand determines eligible clients, the Company is able to provide a quick and hassle-free home buying experience. Since Ovialand is a Prime Developer of HDMF, and has an accreditation partnership with several commercial banks, it can process and facilitate housing loan take out for customers within three (3) to six (6) months from reservation of the housing unit. Upon loan take out, the Company is committed to turn over the brand new house and lot to its client within 30 days, ensuring that the home is usable for the homebuyer for his first payment of monthly amortization. Throughout the whole process, the Company assigns a dedicated salesperson to assist each client. This allows the clients to centralize their queries and concerns to one Ovialand personnel for quicker exchange of information and decision making, making for a smooth and hassle-free home-buying experience.

	A personal account officer is assigned to every homebuyer to ensure that they are properly assisted every step of the way. The Account officer will be the only point person of the buyer when it comes to his/her account to avoid miscommunication.
	
	

PREMIER SERVICE

Click on QR code to watch video

One of the fastest growing developers offering in-demand premium affordable homes in the South & Central Luzon area.

Ovialand has generated strong sales by capitalizing on the market for premium affordable homes in South Luzon. The initial focus on this region is based on its proven potential for economic growth: South Luzon recorded the highest GDP growth at 7.6%[2] in 2021 amongst all regions in the Philippines. Furthermore, the provinces of South Luzon are very accessible to Metro Manila and many areas are increasingly becoming more urbanized. With over seven (7) years of experience in building homes in South Luzon, Ovialand has developed a network that allows it to find and acquire good locations for its projects.

In 2022, the Company added a new high-growth region in its portfolio through a property in Baliwag, Bulacan which served as its entry to Central Luzon region. Central Luzon is the third largest economic region in the country, next to NCR and Southern Luzon (R4A), making it the next best location for Ovialand to expand to. The region has also become the most favored investment destination in the country in 2022 as major developments such as the Bulacan International Airport and multiple railway and toll road projects such as Malolos-Clark Railway, MRT 7, North-South Commuter Railway and the Skyway extension all make it extremely accessible to and from Metro Manila.

The Company has also created strong relationships with local sales agents and brokers whose insights have helped craft better sales strategies for the region. Ovialand continues to see material underserved demand in South & Central Luzon for the Company's premium affordable offering and Ovialand is well-positioned to address this market.

Proprietary pre-cast homebuilding technology that enables quick turnaround and quality finish.

The Company continuously invests in advanced technological innovations that allow for efficient construction turnaround while at the same time maintaining the quality of its houses. Ovialand uses precast technology in building its houses. The OLI-Cast precast system uses monolithic wall panels, welded together at the corners using a steel plate. Each wall is made of a solid concrete piece that prevents leaks from entering the homes. The walls and structures are lifted and erected using a mobile crane, allowing the technology to be efficient and less labor dependent. Ovialand assembles one pre-cast facility in each development, eliminating logistical costs in transporting the massive pieces of panels. Each pre-cast facility is also modular, making the whole system easily transferable to different project sites as needed.

Such technology is efficient and highly scalable with the the OLI-Cast precast system having a house production capacity of about 1,200 units per year, allowing Ovialand to construct houses in as fast as 45 days. Ovialand's pre-cast system employs a highly technical monolithic approach in construction that is not used by other local developers. The Company is looking to increase its building capacity to 1,500 units per year this year with further improvements in capacity to 2,700 units per year in five (5) years and 7,500 units per year by 2033. In order to

[2] Source: Philippine Statistics Authority

increase its production capacity, the Company intends to expand its pre-cast technology by building more casting beds and continuous improvements and research.

Ovialand's research and development has led to a unique and efficient pre-cast technology that reduces the usual twenty-four (24) hour curing period to just eighteen (18) hours. This allows the Company to build the structure in just one (1) day and ready for move-in in as fast as forty five (45) days. This innovation enables the Company to accelerate the construction process and deliver houses in a timely manner, while still maintaining its desired high quality. Through this proprietary process, construction costs, development time, and customer move-in waiting time are all reduced, thereby making Ovialand a very competitive player in the premium affordable market.

The OLI-Cast precast system is set up in every development of Ovialand. Each development begins with 1 set of casting beds and equipment that can build up to 25 units per month per set. Depending on the project speed, the Company can easily adjust its building capacity for each site by adding more casting beds.

In addition, all construction is done in-house, which ensures careful supervision and quality control. Ovialand implements a stringent quality control system based on the operative principle of "ready for turnover at first inspection," i.e., Ovialand aims to deliver a product that its customers are immediately impressed with during their first visit and which they can readily move into at their earliest convenience.

OVIALAND PRE-CAST TECHNOLOGY

Quality Assured, every time

Prior to turnover, Ovialand's Quality Control team inspects every unit to ensure that the committed quality is at par for every homebuyer. The company strives to ensure that clients will no longer have any concerns upon turn-over of unit by conducting a quality check process which involves but is not limited to: cleanliness, leak tests, tile alignment, electric supply inspection among others.

End-to-end operational excellence and premier services highly suited for the premium affordable market

Ovialand has developed an excellent flow for its project operations spanning across different areas in its integrated value chain, beginning from the careful planning and development of its projects, construction, sales, financing, customer service, and property management. Such integrated workflow allows the Company to deliver customer-centric services that make it a smooth and easy home buying experience for its customers.

Planning and Development: Ovialand's management team engages in meticulous planning of its projects from identifying the location, designing the projects and amenities, materials procurement, as well as landbank acquisitions. This allows the Company to offer products and services that are best suited for the premium affordable housing market.

Sales: Ovialand has an accredited team of licensed brokers and sellers tasked to find the right fit of homebuyer for the Company. This team of dynamic young sellers have adapted are continuously being trained in the areas of digital selling and qualification of buyers to maintain the quality of accounts of Ovialand homebuyers. The

Sales team is constantly recruiting and training a strong sales force to be able to open new sales funnels at all times.

Understanding that its target market has evolved to young and tech-savvy working individuals, the Company adapted and integrated the use of technology into its sales process by making Ovialand present on mainstream online sales points (i.e. social media platforms) to effectively reach customers and provide a convenient homebuying experience. Furthermore, its quick response to the use of technology allowed the Company to secure sales continuity and maintain a healthy growth despite the logistical challenges posed by the COVID-19 pandemic.

Pricing & Financing: The Company employs an easy financing scheme well suited for its target market's needs dovetailed with a streamlined collection process and risk management policies. The Company provides competitive pricing that is readily affordable for its customers. The average equity of Ovialand's houses range between 5% to 10% of contract price compared to 20% for its competitors.

Ovialand has an established relationship with HDMF which allows faster loan processing times. Ovialand, together with its affiliates, has been consistently recognized and awarded by HDMF, with its most recent accolade being the #1 Top Developer in terms of loan value taken out in the South Luzon Branch for the 3rd Quarter 2022 and #8 Top Developer Nationwide for full year 2022. The Company's developments are also accredited with BDO and BPI for buyers who opt to buy their homes through bank financing.
The Company has developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency.

Property Management: Ovialand has a disciplined property management team to ensure that each of its projects remains prime and is always appreciating in value. The Company's property management team ensures that the property and the amenities are well maintained and that its customers' needs are responded to. The property management team provides initial support to each project's homebuyer's association to ensure a smooth turnover of the project. It aims to train and prepare the association to be self-sufficient and capable of maintaining the Ovialand Premier Family Living concept the projects are positioned for once units are turned-over.

Strong working relationships with key agencies that translate to efficient project execution and housing loan take-outs

The Company has been recognized by key government housing regulatory agencies for its contributions to the housing industry. Over the years, Ovialand has built an excellent reputation with the relevant local government units and government housing regulatory agencies and remains compliant with all the necessary permits and licenses to operate in the real estate industry. This recognition reflects the Company's good corporate governance and management that allows it to secure and comply with the necessary permits and licenses in a timely manner and ensure efficient project execution.

Housing development is regulated at the local and National Government levels. On both levels, Ovialand has adapted procedures to efficiently apply and coordinate for the processing and release of the relevant permits and licenses needed for housing development. With the Company's proven track record, it is able to assure local government housing boards and local officials of its expertise, community and house design, strong adherence to the national building code standards, and more importantly, that its communities will attract and increase commerce in their localities. The Company also ensures that all its projects are properly licensed and registered with the Department of Human Settlements and Urban Development ("**DHSUD**"), adhering to the department's strict implementation of compliance with development standards under B.P. 220 and/or P.D. 957 and the Balanced Housing Act R.A 7279.

Ovialand has been a consistent recipient of the HDMF South Luzon Top Developer award for its volume of processed loans. Over the years, Ovialand has established a strong working relationship with HDMF allowing it to offer fast loan processing and application for its customers. Ovialand belongs to a group of developers classified by HDMF as "Prime Developers". In 2022, only 156 out of 551 accredited developers of HDMF were accorded the Prime Developer status. Developers under such category are able to process housing loan take outs within 21-28 days vs non-prime developers which take around 5-6 months. The duration of the processing time differs because Prime Developers are allowed to take out with only an annotation on the title versus non-prime developers which need title transfer to the name of the borrower prior to take out. For 2021, Ovialand delivered 441 units achieving ₱833.0.0 million in revenues with such units all completed and taken out by various financing institutions, with HDMF effectively comprising 100% of such take outs. For year 2022, the Company delivered and turned over 617 house and lot units achieving ₱1.37 Billion in net revenues, surpassing the ₱1.2 Billion target for the year with HDMF comprising 98% of loan take outs and 2% for bank financing and cash buyers.

	Full Year 2020			**Full Year 2021**			**Full Year 2022**		
	# of Units	**Loan Amount** (₱ Millions)	**TCP** (₱ Millions)	**# of Units**	**Loan Amount** (₱ Millions)	**TCP** (₱ Millions)	**# of Units**	**Loan Amount** (₱ Millions)	**TCP** (₱ Millions)
Corporate wide Takeouts	-	63,750	-	-	100,800	-	**105,212**	**117,850**	
Southern Luzon Takeouts	7,468	6,949	-	12,972	12,593	-	**14,452**	**15,825**	
Ovialand Performance							601	1,246	1,359
HDMF Financing	231	423.7	435.10	439	819.9	828.7	601	1,246	1,359
Bank Financing	-	-	-	-	-	-	3	6.9	7.6
Cash Buyer	-	-	-	2	-	4.4	13	25.7	29.4
Total	231	423.7	435.10	441	819.9	833.1	617	1,279	1,396

The state-run Home Development Mutual Fund (HDMF) was created in 1978 under Presidential Decree 1530 to address the need for a national savings program as well as provide Filipinos access to affordable shelter. Over the past decade, HDMF has been a fundamental institution in providing financing for Filipino home-buyers.

The Company enjoys certain tax incentives under Philippine Laws. Under the TRAIN Law, sale of residential dwellings priced up to ₱2.0 Million are exempt from VAT. In 2021, with the CREATE Act RA No. 11534 and BIR RR No. 08-2021 issued on June 11, 2021, the VAT exemption threshold was updated to ₱3,199,200. With this, almost all housing units currently offered by Ovialand are VAT-exempt, further making its house and lot units affordable. The Company's projects are also eligible for Income Tax Holiday under the BOI-IPP whether new projects or expansion projects. Caliya Phase 1 and Savana Phase 1 are currently registered with the BOI. The Company intends to continue the registration of all applicable future projects with the BOI as long as housing developments are included under the BOI-IPP accredited business activities for ITH.

Energetic, experienced, and agile management team attuned to the preferences of new generations of homebuyers

Ovialand takes pride in having highly reputable and seasoned management officers with comprehensive knowledge and in-depth understanding of the Philippine real estate business.

Ovialand's management team has extensive experience and in-depth knowledge of the real estate business. The founders are recognized leaders in the real estate industry with over 35 years in planning, launching and developing residential projects nationwide, and serving as directors in the Organization of Socialized and Economic Housing Developers of the Philippines, a DHSUD recognized housing developers' organization. The Company traces its roots to Malate Construction and Development Corporation ("**MCDC**"), its affiliate which was established in 1986 and has built over 30,000 residential units mainly as a socialized and low-cost housing developer. The Company has also strengthened its Board of Directors by bringing in recognized leaders from the housing and finance industry complementing the Company to establish a strong franchise as a mass-housing developer.

Management is spearheaded by the tandem of Marie Leonore Fatima V. Olivares-Vital, as Chief Executive Officer, and John Bryan A. Vital, as Chief Financial Officer. Both executives belong to a new generation of real estate industry leaders attuned to the needs and preferences of the emerging aspirational market. Together, they bring years of industry experience as well as the energy, agility, and innovativeness to spot and capitalize on opportunities in the real estate sector, especially as the market is increasingly being driven by young, aspirational customers. The team is conscious of the changing needs and the Preference to Premium of its customers and has successfully positioned its brand and designed its homes to cater to that distinct market.

The Company also invests in its human resources and ensures they are equipped with the necessary knowledge, skills, and technology to deliver Ovialand's brand of premium services.

CORPORATE HISTORY AND MILESTONES

2014	The Company was incorporated in the Philippines.
2017	Commenced construction Sannera San Pablo Phase 1 in San Pablo City, Laguna.
2018	Completed delivery of 84 units in Sannera San Pablo Phase 1.
	Expansion of Sannera San Pablo with the land acquisition of Sannera Phase 2 covering an area of 5.0 hectares
2019	Commenced construction of Sannera San Pablo Phase 2 in San Pablo City, Laguna Completed delivery of 150 units in Sannera San Pablo Phase 1 and Phase 2.
	New 10.0-hectare land acquired in Candelaria Quezon for the project Caliya Candelaria. Commenced construction of Caliya Candelaria Phase 1 in Candelaria, Quezon.
	The SEC approved the increase in the Company's authorized capital stock from ₱200 million to ₱500 million.
2020	The Company posted a 21% sales growth rate year-on-year despite lockdowns and limitations brought about by the pandemic.
2021	The Company posted a 91% sales growth rate year-on-year. Commenced construction of Savana in San Pablo, Laguna. The Company achieved a 119% net income growth rate year-on-year. Launch of Ovialand Portal
2022	The SEC approved the increase in the Company's authorized capital stock from ₱500 million to ₱1 million. Januarius Holdings Inc. increased its stake in the Company to 20%. The company applied for 1:2 stock split with change in PAR value from ₱1.00 to ₱0.50 on May 30, 2022 with the SEC. This was approved by the SEC on June 14, 2022.

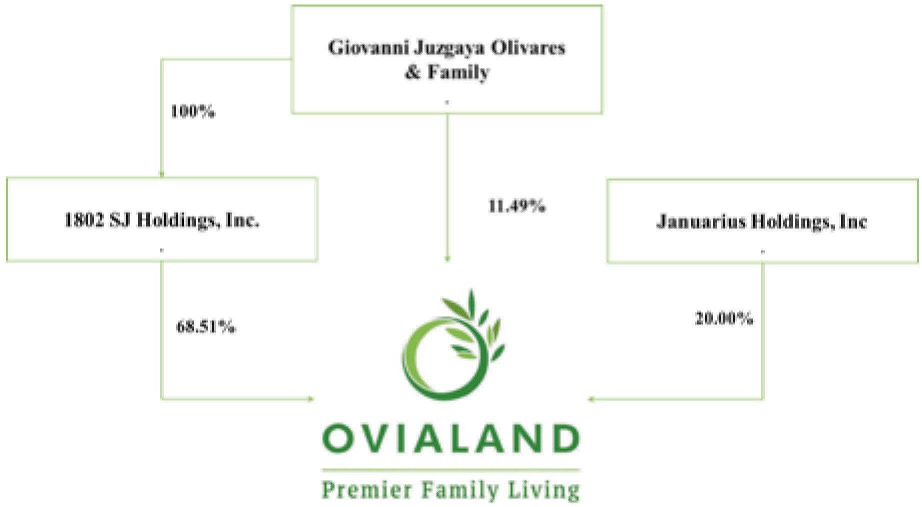
Awards and Recognition

Ovialand has been consistently awarded by HDMF as among the leading developers in Southern Luzon in terms of housing production and loans approved in the years since 2019 to 2022. In 2021, Ovialand, together with its affiliates, was awarded #3 highest approved home loans (in Pesos) in Southern Luzon and #14 nationwide in terms of loan value by HDMF to which Ovialand contributed 80% of the total volume for the group. In the latest 2022 3rd quarter awarding of HDMF, Ovialand, together with its affiliates was awarded #1 in HDMF Southern Luzon region in terms of loan value and is ranked #8 Nationwide for the full year 2022.

Ovialand was also awarded internationally as Asia's leading SME by ACES Awards last November 2022 in Kuala Lumpur, Malaysia in recognition of its enterprise leadership and organization-centric management prowess.

CORPORATE STRUCTURE

The chart below provides an overview of the ownership structure of the Company as of December 31, 2022.



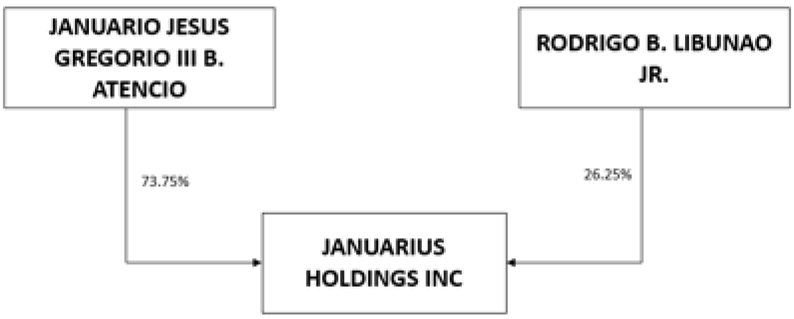
1802 SJ Holdings, Inc.

1802 SJ Holdings, Inc. is the holding company of Giovanni & Nanette Olivares. Together with their 7 children, the holding company was formed to unify ownership of its subsidiaries which are focused on real-estate development and real-estate ownership.

Januarius Holdings, Inc.

Januarius Holdings, Inc. (JHI) was established in 2008 as the private asset management and investment company of Januario Jesus Gregorio B. Atencio III. JHI's main focus is to manage personal assets of its founders worth over USD100 million, which are allocated across diversified investments in real estate, capital markets, private equity and finance, and non-traditional investments such as art.

The chart below provides an overview of the ownership structure of the Januarius Holdings Inc as of December 31, 2022.



BUSINESS OPERATIONS

Ovialand Developments

The Company's developments offer masterfully built premium affordable homes made of quality materials, located in safe and secure family-centered communities, with ample common spaces including manicured pocket gardens, outdoor play areas, swimming pools, and clubhouses.

1. Sannera

Sannera San Pablo offers a tropical Asian-inspired community at the heart of San Pablo City, Laguna. The 10.6 hectare prime property sits in lush greenery and is nestled at the foothills of Mt. Banahaw, Mt. Makiling, and the Sierra Madre Mountains. Phase 1 of the project has 349 units while Phase 2 has 404 units of which all units have been sold. The development offers a resort-like lifestyle to the community with 24-hour security, perimeter wall, landscaped roadways, wide open spaces, centralized water supply, sports facilities, and clubhouse. Phase 1 of the project commenced in 2017 while Phase 2 commenced construction in 2019 with both projects completed.

Model Unit	Floor Area (sqm)	Price (₱)	Annual Sales and Turnover (₱)			
			2022	2021	2020	2019
Capri (Quad)	50	1,800,000	12,900,000	29,236,071	96,038,407	56,261,178
Aman Classic (SA)	67	2,400,000	38,269,700	27,412,000	41,081,907	121,080,317
Aman Luxe (SD)	78	2,800,000	2,922,300	5,865,826	58,599,568	182,536,505

Sannera Phase 2

Model Unit	Floor Area (sqm)	Price (₱)	Annual Sales and Turnover (₱)			
			2022	2021	2020	2019
Maldives (Duplex)	69	2,600,000	122,265,020	28,943,745	-	-
Bali Luxe (Townhouse End)	54	2,180,000	16,711,800	77,683,047	64,063,239	-
Bali Classic (Townhouse Inner)	48	1,880,000	37,793,220	193,870,473	138,952,130	-

2. Caliya Phase 1

Located in Candelaria Quezon, Caliya is a 10.3 hectare master-planned residential community that offers contemporary homes. The development has 24-hour security, perimeter wall, landscaped roadways, wide open spaces, centralized water supply, playground, clubhouse, and a swimming pool. Phase 1 of the project consists of 591 homes of which 476 have been sold. The Company commenced construction in 2019 and is 82% completed with full completion targeted by Q4 2023. Phase 2 of the project consists of 316 units for startup in Q2 2023.

Model Unit	Floor Area (sqm)	Price (₱)	Annual Sales and Turnover (₱)			
			2022	2021	2020	2019
Townhouse Inner	48	2,020,000	182,738,504	161,313,100	9,760,200	6,518,700
Townhouse End	49	2,300,000	48,311,948	57,146,200	5,188,700	-
Duplex	57	2,550,000	154,645,140	251,633,538	21,416,850	-

3. Savana Phase 1 and 2

Savana is a 6.8-hectare property located in San Pablo City, Laguna that offers house and lot units using the American inspired design. It's tagline "Southern beauty, modern living" was coined for its discerning market, 50% of which are clients out-migrating from the congested areas of Metro Manila. Its unique design has satisfied the market preference, providing picture perfect details. The development has 24-hour security, perimeter wall, landscaped roadways, wide open spaces, centralized water supply, swimming pool and clubhouse. The initial project phase consists of 398 homes of which 384 have been sold while Phase 2 with 192 units will be launched by Q1 2023. Construction of Phase 1 commenced in 2021 and is currently 90% complete with target completion by Q2 2024.

Model Unit	Floor Area (sqm)	Price (₱)	Annual Sales and Turnover (₱)			
			2022	2021	2020	2019
Mansion (Duplex)	59	3,050,000	218,494,269	-	-	-
Manor Luxe (Townhouse End)	50	2,650,000	222,027,775	-	-	-
Manor Classic (Townhouse Inner)	49	2,350,000	324,700,000	-	-	-

4. Santevi Phase 1 & 2

Santevi is the third major development of Ovialand in San Pablo, Laguna. It is a 9.9 hectare property located along the National Highway. Accessibility is a huge selling point for this development, with Phase 1 and 2 having a total of 707 units. Phase 1 launched in the 3rd quarter of 2022 with a targeted completion by Q4 2024. Phase 2 will launch in the 4th quarter of 2023 and target completion by Q4 2025. As of January 31, 2023, the project is already at 53% land development completion and with 56 units completed and turned over.

Model Unit	Floor Area (sqm)	Price (₱)
Single Attached	74	3,700,000
Duplex	66	3,400,000
Townhouse End	56	2,800,000
Townhouse Inner	55	2,600,000

5. Seriya

Seriya, located along Baliwag-Candaba Highway, is Ovialand's first foray into Bulacan and North of Metro Manila. The project is an 8.9-hectare development which features the Company's signature Classic American-inspired style townhouse and duplex units, and is expected to produce 735 house and lot units. Prices will range from ₱2.7 million to ₱3 million for townhouses and up to ₱4 million for duplex units. The property was acquired in Q3 2022 and development started on January 2023. The project is slated to launch by Q2 2023.

Model Unit	Lot Area (sqm)	Floor Area (sqm)	Price (₱)
Duplex	80	60	4,000,000
Townhouse Corner	60	50	3,150,000
Townhouse	50	50	2,850,000

Pipeline Projects

As of December 31, 2022, Ovialand has identified a total of six (6) projects in the pipeline that can generate up to 3,600 homes. 10.7 hectares have already been acquired and 34 hectares more are identified for acquisition.

Savana Phase 3

Savana Phase 3 is a 6.4 hectare expansion project of the current Phase 1 & 2. Phase 3 is expected to produce 512 house and lot units, following the same design of Phase 1 & 2. The new phase will offer townhouse units ranging from ₱2.35 million to ₱2.65 million and Duplex units starting at ₱3.1 million.

Savana Phase 3 is targeted to start by Q1 2024 with turnovers expected to start by Q3 2024.

Location Map

Unit Types

Model Unit	Lot Area (sqm)	Floor Area (sqm)	Price (₱)
Mansion (Duplex)	68	59	3,050,000
Manor Luxe (Townhouse Corner)	60	50	2,650,000
Manor Classic (Townhouse)	49	49	2,350,000

Manor Luxe (Townhouse Corner)	Manor Classic (Townhouse)	Mansion Classic (Duplex)

Santevi Phase 3

Santevi Phase 3 is a 3.9 hectare expansion project of Santevi. Phase 3 is expected to produce 309 house and lot units, following the same design of Phase 1 & 2. The new phase will offer townhouse units ranging from ₱2.6 million to ₱2.8 million and Duplex units starting at ₱3.1 million.

Santevi Phase 3 is for acquisition by Q4 2023 with land development activities slated to start by Q1 2024.

Model Unit	Floor Area (sqm)	Price (₱)
Single Attached	74	3,700,000
Duplex	66	3,400,000
Townhouse End	56	2,800,000
Townhouse Inner	55	2,600,000

Seriya Phase 2

Seriya Phase 2 is a 13-hectare expansion project of Seriya. Phase 2 is expected to produce 1,040 house and lot units, following the same design of Phase 1. The new phase will offer townhouse units ranging from ₱2.9 million to ₱3.2 million and Duplex units starting at ₱4.0 million.

Seriya Phase 2 is for acquisition between Q3-Q4 2023 with land development activities slated to start by Q1 2024.

Location Map

Unit Types

Model Unit	Lot Area (sqm)	Floor Area (sqm)	Price (₱)
Duplex	80	60	4,000,000
Townhouse Corner	60	50	3,150,000
Townhouse	50	50	2,850,000

Architect's Sketches for Entrance of Seriá

Initial Working drawings for Single attached units

Caliya Phase 2

Caliya Phase 2 – 4 hectares – is an expansion of Ovialand's current project, Caliya Phase 1. Phase 2 is expected to add another 320 house and lot units with design improvements from the Phase 1 units. The project will offer townhouse units priced between ₱2.8 million to ₱3.1 million and Duplex units priced at ₱3.8 million.

Caliya Phase 2 will start on Q2 2023 with a target completion by Q4 2025.

Location Map

Unit Types

Model Unit	Lot Area (sqm)	Floor Area (sqm)	Price (₱)
Duplex	80	60	3,800,000
Townhouse Corner	61	50	2,800,000
Townhouse	50	50	3,100,000

Duplex

Townhouse Corner | Townhouse

Barangay Malabanban Property, Candelaria, Quezon

Ovialand acquired this 6.8 hectare property in 2020. The property located in Candelaria, Quezon and is situated along the National Highway which is highly accessible via public and private transport. It is situated right in the city center where it is surrounded by various convenient services such as the Malabanban School right beside the property, a mid-sized grocery with gasoline station also beside the property, right across is a newly built leisure hotel and a Waltermart that is only 300 meters away.

The property is slated for development starting Q1 2024 and will produce around 542 house and lot units with target to start turnover by Q4 2024.

Malolos / Pandi / Baliwag Bulacan Projects

With many infrastructure projects, developments, and buzzling commerce extending to Bulacan from Metro Manila, Ovialand sees Bulacan as a high growth and high demand region. The Company has already tagged various properties in Malolos and Pandi for its next Bulacan project projected to cover up to 2 projects of 10 hectares each. Target acquisition of the properties will be on Q1 and Q2 2024 and will be for immediate development.

Targeted Sites

Property in Malolos

Property in Pandi

Sales of Units

The Company recorded reservation sales of ₱1.4 Billion for the year 2022 and ₱1 billion during the twelve months ended December 31, 2021 vis a vis 2020's ₱544 million. The Company believes that it is on-track in the construction progress of its pipeline projects. This, coupled with its healthy inventory level, would help convert such reservations into duly recognized sales.

Average turnaround towards full income recognition is about three weeks. Reservations are converted to booked sales upon the buyer's loan take-out with HDMF or Bank.

Marketing and Sales

Ovialand primarily caters to the mid-cost housing segment. The Company targets an aspirational market that intends to purchase upscale homes within the price range of ₱2 million to ₱4 million.

Ovialand has a total network of 50 brokers and 600 sales agents. All of the Company's brokers and agents are guided by Ovialand's in-house team of property specialists who ensure buyers are well educated on their purchase and are qualified to avail of a loan. Together, they have continuously produced robust and increasing reservation sales.

The Company believes that it is a pioneer in digital / online marketing with online presence and online selling activities from the very beginning. This allowed potential clients to learn more about the developments despite coming from different areas of NCR. Through internet and social media marketing (Facebook ads, Google ads, YouTube videos), Ovialand is able to target clients from the comfort of their homes through the use of mobile devices with ease and at minimal cost. The Company's marketing team is quick to provide the latest information about the developments so that it can be seeded and posted on the various social media accounts of the Company.

At the start of the Covid-19 pandemic, Ovialand was able to continuously sell housing units through virtual tours and online meetings with the clients. This allowed the Company to recover to pre-pandemic sales levels only within 2 months since the pandemic began.

The Company also exerts efforts in training its accredited brokers and sellers to maximize the use of online selling

Customer Profile

Ovialand sees its homebuyers as intelligent, aspirational and hard-working. They are first time home buyers who dream of owning a home that they can be proud of in a community where they can thrive. Most of the Company's clients purchase the houses as single-family dwellings in contrast with multi-family dwellings which used to be a common practice of home buyers. Its clients' choices are also influenced by various global trends such as home organization, home improvements, and aspirational homes. The Company's target market is also more financially conscious with a longer-term investment horizon.

For the projects offered in 2022, buyers of the Company's housing units consisted of 26% Overseas Filipino professionals, 4% business owners, 8% home based work, and 62% locally employed professionals. Buyers for the period had, on average, a household monthly income range of ₱40,000.00 to ₱150,000.00.

The following table describes the purpose for purchasing a house and lot from Ovialand:

For Primary Home	98%
For Investment, Secondary Home	2%

The following table summarizes the demographics of the Company's customers:

Demographics	Description	%
Age:	25 and below	12%
	26 to 35 Years Old	49%
	36 to 50 Years Old	34%
	50 Years old and Above	5%
Education:	College Graduate	95%
	Post-Graduate	5%
Employment:	Locally Employed	62%
	Home Based	8%
	Business Owners/ self-employed	4%
	OFWs-white collar/professionals	26%

Competition

The real estate house and lot industry has a wide range of product offerings for the home-buyer. Aside from the categories recognized by the industry (ranging from socialized to high-end market) the variety will also depend according to selling price, size of units, size of lots, finishing status, turn-over period, required down payment, financing options and over all development quality. Home-buyers across segments consider these elements when choosing their house and lot investment. Every developer crafts its own unique product, pricing strategy, turn-over period, availability of financing partners, house design, development layout, etc.

Thru its years of experience in the housing industry, Ovialand has carefully examined the various bottlenecks and pain points which home-buyers usually experience. From here, Ovialand created a unique product offering, paralleled with a business model that will give home-buyers an easy and hassle-free experience for their home-purchase.

Majority of real-estate developers offer house and lot units according to the housing categories set by the government classification, i.e., socialized, low-cost, mid-cost and high-end. Such classifications limit the products in terms of size, pricing and quality. While it may seem that other developers are offering an affordable option, home-buyers are left with bare units that will need more investment for it to become usable for the end-user. This results into more inconvenience for the home-buyer as he will have to source his own contractor, materials and permits in order to make his housing unit livable.

Ovialand's unique product offering is to create a "premium affordable" product that focuses on value-for-money options for the market. Homes that are turned-over complete and ready for use, without the need for additional renovations or upgrades. Aside from the use of pre-cast concrete, the overall execution of the build also contributes to this fast turnover of units. Proper management of highly skilled and competent people involved in the construction makes for the proper execution of the build. Ovialand has instituted strict quality control processes that will ensure that housing units for turn-over are according to the specifications and quality that has been committed to the client.

In the cities and municipalities of Laguna located along the fringe of Quezon province, developers are predominantly local based which are also mainly focused on socialized, economic and medium-cost housing projects. The national developers in the province are Amaia Land, Bria Homes, Camella, Lumina Homes and PHirst Park Homes. Most of the projects consist of row house and attached (i.e. duplex, triplex, quadruplex, etc.) developments.

Table 1. Major Developers in Laguna

Developer	City/Municipality	Barangay
Ovialand	*San Pablo*	*Brgys. Soledad and San Antonio*
Lumina Homes	San Pablo	Brgy. Masiit
Lynville Land Development Corp.	San Pablo	Brgy. San Nicholas
Palmbeach Realty and Development Corporation	San Pablo	Brgy. Sta. Monica - Sta. Veronica Road
Amaia Land	San Pablo	Brgy. San Lucas
Bria Homes	San Pablo	Brgy. San Gregorio Bria Homes
Camella	San Pablo	Brgy. San Jose
N.G Developers	San Pablo	Brgy. San Miguel
Demeterland and Development Corp.	San Pablo	Brgy. San Jose
St. Felisse Realty and Development Corp.	San Pablo	Brgy. San Lucas
PHirst Park Homes Incorporated	San Pablo	Brgy. San Ignacio
Sta. Monica Industrial and Developmeent Corp.	San Pablo	Brgy. Sta. Monica
Camella	Bay	Brgy. Sto. Domingo
Calmar Land Development Corporation	Bay	Brgy. Puypuy

Source: Santos Knight Frank, Inc.

Aside from the quality of housing units upon turn-over, what is highly notable is Ovialand's model is the speed in turning-over the units to its clients. The current industry average for turn-over of units is 18-24 months, while Ovialand is able to turnover its units to its home-buyers within 3-6 months. This is a result of using the OLI-cast system of building its houses, as well as the Company's partnerships with Financing Institutions that allow its clients to loan up to 95% of the selling price. Ovialand's sales officers are highly trained to screen and educate their clients regarding their loan application to ensure that the home-buyer will achieve their targeted financing structure.

Table 2. Competitor Analysis in Laguna

Developer	Structural Material	Construction Period	Turn-Over (months)	Hand-Over Condition	Flooring	Est. Units (Per Block)	Est. Minimum Size Per Block	Project Land Area and Number of Units	Buyers Profile
Ovialand Inc.	***Pre-Cast Concrete***	***45 days (1.5 months)***	***3 to 6 months; (45-60 days for RFO Units)***	***Semi-Furnished***	***Wood Tiles***	***6-10 Units***	***1,000 sqm***	***13.9 Has: 1,975 Units***	***OFW, Locally Employed, Self-Employed, Home Based Employees***
PHirst Park Homes Inc.	Pre-Cast Concrete	8 to 12 months	12 months	Semi-Furnished	Vinyl Plank	25-30 Units	1,000 sqm	18.5 Has :265 Units	OFW, Locally Employed
Palmbeach Realty and Development Corporation	Concrete Hollow Blocks	6 to 8 months	18 months	Semi-Furnished	Tiled, Vinyl Plank	22 Units	1, 452 sqm	10 Has: 933 Units	OFW, Locally Employed
Lynville Land Development Corporation	Pre-fabricated Concrete	5 to 6 months	36 months	Bare	Tiled	70 Units	2, 520 sqm	10.95 Has: 1,531 Units	OFW, Locally Employed
St. Felisse Realty and Development Corporation	Cast-In -Place Concrete	6 to 8 months	17 months	Semi-Furnished	Tiled	20 Units	1, 020 sqm	8 Has: 269 Units	OFW, Locally Employed
Vista Land	Concrete Hollow Blocks	7 to 9 months	22-23 months	Semi-Furnished	Tiled, Laminated Linoleum	40 Units	3, 816 sqm	7 Has: 361 Units	OFW, Locally Employed
Lumina	Concrete Hollow Blocks	10 to 12 months	12 months	Bare	Smooth cement	54 Units	2, 125 sqm	15 Has: 444 Units	OFW, Locally Employed
Bria Homes Inc.	Concrete Hollow Blocks	2 to 3 months	3 to 5 months	Bare	Smooth cement	30-40 Units	1,296 sqm	14 Has: 484 Units	OFW, Locally Employed
Amaia Land	Concrete Hollow Blocks	6 months	18 months	Bare	Smooth cement	40 Units	1,684 sqm	22.2 Has: 529 Units	OFW, Locally Employed
Next Asia Land	Concrete Hollow Blocks	4 to 5 months	5 to 6 months	Semi-Furnished	Vinyl Plank	70 Units	5,356 sqm	6.2 Has: 664 Units	OFW, Locally Employed
Demeterland and Development Corp.	Concrete Hollow Blocks	6 to 8 months	10 months	Semi-Furnished	Granite Tiles	18 Units	3,458 sqm	2.4 Has:96 Units	OFW, Locally Employed
Carland Realty Development Corporation	Concrete Hollow Blocks	8 to 10 months	12 months	Semi-Furnished	Tiled	37 Units	2, 490 sqm	4 Has: 463 Units	OFW, Locally Employed
Red Oak Properties Inc.	Concrete Hollow Blocks	8 to 10 months	12 months	Semi-Furnished	Tiled	35-39 Units	880 sqm	18 Has: 344 Units	OFW, Locally Employed
Bella Vita Land Corporation	Cast-In -Place Concrete	24 months	36 months	Bare	Tiled	130 Units	10,000 sqm	9.33 Has: 1,019 Units	OFW, Locally Employed
Jamaica Realty and Marketing Corp.	Concrete Hollow Blocks	6 months	36 months	Semi-Furnished	Granite Tiles	36 Units	6,697 sqm	11 Has: 265 Units	OFW, Locally Employed
Sr. Sto. Niño de Cebu Resources & Development Corporation (SNRDC)	Concrete Hollow Blocks	10 to 12 months	13-14 months	Semi-Furnished	Tiled	14 Units	1,680 sqm	2 Has :130 Units	OFW, Locally Employed

Source: Santos Knight Frank, Inc

Developers in the province of Quezon are predominantly locally based which are mainly focused on socialized, economic and medium-cost housing projects. The national developers in the province are Amaia Land, Lumina Homes, Bellavita Land, Sta. Lucia Land and Vista Land. Most of the projects consist of row house and attached (i.e. duplex, triplex, quadruplex, etc.) developments. The lone exception is Sta. Lucia Land which only sells lots in its subdivision development.

Table 3. Major Developers in Quezon Province

Developer	City/Municipality	Barangay
Ovialand	***Candelaria***	***Brgy. Masin Sur***
D.J. Perez and Co., Inc.	Candelaria	Brgy. Bukal Sur
The New APEC Development Corp.	Candelaria	Brgy. Conception 1
Calmar Land Development Corporation	Lucena	Brgy. Kanlurang Mayao
Goodluck Development Corp.	Lucena	Brgy. Domoit
Silver Creek Development	Lucena	Brgy. Ibabang Dupay
Amaia Land	Lucena	Brgy. Isabang
Tricity Realty and Development Corp.	Lucena	Brgy. Ilayang Dupay
Alps Ville Development Contractor	Lucena	Brgy. Ibabang Dupay
Lumina Homes	Tayabas	Brgy. Isabang
Welmanville Development Corporation	Tayabas	Brgy. Isabang
Sta. Lucia Realty and Development Inc.	Tayabas	Brgy. Isabang
Bellavita Land Corp.	Tayabas	Brgy. Isabang
Villa Czarina-GCBI	Tayabas	Brgy. Domoit
Vista Land	Tayabas	Brgy. Isabang
Calmar Land Development Corporation	Pagbilao	Brgy. Mayhay
Lumina Homes	Saraiya	Brgy. Sto. Cristo
The Saraiya 4J Development Corp.	Saraiya	Brgy. Sto. Cristo
The New APEC Development Corp.	Saraiya	Brgy. Conception

The competitive landscape in Quezon is similar to the aforementioned market in Laguna. Given the distance between the two trade areas, the markets are expected to be similar. This is the reason why the same developers can be found in both trade areas of Laguna and Quezon. They likewise offer the same unit configurations and target the same type of buyers.

Handover conditions of the house and lot units per type of development are similar to those in Laguna, as to be expected. The structural materials used for the construction house and lot units and their completion times are likewise similar.

Table 4. Competitor Analysis in Quezon

Developer	Structural Material	Construction Period	Turn-Over (months)	Hand-Over Condition	Flooring	Est. Units Per Block	Est. Minimum Size Per Block (SQM)	Project Land Area and Number of Units	Buyers Profile
Ovialand Inc.	***Pre-Cast Concrete***	***45 days (1.5 months)***	***3 to 6 months (45-60 days for RFO Units)***	***Semi-Furnished***	***Wood Tiles***	***6-10 Units***	***630 sqm***	***9.7 Has:591 Units***	***OFW, Locally Employed, Self-Employed, Home Based Employees***
PHirst Park Homes Inc.	Pre-Cast Concrete	12 months	24 months	Semi-Furnished	Vinyl Plank	10 to 12 Units	1,000 sqm	23.4 Has: 220 Units	OFW, Locally Employed
The New APEC Homes	Cast-In -Place Concrete	6 to 8 months	18 months	Bare	Smooth cement	25-35 Units	1,275 sqm	18.93 Has: 3,177 Units	OFW, Locally Employed
East Orient Properties Holdings, Inc.	Concrete Hollow Blocks	6 to 8 months	12 months	Semi-Furnished	Unglazed Ceramic Floor Tiles	25-30 Units	2, 880 sqm	10 Has: 744 Units	OFW, Locally Employed
Lumina	Cast-In -Place Concrete	12 months	20 months	Bare	Smooth cement	56-60 Units	2, 125 sqm	10 Has: 836 Units	OFW, Locally Employed
Calmar Land Development Corporation	Concrete Hollow Blocks	4 to 6 months	8 to 12 months	Semi-Furnished	Ceramic Tiles	30-35 Units	2, 100 sqm	18 Has: 345 Units	OFW, Locally Employed
Amaia Land	Concrete Hollow Blocks	6 months	12-15 months	Bare	Smooth cement	45-60 Units	4,500 sqm	8.3 Has: 80 Units	OFW, Locally Employed
Cotta Realty and Development Corporation	Concrete Hollow Blocks	6 to 8 months	15-17 months	Semi-Furnished	Granite Tiles	20-25 Units	1, 250 sqm	8 Has: 350 Units	OFW, Locally Employed
Vista Land	Concrete Hollow Blocks	7 to 9 months	12-15 months	Semi-Furnished	Tiled Flooring	35 Units	2, 300 sqm	25 Has: 2,048 Units	OFW, Locally Employed
Welmanville Development Corporation	Concrete Hollow Blocks	3 to 5 months	12 months	Bare	Smooth cement	50-60 Units	1, 230 sqm	22 Has: 860U nits	OFW, Locally Employed

Source: Santos Knight Frank, Inc.

Developers in the province of Bulacan, in particular Baliwag, are a mix of local and national players. economic and medium-cost housing projects. The competing developers in the area are similar to those in Laguna and Quezon with the exception of Prominence Properties Inc. and Robinsons Homes. The noted national developers in the area are Lumina Homes, Vista Land and Robinsons Homes. They likewise have the same unit configurations and target the same type of buyers.

Table 5. Major Developers in Bulacan

Developer	City/Municipality	Barangay
Vista Land	Baliwag	Brgy. Tangos
PHirst Park Homes	Baliwag	Brgy. Makinabang
Prominence Properties Inc.	Baliwag	Brgy. Pinagbarilan
Robinsons Homes	Baliwag	Brgy. Sta. Barbara
New APEC Homes	Baliwag	Brgy. Hinukay
Lumina Homes	Baliwag	Brgy. Tangos

Given that the developers in the area are the same we can expect that the structural materials used, finishing and handover conditions would be the same per developer. It can also be expected that the turnaround time from the downpayment to the handover of the units will also be similar.

The quick processing of housing loans for qualified applicants also speeds up the turnover time as the payment to the developer is delivered much sooner. This is made possible by the high appraisal values given to the units of Ovialand. This lessens the time for the bank or financing agency to assess and process the loan to be given. This is in line with their goal of providing their clients with instant homes through instant financing.

The high appraisal value also speaks of the quality of the units being turned over by Ovialand. The appraisal process can be considered a thorough evaluation of the unit's quality and a high appraisal value would directly translate into a unit's high quality.

From a price perspective of medium cost housing developments, Ovialand units provide value for money. Among its competitors, Ovialand units are priced in the lower end of the price range of developments while offering a high quality product together with more premium features and amenities.

Among the premium features being offered by Ovialand is a relatively low density neighborhood. Ovialand developments have a density of 6 to 10 housing units per 1,000 square meters of land. This allows them to provide more open spaces for the residents and a less congested environment. In comparison, their competitors have densities of 10 units and above per 1,000 square meters of land, which is typical of developments in the medium cost housing segment.

Location wise, most of Ovialand's developments are located along the main roads which are traversed by public transportation. This makes the developments highly accessible as well as offering easier access to its residents to key locations which offer the necessary goods and services. Though the developments are located along busy roads, the wider space gives enough separation and buffer to significantly reduce noise and disturbances coming from the busy road. This is part of Ovialand's dedication to providing their clients with a good home within a good neighborhood.

Another way that Ovialand shows how they value their clients is by providing exceptional customer service. They guarantee a response for all inquiries made to their customer care desk within 24 hours. In addition, the personalized service they provide aids in the easing the purchasing process by making sure that the required documents are properly prepared and efficiently handled for quick processing.

During handover of the units, a representative from Ovialand is present to go with the unit owner to do a quality control inspection and punch list to make sure that everything is properly turned over to the satisfaction of the new unit owner.

The competitive advantage of Ovialand can best be summarized in the table below.

	Ovialand	Competitors
Delivery / Turnover Time of Unit	3 to 6 months 45 to 60 days for RFO units	6 months and above

Selling Price (per sqm.) Pre-Selling Units Ready for Occupancy Units	 PhP 39,600 PhP 46,200	 PhP 33,500 – PhP 72,900 PhP 39,000 – PhP 88,900
Reservation Fee	PhP 7,000	PhP 5,000 and above
Structural Material	Pre-Cast Concrete	Pre-Cast Concrete Concrete Cast-in-Place Concrete Hollow Blocks
Project Density (Number of Units / 1,000 sqm.)	6 to 10	10 and above
Location of Projects	Directly accessible via main roads and public transport	Mostly located in inner areas
After Sales Service	Guaranteed reply from customer service within 24 hours of inquiry	None specified

Contractors, Suppliers and Availability of Raw Materials

All of the raw materials used by the Company are sourced from domestic Philippine suppliers primarily from direct distributors or manufacturers located near its developments. Suppliers are chosen based on a number of criteria, including assessment of company background, accreditations, quality of materials, list of finished projects and past customers. The Company is not dependent on any single supplier.

Construction and housing projects are done in-house with supervision and quality control overseen by the Company's construction department.

Company's Top 5 Suppliers as of December 31,2022

Suppliers Name	Product / Service Supplied	Length Of Service	% of Material Supplied to the Housing Material Component
Magnificon Ready-Mix Concrete	Ready mix concrete	1 Year and 6 Months	17%
Teravera Corporation	Ready mix concrete	5 Years	17%
Winmil Industrial Sales Corp.	Steel products	2 Year	2%
Somico Steel Mill Corporation	Deform & steel products	11 Months	15%
Union Trading	General Construction Materials	6 Years	10%

HEALTH, SAFETY AND ENVIRONMENT

The Company gives priority to occupational health and safety and it ensures compliance with applicable environmental laws and regulations and consider the promotion of health and safety measures and of appropriate programs as a mutual objective for management and employees at all levels.

Our Safety Officer department regularly reviews policies to do all that is reasonable to prevent personal injury and damage to property and to protect staff and the general public from foreseeable work hazards including environmental nuisances.

For the years 2020, 2021, and 2022, the Company spent ₱10,000, ₱0, and ₱5,000, respectively to comply with environmental laws and regulations. Other than the foregoing, the other costs related to compliance with environmental laws form part of the cost of real estate sales. In 2019, the Company committed to plant 10,000 trees in 10 years in partnership with the DENR. To date, it has planted 2,000 trees.

In response to the COVID-19 pandemic the Company has in place the following programs and policies:

- Creation and implementation of COVID19 Workplace Policy
- Provision for sanitation materials.
- On-site accommodation for employees.
- Provision for Flexible Work Arrangements
- 3 certified Occupational Safety and Health officers per site.

EMPLOYEES

As of [28 February 2023], the Company has 82 employees across its various offices in the Philippines.

The table below sets forth the breakdown of our manpower complement as of [28 February 2023]:

Position	No. of Employees
Officer	11
Managers	8
Supervisors	3
Rank and file	60
TOTAL	82

The Company expects to hire an additional [15] employees in the next 12 months to support our expansion plans.

Aside from the mandatory benefits required by Philippine law, Ovialand provides its employees health insurance coverage (currently above industry standard), competitive compensation packages, and quarterly bonuses and incentives depending on quarterly performance.

The company has geared the organization to be a "learning organization", focusing on training and development across entry level positions to promote internal promotion and growth in the organization. This is one way that the Company is preparing itself for the growth plans it has, by ensuring that the organizational readiness is suited for the growth.

Construction workers ranging from foreman to skilled and labor workers are engaged by the Company under contract with Paramount Human Resources Cooperative. The Co-op manages 300 construction workers complete with DOLE registration, full statutory benefits, including added co-op membership benefits as provided by Paramount.

Significant Employees

While the Company values the contribution of each employee, it believes that there is no employee as of the date of this Prospectus that, the resignation or loss of whom, would have a material adverse impact on our business.

RESEARCH AND DEVELOPMENT

The Company undertakes research and development for its pre-cast construction technology. For fiscal years 2020, 2021 and 2022, the Company spent less than 0.5% per year for its research and development activities.

INTELLECTUAL PROPERTY

Under the Intellectual Property Code of the Philippines, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office issues a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the consent of the owner from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The certificate of registration also serves as prima facie evidence of the validity of registration and the ownership of the mark of the registrant. A certificate of registration remains in force for an initial period of 10 years and may be renewed for periods of ten 10 years at its expiration.

Set out below is a list of our marks registered with the Philippine Intellectual Property Office:

Brand Name/Mark	**Nice Classification No.**	**Registration Number**	**Filing Date**	**Registration Date**	**Expiration Date**
OVIALAND Premier Family Living	37	4-2021-507972	5 April 2021	18 November 2021	18 November 2031
HousEasy	37	4-2022-00515274	22 June 2022	IP Pending	IP Pending

INSURANCE

The Company obtains and maintains adequate and comprehensive insurance coverage on our properties, assets and liability exposures pertaining to our business operations from reputable insurance companies. Its insurance coverage includes, but not limited to the following:

1. Contractors All Risk Insurance
2. MSP and Fidelity Guarantee
3. Performance bond
4. Equipment and vehicle insurance
5. Fire insurance

The Company believes that its insurance coverage is in accordance with its business exposure and in line with prevailing industry requirements.

CORPORATE SOCIAL RESPONSIBILITY

The Company currently provides 21 scholarships for students in Calamba. The program covers different educational levels for our scholars. As of December 31, 2022, a total of 3 scholars are at the Primary School Level, 8 Senior High School Level, and 10 at the Junior High School.

Beginning 2019, the Company pledged to plant 10,000 trees in 10 years. In 2019, it planted 1,000 trees in Candelaria, Quezon. Tree planting activities with the DENR were put on hold in 2020 due to the pandemic and resumed in 2021 with another 1,000 trees planted in San Pablo, Laguna and in Candelaria, Quezon.

In 2022, the Company constructed two (2) school buildings in the Masin Elementary School in Candelaria, Quezon. The company also owns the property of the Masin Elementary School which it intends to officially donate within 2023. The company also engaged in rehabilitation efforts and upgrading of classrooms in Barangay Soledad Elementary School, San Pablo City, Laguna. The company also donated Smart TV units to San Vicente Integrated High School, San Pablo City, Laguna to support their advanced teaching methods for a better learning experience. The company intends to continue school donations in areas where it is present.

The Company also implemented charitable initiatives engaging our employees where they gave essential goods to homeless people in their communities including partnering with the St. Martin de Pores Orphanage for the renovation of its Chapel located in San Pablo City, Laguna.

The Company also supports Filipino athletes by providing additional incentives for their achievements. Most recently, the Company awarded one (1) housing unit to 2020 Summer Olympics silver medalist Nesthy Petecio in recognition of her performance in the 2020 Summer Olympics.

INDUSTRY OVERVIEW

*The information that appears in the executive summary of the independent market research report in this Industry Overview section, including all data (actual, estimates and forecasts) has been prepared by Santos Knight Frank, Inc. ("***SKF***") and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to* [●] *should not be considered as the opinion of* [●] *as to the value of any security or the advisability of investing in the Company. The Directors believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.*

The information prepared by SKF and set out in this Industry Overview has not been independently verified by the Company, the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner and none of them gives any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

The report includes forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Actual results and future events could differ materially from such forecasts. You should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance.

The full Industry Overview prepared by SKF is attached herein as Annex "A".

EXECUTIVE SUMMARY

The Philippines has been one of the fastest growing economies in Asia over the past several years. Consistent with the growth of the economy were the growth in OFW remittances and the IT-BPO industry. Both have been significant contributors in the overall increase of household income and the purchasing power of the local populace.

This additional income and purchasing power for some households has eventually found its way into the housing sector. It has been the goal of most families to acquire their own place to live in. This is one of the primary reasons why a number of Filipinos chose to work overseas as this provided them the opportunity and means earn a living that could afford them to buy these house and lot units for their family.

The IT-BPO industry likewise provided the opportunity for some of its employees to acquire their own housing units. IT-BPO companies have provided decent salaries to most of their employees that enabled them to save up for these purchases.

The preference for a number of families to acquire house and lot units have pushed them to acquire these units in areas outside of Metro Manila where these are more affordable. The improvements in transportation and infrastructure have improved the connectivity between these areas and Metro Manila. Travel time to and from these areas has been significantly shortened and the overall travel experience has become more convenient and less of a hassle.

Opportunities have likewise emerged in these residential communities outside of Metro Manila. Some of the IT-BPO companies have expanded their operations to the major cities outside of Metro Manila which are close to these residential communities. Opportunities for employment have risen and have allowed some individuals to work in these areas instead of in Metro Manila.

The natural economic growth of some of these areas were accelerated due to the improved connectivity provided by the new infrastructure projects. This has also contributed to the influx of investors and has also led some national developers to put up both commercial and residential developments in these areas to accommodate these investments.

Similarly, the emergence of new working arrangements such as the "work from home" and "hybrid" work arrangements have contributed to households exploring suburban living. Improvements in telecommunication and internet connectivity have made it possible for some businesses to thrive operating with their employees under a "work from home" or hybrid work arrangements.

These shifts in patterns has altered the need to have a place of residence in the metropolis for some families. What was once imperative is no longer for some and because of this there was perceived growth in suburban living. This has been proven by increased sales and new project launches by developers in the suburban and adjacent provinces to the metropolis.

These were the same opportunities that Ovialand capitalized on when it successfully launched its projects in Laguna and Quezon. Ovialand had solidly secured its place in the market by targeting the OFW market, those locally employed, self-employed and home based employees in the area. Its developments are topnotch in terms of the quality of units as well as its feature of having a low density neighborhood and providing more open space and other amenities. In addition, the housing units were delivered at the shortest time compared to the other developers. This is best illustrated in the following tables.

Competitor Analysis in Laguna

Developer	Structural Material	Construction Period	Turn-Over (months)	Hand-Over Condition	Flooring	Est. Units (Per Block)	Est. Minimum Size Per Block	Project Land Area and Number of Units	Buyers Profile
Ovialand Inc.	***Pre-Cast Concrete***	***45 days (1.5 months)***	***3 to 6 months; (45-60 days for RFO Units)***	***Semi-Furnished***	***Wood Tiles***	***6-10 Units***	***1,000 sqm***	***13.9 Has: 1,975 Units***	***OFW, Locally Employed, Self-Employed, Home Based Employees***
PHirst Park Homes Inc.	Pre-Cast Concrete	8 to 12 months	12 months	Semi-Furnished	Vinyl Plank	25-30 Units	1,000 sqm	18.5 Has :265 Units	OFW, Locally Employed
Palmbeach Realty and Development Corporation	Concrete Hollow Blocks	6 to 8 months	18 months	Semi-Furnished	Tiled, Vinyl Plank	22 Units	1, 452 sqm	10 Has: 933 Units	OFW, Locally Employed
Lynville Land Development Corporation	Pre-fabricated Concrete	5 to 6 months	36 months	Bare	Tiled	70 Units	2, 520 sqm	10.95 Has: 1,531 Units	OFW, Locally Employed
St. Felisse Realty and Development Corporation	Cast-In -Place Concrete	6 to 8 months	17 months	Semi-Furnished	Tiled	20 Units	1, 020 sqm	8 Has: 269 Units	OFW, Locally Employed
Vista Land	Concrete Hollow Blocks	7 to 9 months	22-23 months	Semi-Furnished	Tiled, Laminated Linoleum	40 Units	3, 816 sqm	7 Has: 361 Units	OFW, Locally Employed
Lumina	Concrete Hollow Blocks	10 to 12 months	12 months	Bare	Smooth cement	54 Units	2, 125 sqm	15 Has: 444 Units	OFW, Locally Employed
Bria Homes Inc.	Concrete Hollow Blocks	2 to 3 months	3 to 5 months	Bare	Smooth cement	30-40 Units	1,296 sqm	14 Has: 484 Units	OFW, Locally Employed
Amaia Land	Concrete Hollow Blocks	6 months	18 months	Bare	Smooth cement	40 Units	1,684 sqm	22.2 Has: 529 Units	OFW, Locally Employed
Next Asia Land	Concrete Hollow Blocks	4 to 5 months	5 to 6 months	Semi-Furnished	Vinyl Plank	70 Units	5,356 sqm	6.2 Has: 664 Units	OFW, Locally Employed
Demeterland and Development Corp.	Concrete Hollow Blocks	6 to 8 months	10 months	Semi-Furnished	Granite Tiles	18 Units	3,458 sqm	2.4 Has:96 Units	OFW, Locally Employed
Carland Realty Development Corporation	Concrete Hollow Blocks	8 to 10 months	12 months	Semi-Furnished	Tiled	37 Units	2, 490 sqm	4 Has: 463 Units	OFW, Locally Employed
Red Oak Properties Inc.	Concrete Hollow Blocks	8 to 10 months	12 months	Semi-Furnished	Tiled	35-39 Units	880 sqm	18 Has: 344 Units	OFW, Locally Employed
Bella Vita Land Corporation	Cast-In -Place Concrete	24 months	36 months	Bare	Tiled	130 Units	10,000 sqm	9.33 Has: 1,019 Units	OFW, Locally Employed
Jamaica Realty and Marketing Corp.	Concrete Hollow Blocks	6 months	36 months	Semi-Furnished	Granite Tiles	36 Units	6,697 sqm	11 Has: 265 Units	OFW, Locally Employed
Sr. Sto. Niño de Cebu Resources & Development Corporation (SNRDC)	Concrete Hollow Blocks	10 to 12 months	13-14 months	Semi-Furnished	Tiled	14 Units	1,680 sqm	2 Has :130 Units	OFW, Locally Employed

Source: Santos Knight Frank, Inc.

Competitor Analysis in Quezon

Developer	Structural Material	Construction Period	Turn-Over (months)	Hand-Over Condition	Flooring	Est. Units Per Block	Est. Minimum Size Per Block (SQM)	Project Land Area and Number of Units	Buyers Profile
Ovialand Inc.	***Pre-Cast Concrete***	***45 days (1.5 months)***	***3 to 6 months; (45-65 days) for RFO Units***	***Semi-Furnished***	***Wood Tiles***	***6-10 Units***	***630 sqm***	***9.7 Has:591 Units***	***OFW, Locally Employed, Self Employed, Home Based Employees***
PHirst Park Homes Inc.	Pre-Cast Concrete	12 months	24 months	Semi-Furnished	Vinyl Plank	10 to 12 Units	1,000 sqm	23.4 Has: 220 Units	OFW, Locally Employed
The New APEC Homes	Cast-In -Place Concrete	6 to 8 months	18 months	Bare	Smooth cement	25-35 Units	1,275 sqm	18.93 Has: 3,177 Units	OFW, Locally Employed
East Orient Properties Holdings, Inc.	Concrete Hollow Blocks	6 to 8 months	12 months	Semi-Furnished	Unglazed Ceramic Floor Tiles	25-30 Units	2, 880 sqm	10 Has: 744 Units	OFW, Locally Employed
Lumina	Cast-In -Place Concrete	12 months	20 months	Bare	Smooth cement	56-60 Units	2, 125 sqm	10 Has: 836 Units	OFW, Locally Employed
Calmar Land Development Corporation	Concrete Hollow Blocks	4 to 6 months	8 to 12 months	Semi-Furnished	Ceramic Tiles	30-35 Units	2, 100 sqm	18 Has: 345 Units	OFW, Locally Employed
Amaia Land	Concrete Hollow Blocks	6 months	12-15 months	Bare	Smooth cement	45-60 Units	4,500 sqm	8.3 Has: 80 Units	OFW, Locally Employed
Cotta Realty and Development Corporation	Concrete Hollow Blocks	6 to 8 months	15-17 months	Semi-Furnished	Granite Tiles	20-25 Units	1, 250 sqm	8 Has: 350 Units	OFW, Locally Employed
Vista Land	Concrete Hollow Blocks	7 to 9 months	12-15 months	Semi-Furnished	Tiled Flooring	35 Units	2, 300 sqm	25 Has: 2,048 Units	OFW, Locally Employed
Welmanville Development Corporation	Concrete Hollow Blocks	3 to 5 months	12 months	Bare	Smooth cement	50-60 Units	1, 230 sqm	22 Has: 860U nits	OFW, Locally Employed
Sr. Sto. Nino De Cebu Resources & Development Corporation	Concrete Hollow Blocks	10 to 12 months	13-14 months	Bare	Smooth cement	20-30 Units	1, 300 sqm	15 Has: 209 Units	OFW, Locally Employed

Source: Santos Knight Frank, Inc.

Medium Cost Housing Developer Competitor Analysis in Bulacan

Developer	Reservation Fee (PhP)	Average Selling Price (PhP/sqm)	Downpayment	Financing	Duration of DP Payment
PHirst Park Homes Inc.	12,500.00-20,000.00	58,900.00	10%	Bank, Pag- IBIG, In-House	12 months
Prominence Properties Inc.	20,000.00	65,120.00	20%	Bank, Pag- IBIG, In-House	24 months
Vista Land	20,000.00-30,000.00	60,120.00	15%	Bank, In-House	12 months

Source: Santos Knight Frank, Inc.

The opportunities for future housing developments abound as the housing backlog in the Philippines is still a long way from being solved. Figures from the Local Shelter Plan by Region released by the Department of Human Settlements and Urban Development (DHSUD) supports this claim as it shows a substantial backlog across all the regions of the Philippines in the table below.

Local Shelter Plan by Region as of May 2021

Region	Total Housing Needs[a/]	Total Sector Families (ISFs)[b/]	Land Needed for Housing (in ha.)	Land Identified for Housing (in ha.)
NCR	696,592	255,116	23,287.8	24,631.9
CAR	129,443	135,663	1,419.0	1,102.5
Region 1	280,005	157,215	2,103.3	4,070.6
Region 2	236,848	102,661	1,208.0	15,423.0
Region 3	25,123	4,942	191.0	70.0
Region 4-A	1,378,589	590,567	7,358.4	9,436.2
Region 4-B	171,957	108,137	1,187.7	1,207.4
Region 5	451,649	359,201	3,634.0	6,976.2
Region 6	495,268	346,810	3,766.4	11,228.5
Region 7	558,396	260,731	2,086.3	3,506.1
Region 8	486,999	420,901	2,928.8	3,689.7
Region 9	173,299	106,008	2,028.2	1,215.5
Region 10	268,996	153,698	1,596.1	6,665.1
Region 11	427,641	227,868	2,422.2	5,204.5
Region 12	215,127	218,568	1,316.6	3,155.9
Region 13	295,447	139,712	1,806.9	2,252.4
BARMM	336,970	165,739	2,441.5	2,933.8
Total	**6,628,349**	**3,753,537**	**60,782.2**	**102,769.3**

a/ Includes homeless, displaced HHs, increase in HHs and doubled-up HHs

b/ Includes Tenurial Upgrading (need to improve land tenure status), homeless and displaced HHs; Some regions have higher number of total ISFs versus Total Housing Needs due to high number of units needing tenurial upgrading

Source: DHSUD - Public Housing and Settlements Service

The competitive advantage of Ovialand can best be summarized in the table below.

	Ovialand	Competitors

Delivery / Turnover Time of Unit	3 to 6 months 45 to 60 days for RFO units	6 months and above
Selling Price (per sqm.) Pre-Selling Units Ready for Occupancy Units	 PhP 39,600 PhP 46,200	 PhP 33,500 – PhP 72,900 PhP 39,000 – PhP 88,900
Reservation Fee	PhP 7,000	PhP 5,000 and above
Structural Material	Pre-Cast Concrete	Pre-Cast Concrete Concrete Cast-in-Place Concrete Hollow Blocks
Project Density (Number of Units / 1,000 sqm.)	6 to 10	10 and above
Location of Projects	Directly accessible via main roads and public transport	Mostly located in inner areas
After Sales Service	Guaranteed reply from customer service within 24 hours of inquiry	None specified

Critical to the success in the expansion of Ovialand is the acquisition of strategically located and adequately sized property in order for them to maintain their competitive advantage. Their building process has been standardized and relatively easy to replicate as shown in their completed developments. These together with their strong marketing team and practices will guarantee their success in their ongoing and upcoming projects as well as their planned expansion to develop nationwide.

DESCRIPTION OF PROPERTY

LAND BANK

As an integral part of its real estate development business, the Company maintains an adequate land bank for its land development projects. As of December 31, 2022, the Company has acquired 42.6 hectares of land. The land bank is focused on areas in Southern Luzon and in Baliwag, Bulacan. The Company believes that with its current landbank it will be able to meet the requirements of the real estate business of the Company in the next 2 to 4 years.

Details of the Company's land inventory as of December 31, 2022 are set out in the table below:

Location	**Area (ha.)**	**Project**	**Target year of development**	**Book Value (₱ Mn)**
Masin Norte, Candelaria, Quezon	10.3	Caliya Candelaria Phase 1 & 2	2019-2025	148.4
Soledad, San Pablo, Laguna	4.7	Savana Phase 1	2021-2023	60.8
Soledad, San Pablo, Laguna	2.1	Savana Phase 2	2023-2024	24.2
San Vicente, San Pablo City, Laguna	9.9	Santevi	2022-2025	271.7
Malabanban, Candelaria, Quezon	6.7	Silangil Property	2024-2027	54.5
Baliwag City, Bulacan	8.9	Seriya	2023-2026	64.2
Total	42.6			623.8

OTHER REAL PROPERTY

The following table summarizes the various real estate properties owned by the Company not intended for sale as of [31 December 2022]:

Location	Area (sq. m.)	Revenue	Condition (Encumbrances)	Status (Owned/Leased)	Expiration of Lease
Commercial Property – Caliya, Candelaria, Quezon	6,724 sqm	NA	None	Owned	NA
Commercial Property – OLI Business Center, San Pablo, Laguna	1,078 sqm	NA	Under mortgage for corporate working capital line	Owned	NA
Commercial Property – Santevi, San Pablo, Laguna	949 sqm	NA	None	Owned	NA
Commercial Property – Savana, San Pablo, Laguna	631 sqm	NA	Under mortgage for corporate working capital line	Owned	NA

Parkway Corporate Center - Alabang Muntinlupa City	199 sqm	NA	NA	Lease	December 31,2027
Property in Masin, Candelaria, Quezon	5,000 sqm	NA	None	Owned [for future donation]	NA
Total	14,581 sqm				

PLAN OF DISTRIBUTION

THE UNDERWRITER OF THE OFFER

Up to [396,000,000] Offer Shares shall be offered by the Company to investors, through the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. At least [252,000,000] (or 70% of the Firm Shares) shall be offered by the Company to QIBs and to the general public. Up to [72,000,000] Offer Shares (or 20% of the Firm Shares) are being offered to all of the PSE Trading Participants. The remaining up to [36,000,000] Offer Shares (or 10% of the Firm Shares) are being offered to LSIs in the Philippines.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, the Selling Shareholders and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. Prior to the closing of the Offer, any Offer Shares not taken up by the QIBs, PSE Trading Participants and the LSIs shall be subscribed and/or distributed by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to its clients or the general public in the Philippines. In the event that there are Offer Shares that remain unsubscribed at the end of the Offer, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner will underwriter on a firm commitment basis,the Firm Shares, subject to any reallocation, clawback, clawforward or any other such mechanisms as described below, and pursuant to the terms of the Underwriting Agreement by and among the Company, the Selling Shareholders and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner.

The Offer Shares shall be lodged with the PDTC and shall be issued to the investors in scripless form. Investors may maintain ownership over the Offer Shares in scripless form or opt to have the stock certificates in the relevant investor's name after the Listing Date by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system.

Underwriting Commitment

To facilitate the Offer, the Company has appointed SB Capital Investment Corporation as the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, to engage in underwriting and distribution of the Offer Shares. The Company and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall enter into an Underwriting Agreement to be dated on or about [●] (the "Underwriting Agreement"), whereby the Underwriter agrees to underwrite the Offer on a firm commitment basis.

The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner will underwrite, on a firm commitment basis, the Firm Shares.

There is no arrangement for the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner to return any of the Offer Shares relating to the Trading Participants and Retail Offer or the Institutional Offer to the Company or the Selling Shareholders.

The Sole Issue Manager, Lead Underwriter, and Sole Bookrunner is authorized to organize a syndicate of underwriters, soliciting dealers and/or lead selling agents for the purpose of the Offer. In connection with the foregoing, the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner may enter into agreements, participation agreements, or like agreements with other co-lead managers and managers and/or lead selling agents, as necessary. There is nothing in such agreements that allow the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner to return to the Company any unsold Institutional Offer Shares and Trading Participants and Retail Offer Shares.

The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall receive from the Company a fee equivalent to [3.16]% of the gross proceeds of the Offer, inclusive of the amounts to be paid to the PSE Trading Participants. The underwriting fees shall be withheld by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner from the proceeds of the Offer. PSE Trading Participants who take up Offer Shares shall be entitled to a selling fee of 1% of the Offer Shares taken up and purchased by the relevant PSE Trading Participant. The selling fee, less a withholding tax of 10%, will be paid by the Company to the PSE Trading Participants within ten (10) Banking Days of the Listing Date.

PSE Trading Participants who take up Trading Participants Offer Shares shall be entitled to a selling fee of 1.00%, inclusive of VAT, of the Trading Participants Offer Shares taken up and purchased by the relevant PSE Trading Participant. The selling fee, less a withholding tax of 15%, will be paid by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner to the PSE Trading Participants within ten banking days from the Listing Date.

All of the Trading Participants and Retail Offer Shares are or shall be lodged with the PDTC and shall be issued to the PSE Trading Participants and LSIs in scripless form. Purchasers of the Trading Participants and Retail Offer Shares may maintain the Trading Participants and Retail Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Trading Participants and Retail Offer Shares from the PDTC's electronic system after the Listing Date.

THE SOLE ISSUE MANAGER, LEAD UNDERWRITER, AND SOLE BOOKRUNNER

SB Capital Investment Corporation

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of September 30, 2022, its total assets amounted to ₱1,601,493,849.00 and its capital base amounted to ₱391,608,552.00. It has an authorized capital stock of ₱1,000,000,000 of which approximately ₱1,000,000,000 represents its paid-up capital. SB Capital provides a wide range of investment banking services including underwriting of debt and equity securities, project finance, financial advisory, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues.

The Sole Issue Manager, Lead Underwriter and Sole Bookrunner and its affiliates may have engaged in transactions with, and have performed various investment banking, commercial banking and other services for the Company and its affiliates in the past, and may do so for the Company and its affiliates from time to time in the future. However, all services provided by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, including in connection with the Offer, have been provided as an independent contractor and not as a fiduciary to the Company. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner does not have any right to designate or nominate a member of the Board. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner has no direct relationship with the Company in terms of share ownership and, other than as Sole Issue Manager, Lead Underwriter and Sole Bookrunner for the Offer, does not have any material relationship with the Company.

THE INSTITUTIONAL OFFER

Approximately 70% of the Firm Shares, or [252,000,000] Offer Shares, will be offered for subscription or purchase to certain QIBs and the general public in the Philippines by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner.

The allocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer is subject to further adjustment as may be agreed upon between the Company and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be re-allocated to the Trading Participants and Retail Offer. In the event of an under-application in the Trading Participants and Retail Offer, the Offer Shares in the Trading Participants and LSIs may be re-allocated to the Institutional Offer. The re-allocation shall not apply in the event of an over-application or under-application in both the Institutional Offer and the Trading Participants and Retail Offer.

TRADING PARTICIPANTS AND RETAIL OFFER

Pursuant to the rules of the PSE, the Company will make available up to [72,000,000] Offer Shares comprising 20% of the Firm Shares for distribution to PSE Trading Participants. The total number of Offer Shares allocated to the PSE Trading Participants will be distributed following the procedures indicated in the implementing guidelines for the Offer Shares to be announced in the PSE EDGE by the PSE. Each PSE Trading Participant will be allocated a total of [870,000] Offer Shares. The balance of [120,000] Offer Shares will be allocated by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner among the PSE Trading Participants.

PSE Trading Participants who take up the Offer Shares shall be entitled to a selling fee of [1.0]% of the Offer Shares taken up and purchased by the relevant trading participant. The selling fee, less a withholding tax of 15%, will be paid to the PSE Trading Participants within ten (10) Banking Days after the Listing Date.

The balance of the Offer Shares allocated but not taken up by the PSE Trading Participants will be distributed by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner to its clients or to the general public.

A total of up to [36,000,000] Offer Shares, or 10% of the Firm Shares, shall be made available to Local Small Investors. Local Small Investors is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed ₱[100,000]. In the case of the Offer, the minimum subscription of LSIs shall be [●] shares or up to [●], while the maximum subscription shall be [●] or up to [●]. There will be no discount on the Offer Price. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner shall allocate the Offer Shares by ensuring equitable distribution by satisfying first the applications of investors with the smallest orders.

The balance of the Offer Shares allocated but not taken up by the Local Small Investors will be distributed by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner to its clients or to the general public.

Firm Shares not taken up by the QIBs, the PSE Trading Participants, the LSIs, the general public and the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner's clients shall be purchased by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner on a firm commitment basis pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement shall limit the rights of the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner from purchasing the Offer Shares for its own account.

Subscription Procedures

On or before [●] the PSE Trading Participants shall submit to the Receiving Agent their respective firm orders and commitments to purchase Offer Shares. On or before [●], the PSE Trading Participants shall submit their applications to purchase the Offer Shares evidenced by a duly accomplished and completed application form, together with the applicable supporting documents and payment. Firm Shares not taken up by the PSE Trading Participants will be distributed by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner directly to its clients and the general public and whatever remains will be purchased by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner.

LSI Subscription through PSE EASy

A total of up to [36,000,000] Firm Shares, or 10% of the Firm Shares, shall be made available nationwide to LSIs through the PSE Electronic Allocation System or "PSE EASy." An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed ₱[●] In the case of this Offer, the minimum subscription of LSIs shall be [●] Offer Shares or ₱[●], while the maximum subscription shall be [●] Offer Shares or up to ₱[●]. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall prioritize subscriptions of LSIs with amounts lower than the maximum subscription.

All Firm Shares not taken up by the QIBs, the PSE Trading Participants, the LSIs, the general public and Sole Issue Manager, Lead Underwriter, and Sole Bookrunner's clients shall be purchased by the Sole Issue Manager, Lead Underwriter, and Sole Bookrunner on a firm commitment basis pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement shall limit the right of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner from purchasing the Offer Shares for its own account.

Lodgment of Shares

All of the Offer Shares are or shall be lodged with the PDTC and shall be issued to the PSE Trading Participants and LSIs in scripless form. They may maintain the Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system after the Listing Date.

THE OVER-ALLOTMENT OPTION

In connection with the Offer, subject to the approval of the SEC, the Selling Shareholders have granted the Stabilizing Agent an Over-allotment Option, exercisable in whole or in part to purchase up to an additional [36,000,000] Option Shares at the Offer Price and on the same terms and conditions as the Firm Shares, as set forth herein, from time to time for a period which shall not exceed thirty (30) calendar days from and including the Listing Date. In connection therewith, the Selling Shareholders have entered into a Greenshoe Agreement with the Stabilizing Agent to utilize up to an additional

[36,000,000] Option Shares to cover over-allocations under the Institutional Offer.

Any Shares that may be delivered to the Stabilizing Agent under the Greenshoe Agreement will be re-delivered to the Selling Shareholders either through the purchase of Shares in the open market by the Stabilizing Agent in the conduct of stabilization activities or through the exercise of the Over-allotment Option by the Stabilizing Agent. The Option Shares may be over-allotted and the Stabilizing Agent may effect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than thirty (30) calendar days from and including the Listing Date. The Stabilizing Agent may purchase Shares in the open market only if the market price of the Shares falls below the Offer Price. The initial stabilization action shall be at a price below the Offer Price. After the initial stabilization action, (i) if there has not been an independent trade (i.e., a trade made by a person other than the Stabilizing Agent for itself or on behalf of its clients) in the market at a higher price than the initial stabilization trade, the subsequent trade shall be below the initial stabilization price, or (ii) if there has been an independent trade in the market at a higher price than the initial stabilization trade, the subsequent trade shall be at the lower of the stabilizing action price or the independent trade price.

Such activities may stabilize, maintain or otherwise affect the market price of the Common Shares, which may have the effect of preventing a decline in the market price of the Common Shares and may also cause the price of the Common Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions (which would include thereafter disposing of or selling the Common Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Common Shares will not decline significantly after any such stabilizing activities end.

Once the Over-allotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Shares in the open market for the conduct of stabilization activities and the Stabilizing Agent will remit the proceeds from the exercise of the Over-allotment Option to the Selling Shareholders. To the extent the Over-allotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders and shall remain part of the issued and outstanding shares of the Company.

SELLING RESTRICTIONS

The distribution of this Prospectus or any offering material and the offer, sale or delivery of the Offer Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Prospectus or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

No securities, except for a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the SEC on Form 12-1 and the registration statement has been declared effective by the SEC.

REGULATORY COMPLIANCE

The Company holds various permits and licenses for permits for the opening and continued operations of its real estate business. These material permits include but are not limited to, the following:

- Certificate of Incorporation issued by the SEC together with the Certificate of Filing Amended Articles of Incorporation.
- Business permits issued by local government units.
- DHSUD/HLURB Certifications
- License to Sell
- Environmental Compliance Certificates

The following table is a summary of the material permits and licenses of the Company:

General Permits

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	SEC	CS201409614	5 / 21 / 2014	Perpetual
Certificate of Registration	BIR	9RC0000413054	8 / 11 /2014	Perpetual
Business Permit (2023)	BPLO - Municipal	2023-0004010	1 / 18 /2023	Quarterly
Employer Data Form	HDMF	2051-6358-0007	10 / 17 /2014	Perpetual
Certificate of Registration	Social Security System	03-94773339-9	9 / 1 /2014	Perpetual
Certificate of Registration	Philippine Health Insurance Corporation	00-101000328-3	10 / 14 /2014	Perpetual
Business Permit (2023)	BPLO - City	23-00090	01 / 04 / 2023	Perpetual

Material Permits and Licenses for the Real Estate Business

Development Permits

Company	Branch	Project	Issue Date
Ovialand Incorporated	San Pablo City, Laguna	SAVANA	03/11/2021
Ovialand Incorporated	San Pablo City, Laguna	SANNERA PHASE 1 (Formerly Terraza de San Pablo)	03/27/2017
Ovialand Incorporated	San Pablo City, Laguna	SANNERA SAN PABLO PHASE 2	03/14/2019
Ovialand Incorporated	San Pablo City, Laguna	SANNERA SAN PABLO PHASE 2	06/20/2019
Ovialand Incorporated	Candelaria, Quezon	CALIYA CANDELARIA	12/16/2019

Ovialand Incorporated	San Pablo City, Laguna	SANTEVI	01/04/2022

HLURB Certifications

Company	Branch	Project	Issue Date
Ovialand Incorporated	Calamba City, Laguna	SANNERA SAN PABLO PHASE 1	10/09/2017
Ovialand Incorporated	Calamba City, Laguna	SANNERA SAN PABLO PHASE 2	09/13/2019
Ovialand Incorporated	Calamba City, Laguna	CALIYA CANDELARIA	11/04/2020
Ovialand Incorporated	Calamba City, Laguna	SAVANA - PD957	10/20/2021
Ovialand Incorporated	Calamba City, Laguna	SAVANA - BP220	10/20/2021
Ovialand Incorporated	Calamba City, Laguna	SANTEVI	09/30/2022

License to Sell

Company	Branch	Project	LTS #	Issue Date
Ovialand Incorporated	Calamba City, Laguna	SANNERA SAN PABLO PHASE 1	032250	09/29/2017
Ovialand Incorporated	Calamba City, Laguna	SANNERA SAN PABLO PHASE 2	034916	09/03/2019
Ovialand Incorporated	Calamba City, Laguna	CALIYA CANDELARIA	180	09/28/2020
Ovialand Incorporated	Calamba City, Laguna	SAVANA - PD957	554	10/20/2021
Ovialand Incorporated	Calamba City, Laguna	SAVANA - BP220	555	0/20/2021
Ovialand Incorporated	Calamba City, Laguna	SANTEVI	849	09/30/2022

MATERIAL CONTRACTS

It has been the policy of the Company to confine its contracts only to those pertaining to the normal course of its business. Hence, the following are the contracts being entered into by the Company in the ordinary course of its business:

- Contracts with suppliers of construction materials for the Company's projects;
- Contract to Sell with its buyers;
- Deeds of Absolute Sale of housing units with its buyers; and
- Collateralized Lines of Credit and Term Loan Agreements with Banks as additional funding to the Company's development costs

The company has also entered into Joint Venture Agreements and Memorandums of Agreement with the following:

Parties	Date of Execution	Purpose of the Contract
1. Joint Venture Agreement with Januarius Holdings, Inc.	December 18, 2018	Development of parcels of land located in San Pablo, Laguna into a subdivision
2. Joint Venture Agreement with Januarius Realty and Development Corporation	December 18, 2018	Development of parcels of land located in San Pablo, Laguna into a subdivision
3. Joint Venture Agreement with El Coco Grande Realty and Development Corp.	May 3, 2019	Development of parcels of land located in Candelaria, Quezon into a subdivision
4. Memorandum of Agreement with Kyushu Yaesu Co. Ltd., Ambitious Urban Development Philippines Inc., Malate Construction and Development Corporation	August 2019	Provision of KY Group (composed of Kyushu Yaesu Co. Ltd. and Ambitious Urban Development Philippines Inc.) of consultancy services to MCDC Group (composed of Ovialand Inc. and Malate Construction and Development Corporation) for the development project called Ovia Candelaria Phase 1 and 2 located in Candelaria, Quezon
5. Memorandum of Agreement with El Coco Grande Realty and Development Corp.	November 17, 2021	Investment of El Coco Grande Realty and Development Corp. for the purpose of financing Ovialand's development project Savana located in San Pablo, Laguna
6. Memorandum of Agreement with Kyushu Yaesu Co. Ltd., Ambitious Urban Development Philippines Inc., Malate Construction and Development Corporation	August 2021	Investment of the KY Group (composed of Kyushu Yaesu Co. Ltd. and Ambitious Urban Development Philippines Inc.) for the purpose of financing the development project Santevi located in San Pablo, Laguna
7. Joint Venture Agreement with Januarius Holdings, Inc.	August 12, 2022	Development of parcels of land located in Baliuag, Bulacan into a subdivision

The Company has not entered into the following contracts within the last two years from the date of this Prospectus, to wit:

- Any contract to which the directors, officers, promoters voting trustees, security holders named in the registration statement or report, or underwriters are parties, other than contracts involving only the purchase or sale of current assets having a determinable market price, such as market price;
- Any contract upon which the Company's business is substantially dependent, as in the case of continuing contracts

to sell the major part of registrant's requirements of goods, services or raw materials or any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which Company's business depends to a material extent;

- Any contract calling for the acquisition or sale of any property, plant or equipment for a consideration exceeding fifteen percent (15%) of such fixed assets of the Company on a consolidated basis;
- Any material lease under which a part of the property described in the registration statement or report is held by the Company;
- Any management contract or any compensatory plan, agreement or arrangement, including but not limited to plans relating to options, warrants or rights, pensions, retirement or deferred compensation or bonus, incentive or profit sharing in which any director or any of the named executive officers of the Company is a party to.

REGULATORY AND ENVIRONMENTAL MATTERS

The following description is a summary of certain sector specific laws and regulations in the Philippines which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws and regulations.

GENERAL BUSINESS REGULATORY FRAMEWORK

Revised Corporation Code

Republic Act No. 11232, also known as the Revised Corporation Code (the "**Revised Corporation Code**"), was signed into law on February 20, 2019 and took effect on February 23, 2019. Among the salient features of the Revised Corporation Code are:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Revised Corporation Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

- A corporation vested with public interest must submit to its shareholders and to the Philippine SEC an annual report of the total compensation of each of its directors or trustees, and a director or trustee appraisal or performance report and the standards or criteria used to assess each director, or trustee.

- Corporations vested with public interest must have at least 20.0% independent directors in the Board, in accordance with the Securities and Regulation Code.

- The Revised Corporation Code allows the creation of a "One Person Corporation". However, it expressly prohibits public and publicly-listed companies, among others, from being incorporated as such. This restriction also applies with respect to incorporations as a Close Corporation.

- Material contracts between corporations vested with public interests and their own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option.

- As to the filing of the by-laws and any amendments made to the by-laws of any corporation governed by special laws, the Revised Corporation Code requires that a prior certificate of the appropriate government agency to the effect that such bylaws or amendments are in accordance with law, must be submitted.

- A favorable recommendation by the appropriate government agency is likewise required for corporations governed by special laws, before the Philippine SEC approves any merger or consolidation; or any voluntary dissolution.

- In case of transfer of shares of listed companies, the Philippine SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Philippine SEC.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

Bayanihan Laws

In the midst of the COVID-19 pandemic, Congress enacted Republic Act No. 11469 or the *Bayanihan* to Heal as One Act ("***Bayanihan* I**"), which took effect on March 25, 2020, and which granted President Duterte the power to provide for a minimum of thirty (30)-days grace period on the payment of residential rents falling due during the ECQ. In relation thereto, the Department of Trade and Industry ("**DTI**") issued Memorandum Circular No. 20-12, which provided that residential rents and commercial rents for Micro, Small and medium Enterprises ("**MSMEs**") that have stopped operating during the ECQ shall be entitled to the said grace period. The cumulative amount of rental fees due during this period shall be spread out or equally amortized in the six (6) months following the end of the ECQ and shall be added to the rent due on these succeeding months, without penalties, interest, fees, and charges.

The *Bayanihan* to Heal as One Act also provided the President the power to direct financial institutions, including the HDMF, to implement a grace period for the payment of housing loans, among others. The implementing rules provide that the mandatory grace period should be at least thirty (30) days, which is automatically extended if the ECQ period is extended.

On September 11, 2020, the President Duterte signed into law the *Bayanihan* to Recover as One Act, which is also known as "***Bayanihan* II**", which extends the emergency powers of the President granted by its predecessor, *Bayanihan* I, which lapsed on June 25, 2020. *Bayanihan* II aims to reduce the adverse impact of COVID-19 on the socioeconomic well-being of Filipinos and struggling businesses by providing assistance and other forms of socioeconomic and regulatory relief.

Section 4 of the *Bayanihan* II authorizes the President to exercise powers necessary and proper to undertake and implement the following recovery measures (among others): (a) direct banks, financing companies, lending companies, real estate developers, entities providing in-house financing, other financial institutions, private or public, among others, to implement a one-time sixty (60)-day grace period for the payment of all existing, current and outstanding loans falling due or any part thereof, on or before December 31, 2020; (b) direct institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum of 30-day grace period for the payment of utilities falling due within the period of ECQ, MECQ, without incurring interests, penalties, and other charges; (c) grant a minimum of 30-day grace period on residential rents and commercial rents of lessees not permitted to work, and MSMEs and cooperatives ordered to temporarily cease operations within the period of the community quarantine, without incurring interests, penalties, fees and other charges; and (d) prohibit increasing rents during this period.

Foreign Investments Act of 1991

The Foreign Investments Act provides that certain activities are nationalized or partly nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

On May 20, 2013, the Philippine SEC issued Memorandum Circular No. 8, Series of 2013, which provided the Guidelines on compliance with the Filipino-Foreign ownership requirements under the Philippine Constitution and other existing laws by corporations engaged in nationalized or partly nationalized activities. The Guidelines provide that for purposes of determining compliance with the foreign equity restrictions in nationalized corporations, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. The continuing validity of this Memorandum Circular was affirmed by the Supreme Court in the 2016 case of *Jose M. Roy v. Teresita Herbosa, et. al* (G.R. No. 207246, November 22, 2016).

For the purpose of complying with nationality laws, the term "**Philippine National**" is defined under the Foreign Investments Act as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly owned by citizens of the Philippines;
- a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding

and entitled to vote is owned and held by citizens of the Philippines;

- a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code of the Philippines, of which 100.0% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or

- a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60.0% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60.0% of the total shares outstanding and voting, the corporation shall be considered as a 100.0% Filipino-owned corporation. A corporation with more than 40.0% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

Data Privacy Act of 2012

Republic Act No. 10173, otherwise known as the Data Privacy Act (the "**Data Privacy Act**"), protects all forms of information, be it private, personal, or sensitive. It applies to any natural or juridical persons involved in processing of information (which refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of data), whether in the government or private sector, and whether in or outside the Philippines.

The law defines "personal information" as any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual. On the other hand, sensitive personal information refers to personal information:

(a) About an individual's race, ethnic origin, marital status, age, colour, and religious, philosophical or political affiliations;

(b) About an individual's health, education, genetic or sexual life or a person, or to any proceeding for any offence committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;

(c) Issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licenses or its denials, suspension or revocation, and tax returns; and

(d) Specifically established by an executive order or an act of the Philippine Congress to be kept classified.

In general, the processing of sensitive personal information and privileged information is prohibited except where: (1) the data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing; (2) the processing is provided for by existing laws and regulations; (3) the processing is necessary to protect the life and health of the data subject or another person, and the data subject is not able to give consent; (4) the processing is carried out for limited non-commercial purposes by public organizations and their associations; (5) the processing is necessary for purposes of medical treatment, is carried out by a medical practitioner or a medical treatment institution, and an adequate level of protection of personal information is ensured; or (6) the processing is necessary for court proceedings or legal claims, or is provided to the government or a public authority.

Under the Data Privacy Act, the appointment of a Data Protection Officer ("**DPO**") is a legal requirement for all personal information controllers ("**PICs**") and personal information processors ("**PIPs**"). The DPO is accountable for ensuring the Company's compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject.

The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

REGULATIONS RELATING TO THE REAL ESTATE BUSINESS

Land Ownership Regulations

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of owning land in the Philippines. Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60 percent of whose capital is owned by such citizens.

Real Estate Development in the Philippines

Presidential Decree No. 957, otherwise known as the Subdivision and Condominium Buyers Protective Decree ("**P.D. 957**"), and Batas Pambansa Blg. 220, as amended, are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision.

P.D. 957 and B.P. 220 cover subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes, and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which, together with local government units ("**LGUs**"), enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are subject to approval by the pertinent LGU of the area in which the project is situated. The development of subdivision and condominium projects can commence only after the LGU has issued the development permit.

The issuance of a development permit is dependent on, among others (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project, and (ii) issuance of the barangay clearance, the HLURB locational clearance, DENR permits, and DAR, as applicable, conversion or exemption orders as discussed below.

Further, all subdivision plans and condominium project plans are required to be filed with and approved by the HLURB. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the HLURB and the written conformity or consent of the duly organized homeowners' association, or in the absence of the latter, by the majority of the lot buyers in the subdivision. Owners of, or dealers in, real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Dealers, brokers and salesmen are also required to register with the HLURB. Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB by itself or upon complaint from an interested party for reasons such as insolvency or violation of any of the provisions of P.D. 957. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the HLURB. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance by the owner or dealer with the applicable laws and regulations.

Subdivision Projects

There are essentially two different types of residential subdivision developments, which are distinguished by different development standards issued by the HLURB. The first type of subdivision, aimed at low-cost housing, must comply with B.P. 220, which allows for a higher density of building and relaxes some construction standards. Other subdivisions must comply with P.D. 957, which sets out standards for lower density developments. Both types of development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction.

Under current regulations, a developer of a residential subdivision with an area of one hectare or more and covered by P.D. 957 is required to reserve at least 30% of the gross land area of such subdivision, which shall be non-saleable, for open space for common uses, which include roads and recreational facilities. A developer of a subdivision is required to reserve at least 3.5% of the gross project area for parks and playgrounds.

Republic Act No. 7279, otherwise known as the Urban Development and Housing Act, as amended, further requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the HLURB and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 15% of the total area of the main subdivision project or allocate and invest an amount equal to 15% of the main subdivision total project cost, which shall include the cost of the land and its development as well as the cost of housing structures therein, in development of a new settlement through purchase of socialized housing bonds, slum upgrading, participation in a community mortgage program, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance.

Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects are eligible for government incentives subject to certain policies and guidelines.

Department of Human Settlements and Urban Development Act

Republic Act No. 11201, otherwise known as "Department of Human Settlements and Urban Development Act" was signed by the President on February 14, 2019. The Implementing Rules and Regulations of the Act was approved on July 19, 2019. This Act created the Department of Human Settlements and Urban Development ("**DHSUD**") through the consolidation of the Housing and Urban Development Coordinating Council ("**HUDCC**") and the Housing and Land Use Regulatory Board ("**HLURB**"), simultaneously with the reconstitution of HLURB into Human Settlement Adjudication Commission ("**HSAC**"). The functions of the HUDCC and the planning and regulatory functions of HLURB shall be transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB.

The DHSUD shall:

1. Act as the primary national government entity responsible for the management of housing, human settlement and urban development;

2. Be the sole and main planning and policy-making, regulatory, program, coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to an affordability of basic human needs. The following functions of HLURB are transferred to DHSUD:

    a. The land use planning and monitoring function, including the imposition of penalties for noncompliance to ensure that LGUs will follow the planning guidelines and implement their CLUPs and ZOs;
    b. The regulatory function, including the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivisions, condominiums and similar real estate developments, and imposition of fines and other administrative sanctions for violations, pursuant to PD 957, as amended, BP 220 and other related laws; and
    c. The registration, regulation and supervision of Homeowners Associations, including the imposition of fines for violations, pursuant to RA 9904, Section 26 of RA 8763 in relation to Executive Order No. (EO) 535, series of 1979, and other related laws; and
    d. The adjudicatory mandate of the HLURB.

3. Develop and adopt a national strategy to immediately address the provision of adequate and affordable housing to all Filipinos, and ensure the alignment of the policies, programs, and projects of all its attached agencies to facilitate the achievement of this objective.

All existing policies, and rules and regulations of the HUDCC and the HLURB shall continue to remain in full force and effect unless subsequently revoked, modified or amended by the DHSUD or the HSAC, as the case may be.

All applications for permits, licenses and other issuances pending upon the effectivity of the Act and filed during the transition period shall continue to be acted upon by the incumbents until transition shall have been completed.
cases and appeals pending with the HLURB shall continue to be acted upon by the HLURB Arbiters and the Board of Commissioners, respectively, until transition shall have been completed and the Commission's operations are in place. Thereafter, the Regional Adjudicators and the Commission shall correspondingly assume jurisdiction over those cases and appeals. All decisions of the Commission shall thenceforth be appealable to the Court of Appeals under Rule 43 of the Rules of Court.

The transition period shall commence upon the effectivity of the Implementing Rules and Regulations and shall end on December 31, 2019. Thereafter, the Act shall be in full force and effect.

Real Estate Sales on Installments

The provisions of the Maceda Law apply to all transactions or contracts involving the sale or financing of real estate on instalment payments (including residential condominium units but excluding industrial lots and commercial buildings and sales to tenants under RA 3844). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of instalments, the buyer is entitled to the following rights in case of a default in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of instalment payments made. However, this right may be exercised by the buyer only once every five (5) years during the term of the contract and its extensions, if any.

- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five (5) years of instalments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments). However, the actual cancellation of the contract shall take place after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two (2) years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Local Government Code

Republic Act No. 7160, as amended, otherwise known as the Local Government Code establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The Local Government Code general welfare clause states that every LGU shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the Sangguniang Panlalawigan (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Anti-Money Laundering Act

On January 29, 2021, Republic Act No. 11521 was enacted, amending certain provisions of Republic Act No. 9150, otherwise known as the Anti-Money Laundering Act ("**AMLA**"). The necessary changes were likewise incorporated in the 2018 Implementing Rules and Regulations through the Anti-Money Laundering Council's ("**AMLC**") Regulatory Issuance A, B, and C No.1 Series of 2021, which took effect on January 31, 2021. In particular, Republic Act No. 11521 revised the list of "Covered Persons" under the AMLA to include real estate brokers and developers. As such, real estate brokers and developers are now required to submit a covered transaction report involving any single cash transaction exceeding ₱7,500,000.00 or its equivalent in any other currency.

Further, Republic Act No. 11521 provides the following suspicious transactions with Covered Persons, regardless of the amounts involved, where any of the following circumstances exist:

1. There is no underlying legal or trade obligation, purpose or economic justification;
2. The client is not properly identified;
3. The amount involved is not commensurate with the business or financial capacity of the client;
4. Taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the Act;
5. Any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered person;
6. The transaction is in any way related to an unlawful activity or offense under this Act that is about to be, is being or has been committed; or
7. Any transaction that is similar or analogous to any of the foregoing.

Under the AMLA, Covered Persons shall subject covered transaction and suspicious transaction reports to the AMLC, and shall identify and record the true identity of their customers, whether permanent or occasional, and whether natural or juridical persons, or legal arrangements based on official documents. To comply with this, such Covered Persons are obligated to implement appropriate systems of collecting and recording identification information and identification documents, and shall implement and maintain a system of verifying the true identity of their clients, including validating the truthfulness of the information and confirming the authenticity of the identification documents presented, submitted, and provided by the customer, using reliable and independent sources, documents, data, or information. All records of transactions and records of closed accounts are required to be maintained and stored for five years from the date of a transaction or after their closure, respectively.

ZONING AND LAND USE

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

PHILIPPINE FINANCIAL REPORTING STANDARDS

On August 15, 2017, the Commission approved the adoption of the Philippine Financial Reporting Standards (PFRS) No. 15, *Revenue from Contracts with Customers*, effective for annual reporting periods beginning on or after January 1, 2018, as part of its financial reporting rules. PFRS No. 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On January 31, 2018 and June 27, 2018, respectively, the Philippine Interpretation Committee (PIC) issued PIC Q&A 2018-12-H, *Accounting for Common Usage Area Service (CUSA) Charges,* and PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales*.

PIC Q&A 2018-12-H (Accounting for Common Usage Area Service (CUSA) Charges) discussed whether the real estate developer acts as a principal or customer in goods and services that it delivers based on contract of lease with the tenants. Based on the contract of lease, the real estate developer bills and charges the tenant for electricity, water, air conditioning, and common use service area (CUSA) expenses every month. The real estate developer may shut off all utilities to the premises occupied by the tenant/customer at any time if they have failed to pay the outstanding bills due to the real estate developer.

If a contract with a customer includes more than one specified good or service, an entity could be a principal for some specified goods or services and an agent for others. In this case, the real estate developer, being the assigned administrator of the building, is the agent who coordinates with utility companies to ensure that tenants have access to utilities. For common use service area (CUSA) expenses and air conditioning charges, the real estate developer is the principal and the party responsible to provide the necessary services to the CUSA and to provide proper ventilation and air conditioning to the leased premises.

On the other hand, PIC Q&A 2018-14 (Accounting for Cancellation of Real Estate Sales) discussed two (2) approaches as to how real estate developers should account for the sales cancellation and repossession of the property. The first approach recognizes the repossessed property at its fair value less cost to repossess. The second approach recognizes the repossessed property at its fair value plus repossession cost.

In a meeting held by the Securities and Exchange Commission *en banc* on February 7, 2019, the Committee decided to provide relief to the real estate industry by deferring the application of the provisions of PIC Q&A Nos. 2018-12 (H) and 2018-14 for a period of three (3) years.

During this period of deferral, land will be allowed to be included in the percentage of completion (POC) calculation only at historical acquisition cost. Uninstalled materials shall be included in the calculation of the POC based on the proportionate work accomplishment of significant building components procured which are specifically and directly identifiable to the project, as long as covered by contracts, purchase orders and partially paid for.

A real estate company may opt not to avail of any of the relief provided above and instead comply in full with the requirements of PIC Q&A Nos. 2018-12-H and 2018-14. Real estate companies which opted for the deferral shall be required to disclose in the Notes to the Financial Statements the accounting policies applied, a discussion of the deferral of the subject implementation issues in the PIC Q&A and a qualitative discussion of the impact in the financial statements had the concerned application guideline in the PIC Q&A been adopted. The above relief shall form part of the PFRS for the purpose of preparing and filing general-purpose financial statements with the Commission.

Effective January 1, 2021, real estate companies will adopt the subject pronouncements and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

LABOUR AND EMPLOYMENT

Labour Code of the Philippines

The Department of Labour and Employment ("**DOLE"**) is the Government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the executive branch of the Government in the field of labour and employment. The DOLE has exclusive authority in the administration and enforcement of labour and employment laws such as the Labor Code of the Philippines (the "**Labor Code**") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

On 15 March 2017, Department Order No. 174 (2017) ("**D.O. 174"**) was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labour Code. It has reiterated the policy that labour-only contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, information technology infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services and back office operations or support.

Occupational Safety and Health Standards Law

On 17 August 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law (the "**OSHS Law**") was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires employers, contractors or subcontractors to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimise the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who wilfully fails or refuses to comply with the OSHS Law shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth and HDMF

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 11199, otherwise known as the Social Security Act of 2018, to ensure coverage of employees following procedures set out by the law and the Social Security System ("**SSS**"). Under the said law, social security coverage is compulsory for all employees not over 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrolment of its employees in a National Health Programme administered by the Philippine Health Insurance Corporation, a Government corporation attached to the Department of Health ("**DOH"**) tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is an employer-employee relationship.

Under Republic Act No. 9679 or the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security System must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings programme as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the HDMF the respective contributions of the employees under the prescribed schedule.

Labour Code Provision on Retirement Pay

The Labour Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year.

For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days salary based on the latest salary rate; in addition, 1/12 of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

DOLE Mandated Work-Related Programmes

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention programme implemented by the DOLE must be adopted by private companies with ten or more employees. For this purpose, employers must adopt and establish company policies and programmes against drug use in the workplace in close consultation and coordination with the DOLE, labour and employer organisations, human resource development managers and other such private sector organisations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programmes for the private sector.

The employer or the head of the work-related, educational or training environment or institution also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding this, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalised by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, the Philippines AIDS Prevention and Control Act and its implementing rules and regulations require all private workplaces to have a policy on HIV and AIDS and to implement a workplace programs in accordance with Republic Act No. 8504, otherwise known as the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel.

All private workplaces are also required to establish policies and programmes on solo parenting, Hepatitis B, and tuberculosis prevention and control.

ENVIRONMENTAL LAWS

The operations of the businesses of the Company are subject to various laws, rules and regulations that have been promulgated for the protection of the environment.

Philippine Environmental Impact Statement System

The Philippine Environmental Impact Statement System ("**EISS Law**") established under Presidential Decree No. 1586, which is implemented by the DENR, is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an Environmental Compliance Certificate ("**ECC**").

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an Environmental Impact Statement ("**EIS**") which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise. An ECC is a Government certification that, among others: (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan ("**EMP**") in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimize negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents are also required to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. The EMF is to support the activities of the team monitoring the project proponent's compliance with ECC conditions, EMP and applicable laws, rules and regulations.

The Clean Water Act

Republic Act No. 9275, otherwise known as the Clean Water Act and its Implementing Rules and Regulations (the "**Clean Water Act and its IRR**"), provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act and its IRR require owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time. The discharge permit specifies the quantity and quality of effluents that the holder of the permit is allowed to discharge as well as the validity of the permit. The discharge permit is valid for a maximum period of five years from the date of its issuance, renewable for five-year periods thereafter. The Department may, however, renew the discharge permit and keep it valid for a longer period if the applicant has adopted waste minimization and waste treatment technologies, consistent with incentives currently provided, and has been paying the permit fees on time. The DENR, together with other Government agencies and the different local Government units, is tasked with implementing the Clean Water Act and its IRR, and with identifying existing sources of water pollutants, as well as strictly monitoring pollution sources which are not in compliance with the effluent standards provided in the law.

The Water Code

Presidential Decree No. 1067, or The Water Code of the Philippines (the "**Water Code**") requires a water permit for the appropriation or use of natural bodies of water. Use or appropriation of water includes, among others, the utilization of water in factories, industrial plants and mines, including the use of water as an ingredient of a finished product. Appropriation of water without a water permit, when one is required, is subject to the imposition of the corresponding penalties imposed by the Water Code and its implementing rules and regulations.

The Clean Air Act

Pursuant to Republic Act No. 8749 or the Clean Air Act of 1999 and its Implementing Rules and Regulations (the "**Clean Air Act and its IRR**"), enterprises that operate or utilize air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. Said permit shall cover emission limitations for the regulated air pollutants to help maintain and attain the ambient air quality standards. A permit duly issued shall be valid for the period specified therein but not beyond one year from the date of issuance unless sooner suspended or revoked. It may be renewed by filing an application for renewal at least thirty days before the expiration date and upon payment of the required fees and compliance with requirements. The issuance of the permit does not, however, relieve the permittee from complying with the requirements of the Clean Air Act and its IRR.

Other Environmental Laws

Other regulatory environmental laws and regulations applicable to the businesses of the Company include the following:

- Republic Act No. 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substances and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry as well as transit into the Philippines, or the keeping or storage and disposal of hazardous wastes which include by-products, side-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. Under this law, before any new chemical substance or mixture can be manufactured, processed or imported for the first time, the manufacturer, processor, or importer shall first submit information pertaining to the: (i) name of chemical substance or mixture; (ii) its chemical identity and molecular structure; (iii) proposed categories of use; (iv) estimate of the amount to be manufactured, processed or imported; (v) processing and disposal thereof; and (vi) any test date related to health and environmental effects which the manufacturer, processor or importer has. The said law is implemented by the DENR.

- Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000, which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.

PROPERTY REGISTRATION AND NATIONALITY RESTRICTIONS

The Philippines has adopted a system of land registration which conclusively confirms land ownership, which is binding on all persons, including the Government. Once registered, becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication and service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title ("**OCT**"). The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR by issuance of a patent and the patent becomes the basis for issuance of the OCT by the Register of Deeds. All land patents such as homestead, sales and free patents, must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the RD for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land, if filed or entered in the office of the RD for the province or city where the land to which it relates lies, shall be constructive notice to all persons from the time it is registered, filed, or entered in the records of the RD.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be registered by filing with the RD the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the RD upon the certificate of title, and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer of encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. Any mortgage existing thereon must be released within six months from the delivery of title.

NATIONALITY RESTRICTIONS

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning building and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

The Foreign Investments Act and the Ninth Regular Foreign Investment Negative List, provide that certain activities are nationalized or partly- nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly- nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

Considering the foregoing, for as long as the Company owns land in the Philippines, or continue to conduct property development in the Philippines, foreign ownership in the Company shall be limited to a maximum of 40% of the capital stock of the Company which is outstanding and entitled to vote. Accordingly, the Company shall disallow the issuance or the transfer of shares to persons other than Philippine Nationals and shall not record transfers in its books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above. Philippine National, as defined under the Foreign Investment Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and the entitlement to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

REAL PROPERTY TAXATION

Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, real property taxes are payable annually based on the property's assessed value. The assessed value of property and improvements vary depending on the location, use and the nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed at up to 80% of their fair market value; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. An additional special education fund tax of 1% of the assessed value of the property is also levied annually.

The basic real property tax and any other tax levied on real property constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses. Should the reasonableness or correctness of the amount assessed be questioned, a protest in writing may be filed with the treasurer of the local government unit, but the taxpayer must first pay the tax, and the tax receipts shall be annotated with the words "paid under protest."

GOVERNMENT PERMITS AND LICENSES

The Company believes that the Company has all the material permits and licenses which are necessary to operate their respective businesses as currently conducted, and the failure to possess any of which would have a material adverse effect to their respective businesses.

CONSTRUCTION LICENSE

A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("**PCAB**"). In applying for and granting such license, PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of the firm, and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

HOME DEVELOPMENT MUTUAL FUND

The Home Development Mutual Fund, more popularly known as the Pag-IBIG Fund, was established by virtue of Presidential Decree No. 1530 to provide a national savings program and affordable shelter financing for Filipino workers. HDMF is a mutual provident savings system for private and government employees and other earning groups, supported by matching mandatory contributions of their respective employers with housing as the primary investment. HDMF is statutorily mandated to provide financial assistance for the housing requirements of its members and allot not less than 70% of its investible funds for deployment of housing loans to qualified buyers.

On July 21, 2009, Republic Act No. 9679 or the Home Development Mutual Fund Law of 2009 further strengthened HDMF by making membership thereof mandatory for all Filipino employees including Filipinos employed by foreign-based employers, uniformed personnel and the self-employed.

Among the benefits of membership, HDMF members may avail of housing loans to finance the purchase of a fully developed lot not exceeding 1,000 square meters and to construct a residential unit thereon or to purchase a residential unit, whether old or new, with home improvement. There are two (2) modes of applying for an HDMF housing loan: (i) Retail – wherein the member applies directly to the Fund for his/her housing loan application; or (ii) Developer-Assisted – wherein the developer assists the member in his/her housing loan application.

The Developer-Assisted mode of application is in line with HDMF's objectives to fast track the government's housing program by providing an express take-out window for Pag-IBIG-accredited developers, as well as to enhance the asset quality of HDMF's mortgage loan portfolio. Through this scheme, developers deliver housing loan applications to Pag-IBIG which are secured by Contracts to Sell ("**CTS**") or Real Estate Mortgage ("**REM**") on the residential property to which the loan proceeds are applied.

BOARD OF INVESTMENTS

The Board of Investments ("**BOI**"), an agency attached to the Department of Trade and Industry, was created under the Omnibus Investment Code of 1987 (Executive Order No. 226, as amended). The BOI is responsible for promoting and assisting local and foreign investors to venture in desirable areas of business or economic activities.

Under the Omnibus Investment Code, preferred areas of activities or projects specified by the BOI in the Investment Priorities Plan ("**IPP**") enjoy tax exemption and other benefits to enterprises which venture into such projects. Generally, these incentives include the grant of income tax holiday, the duty-free importation of capital goods, exemption from wharfage dues and export tax, and other non-fiscal incentives such as the employment of foreign nationals, streamlined customs procedures, and the importation of consigned equipment.

Depending on whether the activity is classified as a pioneer or a non-pioneer project and provided the registered enterprise meets the project targets, the income tax holiday incentive may be granted for a period of 4 years to a maximum of 6 years. However, for eligible mass housing projects in the National Capital Region, Metro Cebu and Metro Davao region, the BOI limits the Income Tax Holiday incentive granted to such registered projects to three years.

Regulations on the Implementation of Community Quarantine

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 was declared as a pandemic by the World Health Organization. In light of the pandemic, the Inter-Agency Task Force for the Management of Emerging Infectious Diseases ("**IATF**") was created by virtue of Executive Order (E.O.) 168, to facilitate the Philippine government's response to the COVID-19 pandemic. Among other issuances, the IATF issues and updates the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines ("**Quarantine Guidelines**"), which provide for the implementation of measures imposing restrictions on movement and transportation of people, regulation of the operation of industries, provision of food and essential services with varying levels of restriction.

On March 13, 2020, the President Duterte imposed stringent social distancing measures in the NCR effective March 15, 2020, and on March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposing ECQ throughout the island of Luzon until April 12, 2020. Social distancing, travel restrictions, quarantine, suspension and closure of business, lockdown and other restrictive measures were later extended, re-implemented or strengthened multiple times in the Philippines in 2020 and 2021.

On September 13, 2021, the IATF issued guidelines for the pilot implementation of an alert level system in certain cities and municipalities. There will be five alert levels under the new system:

- Alert Level 1: Areas where case transmission is low and decreasing, total bed utilization rate, and intensive care unit utilization rate is low;
- Alert Level 2: Areas where case transmission is low and decreasing, healthcare utilization is low, or case counts are low but increasing, or case counts are low and decreasing but total bed utilization rate and intensive care unit utilization rate is increasing;
- Alert Level 3: Areas where case counts are high and/or increasing, with total bed utilization rate and intensive care unit utilization rate at increasing utilization;
- Alert Level 4: Areas where case counts are high and/or increasing, with total bed utilization rate and intensive care unit utilization rate at high utilization; and
- Alert Level 5: Areas where case counts are alarming, with total bed utilization rate and intensive care unit utilization rate at critical utilization.

Such issuance, which seeks to enjoin and proactively advocate the principles of the 3Cs (Closed, Crowded, and Close Contact) strategy against COVID-19 to curb the further spread of infection, shall be applied in the NCR, commencing on 16 September 2021.

The IATF, through IATF Resolution No. 157-A, series of 2022, approved the recommendations of the Sub-Technical Working Group on Data Analytics placing certain provinces, HUCs, and ICCs under their respective Alert Levels effective January 16, 2022 until January 31, 2022, including the NCR under Alert Level 3.

As of the date of this Prospectus, Metro Manila and neighboring areas have been placed under the least restrictive Alert Level 1 of the Pilot Implementation of Alert Levels System, as COVID-19 cases continue to fall. Considering the evolving nature of this outbreak, with the threat of Omicron variant from South Africa entering the country, we continue to follow the minimum health protocols imposed by the national and local government. Pursuant to Executive Order No. 07 s. 2022 entitled, "Allowing Voluntary Wearing of Facemasks in Indoor and Outdoor Settings and Reiterating the Continued Implementation of Minimum Public Health Standards during the State of Public Health Emergency Relative to the COVID-19 Pandemic, "issued by the President, the wearing of face masks in indoor and outdoor settings is now voluntary except in healthcare facilities and public transportation.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company's overall management and supervision are undertaken by the Board. Its executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning business operations, financial condition and results of operations for its review. Currently, the Board consists of nine (9) members, of which two are independent directors. All the directors named below were elected at the special meeting of the stockholders of the Company held on March 2, 2022. All directors will hold office until their successors have been duly elected and qualified.

The following table sets forth the Board of Directors of the Company:

Name	Age	Position	Citizenship
Giovanni Juzgaya Olivares	72	Chairman	Filipino
Nanette Valmores Olivares	73	Director	Filipino
Marie Leonore Fatima V. Olivares-Vital	38	Director	Filipino
Paolo Giovanni Olivares	43	Director	Filipino
Therese Marie Olivares	40	Director	Filipino
Januario Jesus Gregorio B. Atencio III	61	Director	Filipino
Gaudencio S. Hernandez, Jr.	71	Independent Director	Filipino
Victorio C. Valledor	75	Independent Director	Filipino

The following table sets forth our key executive and corporate officers ("**Senior Management**")

Name	Age	Position	Citizenship
Marie Leonore Fatima V. Olivares-Vital	38	President and Chief Executive Officer	Filipino
John Bryan A. Vital	40	Chief Financial Officer and Head of Investor Relations	Filipino
Reynaldo Abrencillo	53	Chief Operating Officer	Filipino
Jhennifer S. Amante	29	Chief Revenue Officer	Filipino
Mariz Mudlong	29	Finance Manager	Filipino
Jelane R. Malabanan	42	Client Services Manager	Filipino
Joseph S. Oabel	31	OLI-Cast Engineer Head	Filipino
Michelle M. Pua	45	Sales Manager	Filipino
Jerico M. Samaniego	41	Construction Manager	Filipino
Alex Erlito S. Fider	69	Corporate Secretary	Filipino
Graciella Marie D. Baldos-Paz	41	Asst. Corporate Secretary	Filipino

The following states the business experience of our incumbent directors and officers for the last five (5) years:

Giovanni Juzgaya Olivares, Chairman
Chairman
Filipino, 72 years old

Giovanni Juzgaya Olivares is currently the Chairman of Ovialand, Inc. He has amassed over 35 years of experience in the Philippine affordable real estate business. He began in 1986 as a contractor for various housing projects, including relocation and resettlement projects. This experience led him to realize the importance of access to shelter as a main component of nation building.

He became a real-estate developer in 1991 and has continuously launched and completed house and lot projects in the area of South Luzon. Under his leadership and direction, he has completed over 20,000 housing units as of 2019.

Currently, he chairs the following companies: Malate Construction and Development Corporation, 1802 SJ Holdings, Inc., Ecoverde Homes Corporation, and Gabriel Water Works Services Corporation. He holds a degree in B.S.

Commerce from De La Salle University.

Nanette Valmores Olivares, Director
Director
Filipino, 73 years old

Nanette Valmores Olivares is a Director of Ovialand, Inc. Concurrently, she is the President of 1802 SJ Holdings, Inc. She also held the following positions in various corporations: Vice-President – Administration of Malate Construction and Development Corporation, Owner/General Manager of Olivares Termite & Pest Control Services Inc., and VP/Administration of Constellation Manpower & Recruitment Agency, Inc.

Currently, she is a member of the Board of Trustee of Assumption College and the Ex-Officio President of Assumption Alumni Association. She holds a degree in A.B. Philippine Studies from Maryknoll College.

Marie Leonore Fatima V. Olivares-Vital
President, Director
Filipino, 38 years old

Marie Leonore Fatima O. Vital currently serves as the President of Ovialand, Inc. As the President, she is a pro-active and hands-on leader with a focus on improving the Company's products and services, and customer experience. Formerly, she served as a Business Unit Head of the corporation. Before joining Ovialand, Inc., she worked as a Human Resources Manager at 1802 SJ Holdings Inc., and as a Sales & Marketing Supervisor at MCDC. With her 15 years of in-depth experience in the business of affordable and low-cost housing, she is committed to making Ovialand the number one real estate choice in the region.

Currently, she is a member of the Organization of Socialized Housing Developers of the Philippines (OSHDP), where she also served as a director from 2014 to 2016. She holds a degree in B.S. Educational Psychology from De La Salle University, Manila.

Gaudencio Hernandez, Jr.
Independent Director
Filipino, 71 years old

Guadencio Hernandez, Jr. is currently an Independent Director of Ovialand, Inc. Concurrently, he is an Honorary Consul of the Republic of Maldives in the Philippines. He has vast career experience in finance having served Director or Senior Management roles in the Asian Development Bank and EEI Corporation.

Currently, he is a director and officer of Financial Executives Institute of the Philippines (FINEX). He is also a member of the following associations: BF Northwest Homeowners' Association, Management Association of the Philippines (MAP), Shareholders' Association of the Philippines (SharePHIL), Institute of Corporate Directors (ICD), and Ateneo Alumni Association. He holds a degree in B.A. Economics from Ateneo de Manila University and has a Masters degree in Business Administration from Ateneo Graduate School of Business. He also graduated from the Top Management Program of the Asian Institute of Management (AIM).

Victorio C. Valledor
Independent Director
Filipino, 75 years old

Victorio C. Valledor is currently an Independent Director of Ovialand. Concurrently, he is the Founder, President, and CEO of Lockton Philippines Insurance & Reinsurance Brokers, Inc. (formerly Alexander Forbes Philippines Risk Services, Inc.). He also held executive positions in Citytrust Insurance Brokers Corp., Jardine Davies Insurance Brokers, and Philamgen Insurance Co.

Currently, he chairs the following companies: DBP Insurance Brokers Inc., CRMI Asia Pacific Inc., Direct Link Insurance, VCV Holdings Limited, Sabino J. Cabangon Foundation, Lockton - Asia Pacific, and Platinum CRMI Insurance Agency. He holds a degree in Commerce, Major in Accounting, from University of Santo Tomas. He also completed the following post-graduate courses: Basic Management Program of Asian Institute of Management (AIM), Strategic Business Economics Program (SBEP) of University of Asia and the Pacific, College of Executive Coaching in Sta. Barbara, California, and Owner President Management Program of Harvard Business School.

Paolo Giovanni Olivares

Director
Filipino, 43 years old

Mr. Paolo Giovanni "Gino" Olivares is currently the National President of the Organization of Socialized and Economic Housing Developers of the Philippines (OSHDP, Inc.), the leading group of mass housing developers in the country.

With over two decades of experience in the real estate industry, his advocacy on Housing Policy Reforms and active participation in industry organizations has contributed to the quest of ending this decades long housing crisis.

Recently, one of the biggest events of the organization--- the Affordable Housing Summit 2021 was successfully conducted and was viewed and participated by over 20,000 audience during its two-day run-on YouTube and Kumu.

Mr. Olivares obtained his Degree in Applied Economics at the Dela Salle University, and subsequently finished his Entrepreneurial Finance Course and Entrepreneurial Marketing Course at the Asian Institute of Management.

Today, Mr. Olivares, through OSHDP and the 1802 Group of companies is relentless in his pursuit of delivering quality homes, nestled in dignified and decent community.

Therese Marie V. Olivares
Director
Filipina, 40 years old

Therese Marie V. Olivares is currently the General Manager of 1802 SJ Holdings Inc. She is also a Board Member of Malate Construction Development Corporation and Ecoverde Homes Corporation. She holds a degree of BS Human Biology from De La Salle University.

John Bryan A. Vital
Chief Financial Officer and Head of Investor Relations
Filipino, 40 years old

John Bryan A. Vital is currently the Chief Financial Officer of Ovialand, Inc. He is a dynamic and highly adaptive real estate finance executive who is also deeply involved in the Company's operations. He brings with him over 11 years of real estate development experience gained through Ovialand's affiliate company, Malate Construction & Development Corp. Bryan believes that disciplined and strategic financial and operational monitoring are key drivers in helping the Company realize its vision of providing premiere family living accessible to Filipinos nationwide.

He is a very active member of the Organization of Socialized and Economic Housing Developers of the Philippines. He served as its Treasurer from 2014 to 2016, and consequently the Organization's Secretary General from 2016 to 2018. He received his Bachelor of Arts degree in Management Economics from Ateneo de Manila University, Philippines and is a Masters in Business Administration Ateneo de Manila University- Regis candidate.

Reynaldo Abrencillo
Business Development Head
Filipino, 53 years old

Engr. Reynaldo M. Abrencillo currently serves as the Business Development Head of Ovialand, Inc. He leads the land acquisition, design and planning, licensing and budgeting of all Ovialand developments. With his deep experience in housing and land development, Rey is able to carefully assess land options for development viability. He works closely with the Design and Planning team to ensure that the house and lot offerings adhere to the Premier standards of the Company. He works closely with the senior management team to create, implement, and roll out plans for operational processes. Before his current role, he served as the Construction Manager of the corporation, where he was in charge of several construction projects including SAVANA, CALIYA, SANNERA I and II.

He is a licensed civil engineer and master plumber. He holds a degree in B.S. Civil Engineering from University of San Jose-Recoletos, where he was a consistent academic and government scholar and was awarded as a gold medalist.

Jhennifer S. Amante
Project Revenue Group Head

Filipino, 29 years old

Jhennifer S. Amante currently serves as the Project Revenue Group Head of Ovialand, Inc. She is in charge of the Company's revenue-generating activities. Through the use of several management dashboards, she is able to effectively plan and execute the Company's ability to reach its revenue targets. Before becoming the CRO, she worked as a Property Management Officer, and subsequently, as an Account Management Supervisor. With her experience in project management and process improvement, she takes an active part in the Company's strategic and business planning.

She holds a degree in Business Administration Major in Marketing from Batangas State University, where she was consistently a Dean's Lister, and graduated as an Academic Achiever.

Mariz Mudlong
Finance Team Head
Filipino, 29 years old

Mariz M. Mudlong is the Finance Manager of Ovialand, Inc. She obtained her license as a Certified Public Accountant in October 2015. With her expertise in financial reporting and analysis, taxation, compliance, and auditing, she ensures the preparation of accurate financial reports and reliable financial planning for the management's strategic decision-making.

She is a member of the Philippine Institute of Certified Public Accountants (PICPA). She holds a degree in B.S. Accountancy from Eduardo L. Joson Memorial College.

Jelane R. Malabanan
Client Services Group Head
Filipino, 42 years old

Jelane R. Malabanan is currently the Personal Account Manager of Ovialand, Inc. She is responsible for the management of accounts and relationships with customers. She has more than six years of experience in the sales operations of the corporation having worked as Sales Associate for 4 years and Sales Supervisor for two years.

She received a diploma in Computer Secretarial from Manuel S. Enverga University.

Joseph S. Oabel
OLI-Cast Engineer Head
Filipino, 31 years old

Joseph S. Oabel is currently the OLI-Cast Engineer Head of Ovialand, Inc. He is responsible in planning and executing the casting yards across developments. He holds a degree in B.S. Civil Engineering from Southern Luzon University. With his experience working as an engineer in the Company since 2015, he now handles the administration of production operations, decides necessary recasting, resawing, and repairs, and supervises all related construction activities and tasks including research in efficiency improvements for OLI-Cast.

Michelle M. Pua
Sales Head
Filipino, 45 years old

Michelle M. Pua is currently the Sales Head of Ovialand, Inc. She is in charge of designing and implementing strategic sales plans for the Company. She has more than nine years of experience in the sales operations of the corporation having worked as Sales Associate and Sales Supervisor.

She holds a degree in B.S. Commerce from Colegio de San Juan de Letran.

Jerico Samaniego
Construction Operations Head
Filipino, 41 years old

Engr. Jerico H. Samaniego is currently the Construction Operations Head of Ovialand, Inc. As the Construction Manager, he is in charge of overseeing and directing construction projects from conception to completion, reviewing the project in-depth to schedule deliverables and estimate costs, and overseeing all onsite and offsite constructions to monitor compliance with housing and safety regulations. Before his current role, he was a Project Engineer and Senior Project Engineer of the corporation.

He has been a registered Civil Engineer since May 2013. He holds a degree in B.S. Civil Engineering from Adamson University.

Alex Erlito S. Fider
Corporate Secretary
Filipino, 69 years old

Alex Erlito S. Fider is the Corporate Secretary of Ovialand, Inc. He was elected Corporate Secretary in 2021. His legal experience spans 30 years of involvement in corporate transactions and projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. Maynilad Water Services, Inc., and Roxas Holdings, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors of which he is a Fellow. He is a member of the Board of Trustees of non-profit organizations like the Metropolitan Manila Cathedral Basilica Foundation and TV 5 Alagang Kapatid Foundation.

Graciella Marie D. Baldos-Paz
Assistant Corporate Secretary
Filipino, 41 years old

Graciella Marie D. Baldos-Paz is the Assistant Corporate Secretary of Ovialand, Inc. She was elected Assistant Corporate Secretary in 2021. She is currently a Partner in Picazo Buyco Tan Fider & Santos and specializes in corporate financing, capital markets and securities law. She obtained her Bachelor of Arts, with a major in Organizational Communication from De La Salle University Manila and her Juris Doctor degree from the Ateneo De Manila University School of Law. She was admitted to the Philippine Bar in 2007.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS OF DIRECTORS AND SENIOR MANAGEMENT

To the best of our knowledge, none of the above-named directors or executive officers has been subject to the following:

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

- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

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

- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

FAMILY RELATIONSHIPS

There are no family relationships within the fourth degree of consanguinity or affinity between the Directors and Officers of the Company except for the following:

- Mr. Giovanni Juzgaya Olivares and Ms. Nanette Valmores Olivares are spouses.

- Ms. Marie Lenore Fatima V. Olivares-Vital, Paolo Giovanni Olivares, and Therese Marie Olivares are the children of Mr. Giovanni Juzgaya Olivares and Ms. Nanette Valmores Olivares.
- Ms. Marie Lenore Fatima V. Olivares-Vital, Paolo Giovanni Olivares, and Therese Marie Olivares are siblings.
- Ms. Marie Lenore Fatima V. Olivares-Vital and Mr. John Bryan A. Vital are spouses.
- Mr. Giovanni Juzgaya Olivares and Ms. Nanette Valmores Olivares are the parents-in-law of Mr. John Bryan A. Vital.

BOARD COMMITTEES

Specific responsibilities of the Board are delegated to the Audit Committee and Corporate Governance Committee,.

Audit Committee

The Audit Committee shall enhance the Board's oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. It shall be responsible for the setting up of the Internal Audit Department and for the appointment of the Internal Auditor as well as the independent external auditor who shall both report directly to the Audit Committee. It shall monitor and evaluate the adequacy and effectiveness of the internal control system. Further, the Audit Committee shall have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend meetings, and adequate resources to enable it to effectively discharge its functions. The functions of the Audit Committee shall be provided in its committee charter to be prepared by the Board of Directors.

The committee shall consist of at least three appropriately qualified non-executive directors, at least one (1) of whom shall be independent directors, including the committee's chairperson. Preferably, all of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, or related financial management expertise or experience. The chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

The committee is chaired by Gaudencio Hernandez and has Giovanni Olivares and Marie Leonore Fatima Olivares-Vital as members.

Corporate Governance Committee

The Corporate Governance Committee has the duty and responsibility to assist the Board of Directors in the performance of its corporate governance responsibilities, including the functions of a nomination and remuneration committee.

It should be composed of at least three members, at least one (1) of whom shall be independent directors including the chairman of the committee.

The committee is chaired by Januario Jesus Atencio with Therese Marie Olivares, and Victorio Valledor as members.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

On 2 March 2022, the Board adopted the Manual on Corporate Governance ("**Manual**"), which institutionalize the principles of good corporate governance in the entire organization. The Company believes that it is a necessary component of sound strategic business management, hence, it undertakes efforts to create awareness within the organization.

The Manual provides that it is the Board that has the primary responsibility for the governance of the Company. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Board is mandated to attend its regular and special meetings in person or through teleconferencing.

In adopting the Manual, the Company understands the responsibilities of the Board and its members, in governing the conduct of the business of the Company, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices.

EXECUTIVE COMPENSATION

The compensation for our executive officers for the years ended December 31, 2020, 2021 , and 2022 are shown below:

The following table sets out the Company's President and Chief Executive Officer and the four most highly compensated executive officers of the Company for the years ended December 31, 2020, 2021, and 2022:

Name	Position
Marie Lenore Fatima O. Vital	President and Chief Executive Officer
John Bryan Vital	CFO
Reynaldo Abrencillo	COO / Business Development Head
Mariz Mudlong	Finance Manager
Jhennifer Amante	Chief Revenue Officer

The following table identifies and summarizes the aggregate compensation of the Company's President and the four most highly compensated executive officers, as well as the aggregate compensation paid to all other directors and all other officers as a group, for the years ended December 31, 2020, 2021 and 2022:

	Year	Salary (in ₱)	Bonus (in ₱)	TOTAL (in ₱)
President and the four most highly compensated executive officers named above	2020	5,071,561	3,750,000	8,821,561
	2021	5,909,466	1,855,840	7,765,306
	2022	21,241,548	3,980,550	25,222,098
Aggregate compensation paid to all other directors and all other officers as a group	2020	3,807,348	150,000	3,957,348
	2021	4,574,721	988,303	5,563,024
	2022	18,433,098	4,815,690	23,248,788

STANDARD ARRANGEMENTS

Other than payment of reasonable per diem of ₱50,000.00 per non-executive director for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

EMPLOYMENT CONTRACT BETWEEN THE COMPANY AND SENIOR MANAGEMENT OFFICERS

There are no special employment contracts between the Company and Senior Management.

WARRANTS AND OPTIONS HELD BY THE SENIOR MANAGEMENT OFFICERS AND DIRECTORS

There are no outstanding warrants or options held by Senior Management, and all officers and directors as a group

PRINCIPAL AND SELLING SHAREHOLDERS

The Company has thirteen (13) shareholders as of the date of this Prospectus, as follows:

Name	No. of Shares	Amount Subscribed (in ₱)	Amount Paid-up (in ₱)	% Ownership prior to Listing Date
Giovanni J Olivares	25,999,996	12,999,998	12,999,998	2.99%
Nanette V. Olivares	25,000,000	12,500,000	12,500,000	2.87%
Marie Leonore Fatima V. Olivares-Vital	7,000,000	3,500,000	3,500,000	0.80%
Paolo Giovanni V. Olivares	7,000,000	3,500,000	3,500,000	0.80%
Therese Marie V. Olivares	7,000,000	3,500,000	3,500,000	0.80%
Maria Katrina V. Olivares-Corcoran	7,000,000	3,500,000	3,500,000	0.80%
John Patrick V. Olivares	7,000,000	3,500,000	3,500,000	0.80%
Joanne Marie Gabrielle V. Olivares	7,000,000	3,500,000	3,500,000	0.80%
Niccolo Angelo Paul V. Olivares	7,000,000	3,500,000	3,500,000	0.80%
1802 SJ Holdings Inc. as represented by Giovanni J. Olivares	596,000,000	298,000,000	298,000,000	68.51%
Januarius Holdings Inc.	174,000,000	87,000,000	87,000,000	20.00%
Gaudencio Hernandez Jr	2	1	1	0%
Victorio C Valledor	2	1	1	0%
TOTAL	**870,000,000**	**₱435,000,000**	**₱435,000,000**	**100%**

1802 SJ Holdings Inc. is the principal shareholder of Ovialand and is represented in the Offer by Mr. Giovanni J. Olivares, its Chairman.

PSE LOCK-UP REQUIREMENT

Pursuant to the PSE Amended Listing Rules, an applicant company shall cause its existing stockholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the Issuer to refrain from selling, assigning, or in any manner disposing of their shares for a period of:

- 180 days after the listing of said shares if the applicant company meets the track record requirements; or
- 365 days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements of the PSE Amended Listing Rules.

In addition, if there is any issuance or transfer of Common Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Common Shares (i.e., convertible bonds, warrants or a similar instrument) completed and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price in the initial public offering, all such Common Shares issued or transferred shall be subject to a lock-up period of at least 365 days from full payment of such Shares. Thus, the following shall be subject to such lock-up period:

Assuming the Over-allotment Option is not exercised, the following are covered by the 180-day lock-up requirement from Listing Date:

Shareholder	No. of Shares Subject to 180-day Lock-up Period
1802 SJ Holdings Inc.	596,000,000
Januarius Holdings Inc.	150,000,000
TOTAL	746,000,000

Assuming the Over-allotment Option is fully exercised, the following are covered by the 180-day lock-up requirement from Listing Date:

Shareholder	No. of Shares Subject to 180-day Lock-up Period
1802 SJ Holdings Inc.	567,200,000
Januarius Holdings Inc.	142,800,000
TOTAL	710,000,000

To implement the lock-up requirement, the Company, Januarius Holdings Inc. and 1802 SJ Holdings Inc. shall enter into an escrow agreement with [SBC TAMG].

The Company has agreed with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner that, except in connection with the Over-allotment Option, it will not, without the prior written consent of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, issue, offer, pledge, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Common Shares or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Common Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of 180 days after the Listing Date.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS HOLDING MORE THAN 5% OF THE COMPANY'S VOTING SECURITIES AS OF [MARCH 2023]:

Title of Class	Name and address of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares held	% of total outstanding Shares
Common shares	1802 SJ Holdings Inc. Unit 2701 Parkway Corporate Center , Corporate Ave cor	Giovanni Olivares and Nanette Valmores Olivares	Filipino	596,000,000	68.51%

	Parkway Place Filinvest Alabang Muntinlupa City Shareholder/Parent Company				
Common shares	Januarius Holdings Inc. Unit 705 BSA Twin Tower Bank Drive Ortigas Center Mandaluyong City Shareholder	Januarius Jesus Gregorio III B Atencio and Rodrigo B Libunao JR	Filipino	174,000,000	20.00%

SECURITY OWNERSHIP OF MANAGEMENT AS OF [MARCH 2023]

Title of Class	Name of beneficial owner	Position	Nationality	Amount and Nature of Beneficial Ownership	% of total outstanding Shares
Common shares	Giovanni J Olivares	Chairman	Filipino	25,999,996	2.99%
Common shares	Nanette V. Olivares	Director	Filipino	25,000,000	2.87%
Common shares	Marie Leonore Fatima V. Olivares-Vital	President & CEO	Filipino	7,000,000	0.80%
Common shares	Paolo Giovanni V. Olivares	Director	Filipino	7,000,000	0.80%
Common shares	Therese Marie V. Olivares	Director	Filipino	7,000,000	0.80%
Common shares	Maria Katrina V. Olivares-Corcoran	Director	Filipino	7,000,000	0.80%
Common shares	John Patrick V. Olivares	Director	Filipino	7,000,000	0.80%
Common shares	Joanne Marie Gabrielle V. Olivares	Director	Filipino	7,000,000	0.80%

Common shares	Niccolo Angelo Paul V. Olivares	Director	Filipino	7,000,000	0.80%
			TOTAL	**99,999,996**	**11.49%**

Except as disclosed above, none of the Company's other executive officers own shares directly or indirectly in the Company. Ownership in the Company is limited to that indicated in the foregoing.

THE SELLING SHAREHOLDERS

1802 SJ Holdings Inc. was incorporated on September 19, 2017 with the primary purpose of being a holding company. Its principal office is located at Unit 2701 Parkway Corporate Center, Filinvest City, Alabang, Muntinlupa City.

Januarius Holdings, Inc., on the other hand, was incorporated on August 14, 2008 with the primary purpose of being a holding company. Its principal office is at Unit 705 BSA Twin Tower B, Bank Drive, Ortigas Center, Mandaluyong City.

The following table below sets forth, for the Selling Shareholders, the number of Common Shares and percentage of outstanding shares held before the Offer, the maximum number of Option Shares to be sold pursuant to the Over-allotment Option and the number of shares and percentage of outstanding shares owned immediately after the Offer:

Selling Shareholders	No. of Shares before the Offer	% of Shares Outstanding before the Offer	No. of Option Shares to be sold pursuant to the Over-allotment Option	No exercise of Over-allotment Option		Full exercise of Over-allotment Option	
				No. of Shares held after the Offer	% of Shares Outstanding after the Offer	No. of Shares held after the Offer	% of Shares Outstanding after the Offer
1802 SJ Holdings Inc.	596,000,000	68.51%	28,800,000	596,000,000	68.51%	567,200,000	65.19%
Januarius Holdings, Inc.	174,000,000	20%	7,200,000	174,000,000	20%	166,800,000	19.17%

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred herein as affiliates). Related parties may be individuals or corporate entities.

In the ordinary course of business, the Company enters into various transactions with related parties and affiliates, principally consisting of joint venture agreements, lease of commercial space, use of credit line facilities, stock subscription and cash advances. The Company's policy is to settle intercompany receivables and payable on a net basis. Transactions entered with related parties are made at terms equivalent to those that prevail in arm's length transactions on terms comparable to those available from or to unrelated third parties, as the case may be. Outstanding balances owed to related parties at a certain reporting date are non-interest bearing, unsecured and payable/collectible in cash on demand.

The Company has the following transactions with related parties:

Related party Categories	Outstanding balance as of December 31,	
	2022	2021
	(₱ in millions)	
Parent Company		
Due from Related parties	78,837	72,499
Due to Related parties	-11,095	-97,061
Entities under common ownership		
Advances granted(obtained),net	65,676	52,418

For more information on volume and amounts outstanding, see Note [●] to our audited financial statements as of and for the years ended December 31, 2020, 2021 and 2022.

DESCRIPTION OF THE OFFER SHARES

The following is general information relating to our capital stock but does not purport to be complete or to give full effect to the provisions of law and is in all respects qualified by reference to the applicable provisions of our Articles of Incorporation and By-Laws.

The Offer Shares shall be offered at a price of up to ₱[5.60] per Offer Share (the Offer Price). The determination of the Offer Price is further discussed on page [52] of this Prospectus. A total of [1,206,000,000] Common Shares will be outstanding after the Offer and the Offer Shares will comprise up to [32.84]% of the outstanding Common Shares after the Offer, assuming the full exercise of the Over-allotment Option. All the issued and outstanding shares of the Company, including the Offer Shares, will be listed and traded on the Main Board of the PSE.

Share Capital Information

As of the date of this Prospectus, the Company has an authorized capital stock of ₱1,000,000,000.00, divided into 1,800,000,000 Common Shares with a par value of ₱0.50 per share and 100,000,000 preferred shares with a par value of ₱1,000.00 per share. As of the date of this Prospectus, the Company has 870,000,000 common shares issued and outstanding. There are no shares held in treasury.

The Offer Shares will consist of up to [360,000,000] Firm Shares and up to [36,000,000] Option Shares. The Firm Shares will comprise up to [336,000,000] unissued common shares to be offered and issued by us by way of primary offer and up to [24,000,000] issued common shares to be offered by way of a secondary offer. The Option Shares will comprise up to [36,000,000] issued Common Shares to be offered by way of a secondary offer.

Rights Relating to Shares

Voting Rights of Shares

Each common share is entitled to one vote. At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in our books at the time of the closing of the transfer books for such meeting.

In accordance with Section 23 of the Revised Corporation Code of the Philippines, at each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number his shares shall equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

Our common shares have full voting rights. However, the Revised Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the Board of Directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights of Common Shares

The Company is allowed to declare dividends out of its unrestricted retained earnings at such times and in such percentages as may be determined by its Board of Directors. Such determination will take into consideration factors such as debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among other things.

A cash dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than two-thirds of our outstanding capital stock. The Revised Corporation Code defines the term "outstanding capital stock" to mean the "total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares." Such shareholders' approval may be given at a general or special meeting duly called for such purpose. See "*Dividends and Dividend Policy*."

Rights of Shareholders to Assets of the Company

Each holder of a Common Share is entitled to a pro rata share in our assets available for distribution to the shareholders in the event of dissolution, liquidation and winding up.

Pre-emptive Rights

Pursuant to our Articles of Incorporation, our stockholders have no pre-emptive right to subscribe to any issue or disposition of shares of any class of the Company.

Appraisal Rights

Under Philippine law, shareholders dissenting from the following corporate actions may demand payment of the fair value of their shares in certain circumstances:

- in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class;

- in case of any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;

- in case of merger or consolidation;

- in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and

- in case of extension or shortening of the term of corporate existence.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen. The appraisal rights may be exercised by the dissenting stockholder by making a written demand within thirty (30) days after the date on which the vote was taken on the corporate action. The failure to make the demand within the period shall be deemed a waiver of the appraisal rights.

The payment to the dissenting stockholder of the fair value of his shares will only be available if our Company has unrestricted retained earnings to cover such purchase. From the time the shareholder makes a demand for payment until the Issuer purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

Derivative Rights

Under Philippine law, shareholders have the right to institute proceedings on behalf of the corporation in a derivative action in the event that the corporation itself is unable or unwilling to institute the necessary proceedings to rectify the wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Right of Inspection

It is a recognized right of a shareholder to inspect the corporate books, records of all business transactions of the corporation and the minutes of any meeting of the Board and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. On the other hand, the corporation may refuse such inspection if the shareholder demanding to examine or copy the records of the corporation has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

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

Change in Control

There are no existing provisions in our Articles of Incorporation or By-Laws which will delay, defer or in any manner prevent a change in control of the Company.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

All Philippine corporations are required to hold an annual meeting of shareholders for corporate purposes, one of which is the election of directors. Our by-laws provide for annual meetings on the first Monday of July of each year, and if a legal holiday, then on the day following.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either the President of the Company, upon the request by a majority of the Board of Directors to the President of the Company, or upon the written request of stockholders registered as the owners of at least one third (1/3) of the outstanding capital stock of the Company entitled to vote. Pursuant to Section 49 of the Revised Corporation Code, stockholders may propose the holding of a special meeting and items to be included in the agenda.

Shareholders who, alone or together with other shareholders, hold at least 5.0% of the outstanding capital stock of a publicly-listed company have the right to include items on the agenda prior to the regular/special stockholders' meeting.

Moreover, shareholders of a publicly-listed company holding at least 10.0% or more of the outstanding capital stock may call for a special stockholders' meeting, subject to the guidelines set under Section 49 of the Revised Philippine Corporation Code, SEC Memorandum Circular No. 7 (series of 2021) ("**SEC Circular No. 7**"), and other relevant regulations. The shareholders calling for the special stockholders' meeting must have held the shares for a period of at least one year prior to the receipt by the Corporate Secretary of a written call for a special stockholders' meeting.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. Notices for the meetings shall be sent by the Secretary by personal delivery, by mail or electronic message at least (21) days for regular meetings and seven business days for special meetings, or such other period as may be allowed by applicable regulation, prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any shareholder, in person or by proxy, before or after the meeting.

When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is decided. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

For a special stockholders' meeting called pursuant to SEC Circular No. 7, the Board shall issue the notice to convene the stockholders' meeting at least seven days prior to the proposed date of the special meeting after a determination that the objectives and conditions in the written call are consistent with the requirements of SEC Circular No. 7.

Quorum

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

Upon approval of and upon notice by the Board of Directors, meetings may be attended by the stockholders either in person or through video or teleconference or such other means as may be subsequently permitted by applicable law or regulation.

Voting

The shareholders may vote at all meetings the corresponding number of shares registered in their respective names, either in person or by proxy duly appointed as discussed herein below.

Fixing Record Dates

For purposes of determining the stockholders entitled to notice of, or to vote or be voted at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividends or other distribution or allotment of any rights, or for the purpose of any other lawful action, or for making any other determination of stockholders, the Board of Directors may provide that the stock and transfer book be closed at least twenty (21) days for regular meeting and seven days for special meetings before the scheduled date of meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders. A determination of stockholders of record entitled to notice of or to vote or be voted at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the SEC and shall be indicated in the SEC order which shall not be less than ten (10) days nor more than thirty (30) days after all clearances and approvals by the SEC shall have been secured. Regardless of the kind of dividends, the record date set shall not be less than ten trading days from receipt by the PSE of the notice of declaration of the dividend.

Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy. A proxy shall be in writing and duly presented to and received by the Corporate Secretary for inspection and recording within five business days prior to the scheduled meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary. No proxy shall be valid and effective for a period longer than five years at any one time.

No member of the PSE and no broker/dealer shall give any proxy, consent or authorization, in respect of any securities carried for the account of a customer to a person other than the customer, without the express written authorization of such customer. The proxy executed by the broker shall be accompanied by a certification under oath stating that before the proxy was given by the broker, he had duly obtained the written consent of the persons in whose account the shares are held. There shall be a presumption of regularity in the execution of proxies and proxies shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge. Proxies are required to comply with the relevant provisions of the Revised Corporation Code, the SRC, the Implementing Rules and Regulations of the SRC (as amended), and SEC Memorandum Circular No. 5 (series of 1996) issued by the SEC.

Issue of Shares

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

Transfer of Common Shares

All the issued and outstanding shares of the Company will be in scripless form through the electronic book-entry system of the Company's stock transfer agent and lodged with the depository agent as required by the PSE. Legal title to uncertificated shares will be shown in an electronic register of shareholders which shall be maintained by the stock transfer agent of the Company. See "*The Philippine Stock Market*" on page [155] of this Prospectus.

Under Philippine law, transfer of the Common Shares is not required to be effected on the PSE, but any off exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transaction tax applicable to transfers effected on an exchange. See "*Taxation*" on page [163] of this Prospectus. All transfers of Common Shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Share Register

The Company's share register is maintained at the principal office of its stock transfer agent, [STSI].

Share Certificates

Certificates representing the Common Shares may be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. For Shareholders who wish to split their certificates, they may do so through application to our stock transfer agent. See "*The Philippine Stock Market*" beginning on page [155] of this Prospectus.

Mandatory Tender Offer

Pursuant to the SRC and its implementing rules and regulations, it is mandatory for any person or group of persons acting in concert to make a tender offer to all the shareholders of the target corporation before the intended acquisition of:

- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of 12 months;

- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders; or

- equity which would result in ownership of over 50% of the outstanding equity securities of a public company.

Pertaining to the first instance, when the securities tendered pursuant to such an offer exceed the number of shares that the acquiring person or group of persons is willing to acquire, the securities shall be purchased from each tendering shareholder on a pro rata basis according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both the selling shareholders with whom the acquirer may have been in private negotiations and the minority shareholders.

Pertaining to the second instance, the tender offer shall be made for all the outstanding voting shares. The sale of shares pursuant to the private transaction with the stockholders shall not be completed prior to the closing and completion of the tender offer.

Pertaining to the third instance, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of the company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer shall be required to accept all securities tendered.

Further, no mandatory tender is required in:

- purchases of shares from unissued capital stock unless such purchases will result in a 50% or more ownership of shares by the purchaser or such percentage that is sufficient to gain control of the Board;

- purchases from an increase in the authorized capital stock of the target company;

- purchases in connection with a foreclosure proceeding involving a pledge or security where the acquisition is made by a debtor or creditor;

- purchases in connection with a privatization undertaken by the government of the Philippines;

- purchases in connection with corporate rehabilitation under court supervision;

- purchases through an open market at the prevailing market price; or

- purchases resulting from a merger or consolidation.

Fundamental Matters

The Revised Corporation Code provides that the following acts of a corporation require the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the corporation: (i) amendment of the articles of incorporation; (ii) removal of directors; (iii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the corporation; (iv) investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized; (v) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws; (vi) merger or consolidation; (vii) an increase or decrease in capital stock; (viii) dissolution; (ix) extension or shortening of the corporate term; (x) creation or increase of bonded indebtedness; (xi) declaration of stock dividends; (xii) management contracts with related parties; and (xiii) ratification of contracts between the corporation and a director or officer.

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

Accounting and Auditing Requirements

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

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

THE PHILIPPINE STOCK MARKET

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulatory, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated on 24 July 1992 as a non-stock corporation by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor.

In June 1998, the SEC granted the PSE "Self-Regulatory Organization" status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On 8 August 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member-broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President. On 15 December 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry. As of 6 March 2020, the PSE has an authorized capital stock of ₱120 million, of which ₱85.2 million are issued and ₱81.6 million are outstanding.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. On 3 April2013, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards.

The PSE has a benchmark index, referred to as the PSEi, which reflects the price movements of the 30 largest and most active stocks at the PSE. The PSEi is a free float market capitalization-weighted index.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices. With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE adopted a new online disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE Electronic Disclosure Generation Technology (EDGe), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

In June 2015, the PSE shifted to a new trading system, the PSEtrade XTS, which utilizes NASDAQ's X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, PSE received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the SEC to introduce short selling in the equities market.

On 22 March 2018, the PSE completed a stock rights offering of 11,500,000 Common Shares which were offered at the price of ₱252.00 per share, or a total of ₱2,898,000,000. The proceeds of the stock rights offering will be used to fund the acquisition of PDS and capital expenditure requirements of the PSE. As of the date of this Preliminary Prospectus, the PSE has an authorized capital stock of ₱120 million, of which 85,025,692 shares are issued. Out of this total, 84,925,686 shares are outstanding, and 100,006 are treasury shares.

The table below sets out movements in the composite index from 2005 to 2020, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization (₱ Bn)	Combined Value of Turnover (₱ Bn)
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	240	7,172.8	572.6
2007	3,621.6	244	7,978.5	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	253	8,697.0	1,422.6
2012	5,812.7	254	10,930.1	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.2	2,151.4
2016	7,629.7	268	14,438.8	1,929.5
2017	8,558.4	267	17,538.1	1,958.4
2018	7,466.0	267	16,146.7	1,736.8
2019	7,815.3	271	16,710.0	1,770.0
2020	7,139.7	274	15,888.9	1,770.9
2021	7,122.63	278	17,763,728	1,780.9
2022	6,566.39	285	16,338,510	1,435.8

Source: PSE and PSE Annual Reports; Bloomberg

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stock brokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading day). Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session, and resumes at 1:30 pm and ends at 3:30 pm for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed. From 19 March 2020 to 3 December 2021, on account of the COVID-19 pandemic, trading in the PSE was held as a continuous session from 9:30 a.m. to 1:00 p.m. daily. Beginning on 6 December 2021, trading in the PSE resumes to regular trading hours.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for the Issuer's Shares is 10 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.

- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("**SCCP**") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on 17 January 2002. It is responsible for: (1) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE Trading Participants; (2) guaranteeing the settlement of trades in the event of a PSE Trading Participant's default through the implementation of its "Fails Management System" and administration of the Clearing and Trade Guaranty Fund, and; (3) performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the eight existing Settlement Banks of SCCP which are Banco De Oro Unibank, Inc. ("**BDO Unibank**"), Rizal Commercial Banking Corporation ("**RCBC**"), Metropolitan Bank & Trust Company ("**Metrobank**"), Deutsche Bank ("**DB**"), Union Bank of the Philippines ("**Unionbank**"), The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"), Maybank Philippines, Inc. ("**Maybank**") and Asia United Bank Corporation ("**AUB**"). Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system in 29 May 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC, was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO Unibank, RCBC, Metrobank, DB, Unionbank, HSBC, Maybank and AUB.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation ("**PCD Nominee**"), a corporation wholly owned by the PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. "**Immobilization**" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g., brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must execute the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedure of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are generally on the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee Corp. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On 24 June 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on 1 July 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III, Part A of the PSE's Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof as follows:

- For new companies to be listed at the PSE as of 1 July 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee Corp. but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date.
- On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the issuer's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on 21 May 2010, through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

Issuance Of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

Under the PSE Amended Rule on Minimum Public Ownership, listed companies are required, at all times, to maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' total issued and outstanding shares (i.e., exclusive of treasury shares), or at such percentage that may be prescribed by the PSE. For purposes of determining compliance with the MPO, shares held by the following are generally considered "held by the public": (a) individuals (for as long as the shares held are not of a significant size (i.e., less than 10.0%) and are non-strategic in nature; (b) trading participants (for as long as the shares held are non-strategic in nature); (c) investment and mutual funds; (d) pension funds; (e) PCD nominees if this account constitutes a number of shareholders, none of which has significant holdings (provided that if an owner of shares under the PCD Nominee has a shareholding that is 10% or more of the total issued and outstanding shares, then this shareholder is considered a principal stockholder); and (f) social security funds.

Listed companies that become non-compliant with the MPO on or after 1 January 2013 will be suspended from trading for a period of not more than six months and will automatically be delisted if it remains non-compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the exchange. In addition, sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and documentary stamp tax.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on 1 December 2017, the MPO requirement on companies that undertake initial public offerings was increased from 10.0% to 20.0%, while existing publicly listed companies as of December 2017 remain to be subject to the 10.0% MPO. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% or 20.0%, as applicable, of the listed companies' issued and outstanding shares, exclusive of any treasury shares. Pursuant to PSE Circular No. 2020-0076, the 20% MPO requirement will also apply to companies applying for listing by way of introduction and companies undertaking a backdoor listing.

The SEC is also looking at increasing the MPO requirement of existing listed companies to 25.0% for all listed companies; however, such proposed rules on increasing the MPO have yet to be adopted.

PHILIPPINE FOREIGN INVESTMENT, EXCHANGE CONTROLS, AND FOREIGN OWNERSHIP

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in listed Philippine securities must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits, and earnings derived from such securities is to be sourced from the foreign exchange resources of the Philippine banking system. The registration with the BSP is evidenced by a *Bangko Sentral* Registration Document. Under BSP Circular No. 1030 dated February 5, 2019, debt securities, purchase of condominium units, capital expenses incurred by foreign firms pursuant to government approved-service contracts and similar contracts, and Philippine depositary receipts, must likewise be registered with the BSP if foreign exchange will be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 950 (Series of 2017), however, subjects foreign exchange dealers, money changers and remittance agents to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

Under BSP Circular No. 1030 dated February 5, 2019, the custodian bank with authority to operate a foreign currency deposit unit must register equity investments listed on an onshore exchange on behalf of the non-resident investor. The custodian bank must also report all transactions on the registered investment to the BSP. Applications for registration must be accompanied by: (1) proof of investment, such as purchase invoice or, subscription agreement; (2) proof of funding, such as original certificate of inward remittance of foreign exchange and its conversion into Philippine pesos through an authorized agent bank in the prescribed format. Additionally, the foreign investor must execute an Authority to Disclose Information covering all his/her investments with each designated registering bank.

For excess Philippine pesos arising from unrealized investments, banks may sell foreign exchange to the foreign investor equivalent to excess Philippine pesos that are funded by inward remittance of foreign exchange plus interest earned on the excess Philippine pesos, provided that at least 50% of the inwardly remitted foreign exchange should have been invested in onshore. However, in the case of disapproved subscription or oversubscription of debt and equity securities, erroneously remitted funds, and similar cases, the 50% requirement need not be complied with. In these cases, the foreign investor must execute an Application to Purchase and the bank shall report the foreign exchange remittance to the BSP.

BSP registered investments are entitled to full and immediate repatriation of capital and remittance of related earnings using the foreign exchange resources of the Philippine banking system, without need of further BSP approval. However, the remitting bank shall report all foreign exchange remittances to the BSP. Remittance is permitted upon presentation of: (1) the BSP registration document; (2) supporting documents, such as the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) copy of the corporate secretary's sworn statement on the board resolution covering the dividend declaration; and (4) original computation of the Philippine peso amount to be converted to foreign exchange in the format prescribed by the BSP. Pending reinvestment or repatriation offshore, Philippine peso divestment proceeds, as well as related earnings, of registered investments may be lodged temporarily in interest-bearing Philippine peso deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full without further BSP approval. Philippine peso divestment proceeds and/or earnings on registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, through the Monetary Board, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that BSP foreign exchange regulations will not be made more restrictive in the future. The registration with the BSP of all foreign investments shall be the responsibility of the foreign investor.

Foreign Ownership Controls

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies that are engaged in certain activities.

Republic Act No. 7042, as amended, or the Foreign Investments Act of 1991, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of said law defines a "Philippine National" as:

- a citizen of the Philippines;
- a domestic partnership or association wholly-owned by citizens of the Philippines;
- a trustee of funds for pension or other employee retire mentor separation benefits where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals;
- a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; and
- a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of the Philippines of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos.

However, the Foreign Investments Act of 1991 states that, where a corporation (and its non- Filipino shareholders) own stock in a Philippine SEC-registered enterprise, to be considered a Philippine National, at least 60% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

On May 20, 2013, the Philippine SEC issued Memorandum Circular No. 8, Series of 2013 which provided guidelines (the **Guidelines**) on compliance with the Filipino-Foreign ownership requirements under the Philippine Constitution and other existing laws by corporations engaged in nationalized or partly nationalized activities (the **Nationalized Corporations**). The Guidelines provide, that for purposes of determining compliance with the foreign equity restrictions in Nationalized Corporations, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis of outstanding capital stock whether fully paid or not.

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures.

TAXATION

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

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

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

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

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

The term "non-resident holder" means a holder of the Company's shares:

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

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (**TRAIN**), took effect. The TRAIN amended various provisions of Republic Act No. 8424 or the National Internal Revenue Code (the "**Tax Code**"), including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax.

On March 26, 2021, the second package of the Comprehensive Tax Reform program, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act ("**CREATE Law**") was signed into law, amending provisions of the Tax Code relating to, among others, corporate income tax, lowering corporate income taxes and modernizing fiscal incentives in a bid to complement the expected incremental revenues from the first package.

CORPORATE INCOME TAX

The Tax Code generally subjects a domestic corporation to a tax of 20% or 25% of its taxable income from all sources within and outside the Philippines except, among others, (i) gross interest income from currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax rate of 7.5% of such income, (iii) capital gains tax from sales of shares of stock not traded in the stock exchange which are taxed at a rate of 15%, and (iv) capital gains realized from the sale, exchange or disposition of lands and buildings, which is subject to a final tax of 6%.

A minimum corporate income tax of 1% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary income tax for the taxable year.

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

TAX ON DIVIDENDS

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

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

Cash and property dividends received from a domestic corporation by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25% of the gross amount but may be subject to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals provided that a prior application for tax treaty relief has been properly filed with the appropriate office of the Philippine tax authorities. (However, please see discussion below on BIR Revenue Memorandum Order No. 27-2016 regarding tax treaty relief applications.) A non-resident alien who comes to the Philippines and stays in the country for an aggregate period of more than 180 days during any calendar year will be deemed a non-resident alien engaged in trade or business in the Philippines.

Cash and property dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to a final withholding tax at the rate of 25%, which may be reduced to 15% (under the tax sparing rules) when the country in which the non-resident foreign corporation is domiciled (i) imposes no taxes on foreign–sourced dividends or (ii) allows a 15% or greater credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines. Alternatively, non-resident foreign corporations may avail themselves of the preferential tax rates applicable to cash and property dividends received from a domestic corporation under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign corporations provided that a prior application for a tax treaty relief has been properly filed with the appropriate office of the Philippine tax authorities.

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

	Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE(%)[12]	Capital gains tax due on disposition of shares outside the PSE (%)
Canada	25[1]	0.5	May be exempt[9]
China	15[2]	0.5	May be exempt[9]
France	15[3]	0.5	May be exempt[9]
Germany	15[4]	0.5	5/10[10]
Japan	15[5]	0.5	May be exempt[9]
Singapore	25[6]	0.5	May be exempt[9]
United Kingdom	25[7]	0.5	Exempt[11]

	Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE(%)(12)	Capital gains tax due on disposition of shares outside the PSE (%)
United States	25(8)	0.5	May be exempt(9)

(1) *15% if the recipient company controls at least 10% of the voting power of the company paying the dividends.*

(2) *10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends.*

(3) *10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends.*

(4) *10% if the recipient company (excluding a partnership) owns directly at least 25% of the capital of the company paying the dividends.*

(5) *10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends.*

(6) *15% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company.*

(7) *15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends.*

(8) *20% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation. Notwithstanding the rates provided under the Republic of the Philippines-United States Treaty, residents of the United States may avail themselves of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.*

(9) *Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*

(10) *Under the tax treaty between the Philippines and Germany, capital gains from the alienation of shares of a Philippine corporation may be taxed in the Philippines irrespective of the nature of the assets of the Philippine corporation. Tax rates are 5% on the net capital gains realized during the taxable year not in excess of ₱100,000 and 10% on the net capital gains realized during the taxable year in excess of ₱100,000.*

(11) *Under the tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

(12) *Exempt if the stock transaction tax is expressly covered by the applicable tax treaty or is deemed by the relevant authorities as an identical or substantially similar tax to the Philippine income tax. In BIR Ruling No. ITAD 22-07 dated February 9, 2007, the BIR held that the stock transaction tax cannot be considered as an identical or substantially similar tax on income, and, consequently, ruled that a Singapore resident is not exempt from the stock transaction tax on the sale of its shares in a Philippine corporation through the PSE.*

Stock dividends distributed pro-rata to any holder of shares of stock are not subject to Philippine income tax. A stock dividend constitutes income if it gives the shareholder an interest different from that which his former stockholdings represented. A stock dividend does not constitute income if the new shares confer no different rights or interest than did the old.

Any availment of tax treaty relief should be preceded by an application for tax treaty relief filed with the International Tax Affairs Division of the BIR as required under the BIR Revenue Memorandum Order No. 14-2021, including any clarification, supplement or amendment thereto and, once available, a BIR-certified certificate, ruling or opinion addressed to the relevant applicant or shareholder confirming its entitlement to the preferential tax rate under the applicable treaty. The current requirements for a tax treaty relief application in respect of capital gains tax on the sale of shares are set out in the applicable tax treaty and in BIR Form No. 0901-C. The BIR has prescribed, through administrative issuances, certain procedures for the availment of preferential tax rates or tax treaty relief.

If the regular tax rate is withheld by the paying corporation instead of the reduced rates applicable under a tax treaty, the nonresident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

On June 23, 2016, the BIR issued BIR Revenue Memorandum Order No. 27-2016 ("**RMO 27-2016**"), which amends BIR Revenue Memorandum Order No. 72-2010. RMO 27-2016 provides that in lieu of filing a tax treaty relief application, preferential treaty rates for dividends, interests and royalties shall be granted outright by withholding final taxes at the applicable treaty rate. As of the date of this Prospectus, the effectivity of RMO 27-2016 has been suspended.

SALE, EXCHANGE OR DISPOSITION OF SHARES

Capital Gains Tax, if sale was made outside the PSE

Unless an applicable treaty exempts such gains from tax or provides for preferential rates, the net capital gains realized by a resident or non-resident (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock (*i.e.* secondary sale of common shares by the holder to another party) outside the facilities of the PSE are subject to capital gains tax of 15%. If an applicable tax treaty exempts the gains from tax, an application for tax treaty relief must be properly filed with the Philippine tax authorities and should precede any availment of an exemption under a tax treaty.

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

Taxes on Transfer of Shares Listed and Traded at the PSE

Unless an applicable treaty exempts the sale from income and/or percentage tax, a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities), is subject to a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed. This tax is required to be collected by and paid to the Philippine Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax.

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

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

Documentary Stamp Tax

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

The secondary transfer of shares of stock outside the facilities of the PSE is subject to a documentary stamp tax of ₱1.5 for each ₱200, or a fractional part thereof, of the par value of the share of stock transferred. The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by the vendor or the purchaser of the shares. However, the sale, barter or exchange of shares of stock listed and traded at the PSE is exempt from documentary stamp tax.

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

Estate and Donor's Tax

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

The transfer of shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, is subject to Philippine estate taxes at 6% of the net value of the estate at the time of death. On the other hand, individual stockholders, whether or not citizens or residents of the Philippines, who transfer shares of stock by way of gift or donation are liable to pay Philippine donor's tax on such transfer of shares a rate of 6% of the value of the gifts during the calendar year exceeding ₱250,000.

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

Estate and donor's tax, however, shall not be collected in respect of intangible personal property, such as shares of stock:

1. if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or

2. if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case shares of stock are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the shares of stock exceeded the value of the consideration may be deemed a gift, and donor's taxes may be imposed on the transferor of the shares of stock, based on Section 100 of the Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

TAXATION OUTSIDE THE PHILIPPINES

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

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

LEGAL MATTERS

All legal opinions/matters in connection with the Offer will be passed upon by Picazo Buyco Tan Fider & Santos ("**Picazo Law**") for the Company and Romulo Mabanta Buenaventura Sayoc & de los Angeles ("**Romulo Law**") for the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. Picazo Law and Romulo Law have no direct or indirect interest in Ovialand. Picazo Law and Romulo Law may, from time to time, be engaged to advise in the transactions of the Company and perform legal services on the basis that Picazo Law and Romulo Law provide such services to its other clients.

Each of the foregoing legal counsels has neither shareholdings nor any right, whether legally enforceable or not, to nominate persons or to subscribe for our securities. Neither of the legal counsels will receive any direct or indirect interest in any of our securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT AUDITORS

The financial statements of the Companys as of 31 December 2020, 2021 and 2022 were audited by Punongbayan & Araullo (Grant Thornton), independent auditors, as stated in their report attached to this Prospectus.

Punongbayan & Araullo has acted as the Company's external auditor since 2020. Mailene Sigue-Bisnar is the current audit partner for the Company and has served as such since 2020. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period.

Punongbayan & Araullo, has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. Punongbayan & Araullo will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees paid to Punongbayan & Araullo for professional services rendered in respect of the audit of our historical financial statements, excluding out-of-pocket expenses incidental to such services and excluding fees directly related to the Offer:

	2022	2021	2020
Audit and Audit Related Fees	**₱3,300,000**	**₱2,320,000**	**₱1,304,000**
Tax Fees	**₱[●]**	**n/a**	**n/a**
Other Advisory Fees	**₱[●]**	**₱[●]**	**n/a**

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

FINANCIAL INFORMATION

The following pages set forth Ovialand's audited financial statements as at 31 December 2022 and for each of the three years in the period ended 31 December 2020, 2021, and 2022.

P&A Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Ovialand Inc.

December 31, 2022, 2021 and 2020

OVIALAND
Premier Family Living

OVIALAND, INC.
2701 Parkway Corporate Center, Corporate Avenue cor
Parkway Place, Filinvest Alabang, Muntinlupa City
www.ovialand.com
Tel No. 8519 - 8714

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Ovialand, Inc.** (the Company), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the year ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Giovanni J Olivares
Chairman of the Board

Marie Leonore Fatima V Olivares-Vital
Chief Executive Officer

John Bryan A Vital
Chief Financial Officer

Signed this _____ day of __________

P&A Grant Thornton

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35 YEARS
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Report of Independent Auditors

The Board of Directors
Ovialand Inc.
(A Subsidiary of 1802 SJ Holdings Inc.)
Unit 2701, Parkway Corporate Center
Corporate Ave Cor Parkway Place
Filinvest, Alabang, Muntinlupa City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ovialand Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which indicates that the financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the financial statements are disclosed in Note 2 to the financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022 required by the Bureau of Internal Revenue is presented by the management of the Company in a supplementary schedule filed separately from the basic financial statements. The BIR requires the information to be presented in the notes to financial statements. The supplementary information is not a required part of the basic financial statements in accordance with PFRS; it is also not a required disclosure under the Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission. Such supplementary information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 10, 2023

P&A Grant Thornton

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Supplemental Statement of Independent Auditors

The Board of Directors
Ovialand Inc.
(A Subsidiary of 1802 SJ Holdings Inc.)
Unit 2701, Parkway Corporate Center
Corporate Ave Cor Parkway Place
Filinvest, Alabang, Muntinlupa City

We have audited the financial statements of Ovialand Inc. (the Company) for the year ended December 31, 2022, on which we have rendered the attached report dated March 10, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 11 stockholders owning 100 or more shares each of the Company's capital stock as of December 31, 2022, as disclosed in Note 22 to the financial statements.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 10, 2023

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
A S S E T S			
CURRENT ASSETS			
Cash	4	**P 206,460,762**	P 35,867,647
Trade and other receivables	5	**182,524,256**	123,695,483
Real estate inventories	6	**697,052,358**	586,198,320
Due from related parties	21	**144,513,084**	124,916,260
Due from co-joint operator	21	**4,351,414**	-
Prepayments and other current assets	7	**195,140,163**	143,158,014
Total Current Assets		**1,430,042,037**	1,013,835,724
NON-CURRENT ASSETS			
Trade and other receivables	5	**105,577,811**	93,684,705
Property and equipment - net	8	**39,285,502**	22,651,448
Right-of-use assets - net	10	**754,719**	3,893,893
Investment property	9	**-**	1,885,860
Other non-current assets	7	**57,479,242**	2,479,242
Total Non-current Assets		**203,097,274**	124,595,148
TOTAL ASSETS		**P 1,633,139,311**	P 1,138,430,872
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	12	**P 143,575,710**	P 157,053,322
Trade and other payables	11	**313,470,066**	314,495,542
Due to a related party	21	**11,094,964**	97,060,607
Lease liabilities	10	**1,417,293**	2,884,146
Due to co-joint operator	21	**-**	6,660,379
Total Current Liabilities		**469,558,033**	578,153,996
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	**440,021,018**	139,359,091
Retirement benefit obligation	16	**385,071**	137,704
Lease liabilities	10	**-**	1,417,293
Deposit for future stock subscription	17	**-**	134,736,179
Deferred tax liabilities - net	19	**7,070,522**	2,972,615
Total Non-current Liabilities		**447,476,611**	278,622,882
Total Liabilities		**917,034,644**	856,776,878
EQUITY			
Paid-in capital	22	**445,000,000**	82,500,000
Revaluation reserve		**70,042**	167,439
Retained earnings	22	**271,034,625**	198,986,555
Total Equity		**716,104,667**	281,653,994
TOTAL LIABILITIES AND EQUITY		**P 1,633,139,311**	P 1,138,430,872

See Notes to Financial Statements.

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
REAL ESTATE SALES - Net	13	**P 1,367,099,552**	P 833,104,272	P 435,101,313
COST OF REAL ESTATE SALES	14, 15	**791,747,430**	452,826,329	248,363,919
GROSS PROFIT		**575,352,122**	380,277,943	186,737,394
OTHER OPERATING EXPENSES	15			
Administrative expenses		**163,494,388**	115,733,551	50,921,437
Selling and marketing expenses		**105,787,835**	78,305,700	39,406,220
		269,282,223	194,039,251	90,327,657
OPERATING PROFIT		**306,069,899**	186,238,692	96,409,737
OTHER INCOME - Net	18	**6,132,379**	22,358,254	4,274,227
FINANCE COSTS - Net	20	**(13,839,609)**	(27,110,991)	(2,642,709)
PROFIT BEFORE TAX		**298,362,669**	181,485,955	98,041,255
TAX EXPENSE	19	**71,766,599**	16,025,739	22,504,172
NET PROFIT		**226,596,070**	165,460,216	75,537,083
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently through profit or loss				
Remeasurements of post-employment defined benefit obligation	16	**(129,863)**	1,145,357	(836,824)
Tax income (expense) on remeasurement of post-employment defined benefit obligation	19	**32,466**	(220,986)	129,549
		(97,397)	924,371	(707,275)
TOTAL COMPREHENSIVE INCOME		**P 226,498,673**	P 166,384,587	P 74,829,808
EARNINGS PER SHARE	22			
Basic		**P 0.28**	P 0.33	P 0.15
Diluted		**P 0.28**	P 0.33	P 0.15

See Notes to Financial Statements.

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

		Paid-In Capital						
	Note	Capital Stock	Subscription Receivables	Additional Paid-in Capital	Total	Revaluation Reserve	Retained Earnings	Total
Balance at January 1, 2022		P 250,000,000	(P 167,500,000)	P -	P 82,500,000	P 167,439	P 198,986,555	P 281,653,994
Collection of subscription receivables	22	-	167,500,000	-	167,500,000	-	-	167,500,000
Issuance of shares	22	185,000,000	-	10,000,000	195,000,000	-	-	195,000,000
Cash dividends declared	22	-	-	-	-	-	(154,548,000)	(154,548,000)
Total comprehensive income (loss) for the year		-	-	-	-	(97,397)	226,596,070	226,498,673
Balance at December 31, 2022	22	**P 435,000,000**	**P -**	**P 10,000,000**	**P 445,000,000**	**P 70,042**	**P 271,034,625**	**P 716,104,667**
Balance at January 1, 2021		P 250,000,000	(P 167,500,000)	P -	P 82,500,000	(P 756,932)	P 68,864,483	P 150,607,551
Cash dividends declared	22	-	-	-	-	-	(35,338,144)	(35,338,144)
Total comprehensive income for the year		-	-	-	-	924,371	165,460,216	166,384,587
Balance at December 31, 2021	22	P 250,000,000	(P 167,500,000)	P -	P 82,500,000	P 167,439	P 198,986,555	P 281,653,994
Balance at January 1, 2020		P 250,000,000	(P 167,500,000)	P -	P 82,500,000	(P 49,657)	(P 6,672,600)	P 75,777,743
Total comprehensive income (loss) for the year		-	-	-	-	(707,275)	75,537,083	74,829,808
Balance at December 31, 2020	22	P 250,000,000	(P 167,500,000)	P -	P 82,500,000	(P 756,932)	P 68,864,483	P 150,607,551

See Notes to Financial Statements.

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 298,362,669**	P 181,485,955	P 98,041,255
Adjustments for:				
Depreciation and amortization	8, 10, 15	**15,138,515**	11,277,711	6,453,382
Interest expense	20	**13,901,701**	27,135,590	2,653,732
Interest income	4, 20	**(62,092)**	(24,599)	(11,023)
Gain on derecognition of liabilities	18	**-**	(5,880,504)	-
Operating income before working capital changes		**327,340,793**	213,994,153	107,137,346
Increase in trade and other receivables		**(70,721,879)**	(74,943,008)	(47,094,051)
Increase in real estate inventories		**(78,924,190)**	(126,921,559)	(93,203,797)
Increase in due from related parties		**(19,596,824)**	(117,850,453)	(8,988,168)
Increase in due from co-joint operator		**(4,351,414)**	-	-
Increase in other assets		**(169,564,667)**	(56,751,382)	(54,890,510)
Decrease (increase) in deposit for future land acquisition		**-**	7,007,475	(7,007,475)
Increase in trade and other payables		**32,562,498**	64,669,801	127,465,890
Increase (decrease) in due to co-joint operator		**(6,660,379)**	6,660,379	-
Increase in retirement benefit obligation		**110,509**	119,285	38,982
Cash generated from (used in) operations		**10,194,447**	(84,015,309)	23,458,217
Interest received		**62,092**	24,599	11,023
Income taxes paid		**(5,053,708)**	(4,047,624)	(10,673,308)
Net Cash From (Used in) Operating Activities		**5,202,831**	(88,038,334)	12,795,932
CASH FLOWS FROM AN INVESTING ACTIVITY				
Acquisitions of property and equipment	8	**(26,747,535)**	(17,375,258)	(7,571,110)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans	12	**518,642,843**	309,522,800	9,506,926
Repayments of interest-bearing loans	12	**(231,458,528)**	(165,822,874)	(35,750,288)
Repayments of advances from related parties	21	**(170,633,013)**	-	(234,186,316)
Proceeds from collection of subscription receivables	22	**167,500,000**	-	-
Dividends paid	22	**(154,855,732)**	(34,830,412)	-
Proceeds from advances obtained from related parties	21	**114,667,370**	20,551,687	215,441,658
Interest paid		**(78,809,090)**	(76,621,941)	(18,076,911)
Proceeds from issuance of shares	22	**30,263,821**	-	-
Repayments of lease liabilities	10	**(3,179,852)**	(3,264,891)	(3,085,143)
Deposits for future stock subscription received	17	**-**	56,115,179	78,621,000
Net Cash From Financing Activities		**192,137,819**	105,649,548	12,470,926
NET INCREASE IN CASH		**170,593,115**	235,956	17,695,748
CASH AT BEGINNING OF YEAR		**35,867,647**	35,631,691	17,935,943
CASH AT END OF YEAR		**P 206,460,762**	P 35,867,647	P 35,631,691

Supplementary Information on Non-cash Investing and Financing Activities:

1) In 2022, the Company converted advances from a related party amounting to P30.0 million and Deposit for Future Stock Subscription amounting to P134.7 million, which resulted to recognition of P154.7 million capital stock and P10.0 million additional paid-in capital (see Notes 17, 21 and 22).

2) The Company recognized right-of-use assets and lease liabilities amounting to P7.3 million in 2020 in compliance with PFRS 16, *Leases* (see Note 10). There were no new recognitions made in 2022 and 2021.

3) In 2020, the Company reclassified from Real Estate Inventories to Investment Property a parcel of land purchased in 2018 amounting to P1.9 million, which is part of Sannera San Pablo Phase 1 located in San Pablo, Laguna. In 2022, the Company reclassified the same parcel of land to Property and Equipment as it will be utilized as an administrative headquarters of the Company (see Notes 8 and 9).

4) The remaining unpaid balance of cash dividends in 2021 amounted to P0.5 million, of which P0.3 million was paid in 2022 and the remaining P0.2 million was netted against Advances to officers and employees under Trade and Other Receivables account in the 2021 statement of financial position (see Notes 5 and 23).

See Notes to Financial Statements.

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Ovialand Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 21, 2014. The Company is presently engaged in developing, selling, and exchanging of real estate properties.

The Company is a subsidiary osf 1802 SJ Holdings Inc. (the parent company), a company incorporated and domiciled in the Philippines. The parent company is presently engaged as a holding company.

On March 5, 2022, the Board of Directors (BOD) has approved the change of the Company's registered office address and principal place of business. The Company's change in registered office address and principal place of business from Unit 801, Richville Corporate Center, Madrigal Business Park, Muntinlupa City to Unit 2701, Parkway Corporate Center, Corporate Ave Cor Parkway Place, Filinvest, Alabang, Muntinlupa City was approved by the Bureau of Internal Revenue (BIR) on April 1, 2022, and by the Securities of Exchange Commission on June 14, 2022.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2022 (including the comparative financial statements for December 31, 2021 and 2020) were authorized for issue by the Company's Board of Directors (BOD) on March 10, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Company are disclosed in detail in the succeeding pages. PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *SEC Financial Reporting Reliefs Availed by the Company*

In 2020, the Company has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*, MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*, MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*, and MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023,* relating to several implementation issues of PFRS 15*, Revenue from Contracts with Customers,* affecting the real estate industry.

In 2021, MC No. 2021-08, A*mendment to SEC MC No. 2018-14, MC No. 2019-03, MC No. 2020-04, and MC No. 2020-34 to clarify transitory provision,* provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

Discussed in the succeeding pages are the financial reporting reliefs availed of by the Company, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Company opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Company elected not to defer the IFRIC Agenda Decision, it would have the following impact in the financial statements: • finance costs would have been higher; • cost of real estate inventories would have been lower; • total comprehensive income would have been lower; • retained earnings would have been lower; and, • the carrying amount of real estate inventories would have been lower.	Until December 31, 2023
PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*	PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.	Until December 31, 2023

Relief	Description and Implication	Deferral period
	There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Company does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant. Had the Company elected not to defer this provision of the standard, it would not have a significant impact in the financial statements as there would not be any significant financing component since there would be no significant difference between the POC of the real estate project and the right to the consideration based on the payment schedule stated in the contract, since the units sold are either complete or substantially complete prior to sale recognition. As such, this will not significantly impact the retained earnings, real estate sales, and profit or loss in 2022 and prior years.	

(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and other comprehensive income in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(d) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency, the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS

(a) Effective in 2022 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use.* The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Company's financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract.* The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Company's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Company's financial statements as a result of the change since none of the existing contracts as of January 1, 2022 were be identified as onerous after applying the amendments.

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Company's financial statements:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities.* The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) Effective in 2022 that are not Relevant to the Company

Among the amendments and annual improvements to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Company's financial statements:

(i) PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework*

(ii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments are not relevant to the Company:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*

- PAS 41, *Agriculture – Taxation in Fair Value Measurements* *(c) Effective Subsequent to 2022 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(iii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(iv) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(v) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.3 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are categorized into the following categories: financial assets at amortized cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income.

The financial asset category currently relevant to the Company is financial assets at amortized cost. Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash, Trade and Other Receivables (except Advances to officers and employees which are subject to liquidation), Due from Related Parties, Rental deposits (part of Prepayments and Other Current Assets account) and Refundable deposits (part of Other Non-current Assets account).

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash include cash on hand, demand deposits which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of Finance Costs – net.

(b) Impairment of Financial Assets

At the end of the reporting period, the Company assesses and recognizes an allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company recognizes lifetime ECL for trade and other receivables. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

For deposits in banks, the Company applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

On the other hand, the Company applies a general approach in relation to due from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – it is an estimate of likelihood of a counterparty defaulting of its financial obligation over a given time horizon, either over the next 12 months or over the remaining lifetime of the obligation.

- *Loss given default* – it is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Company expects to receive. For trade receivables, this includes cash flows from resale of repossessed real estate properties, net of direct costs of obtaining and selling the properties such as commission, refurbishment, and refund payment under Republic Act (RA) 6552, *Realty Installment Buyer Protection Act* or Maceda law.

- *Exposure at default* – it represents the gross carrying amount of the financial assets in the event of default which pertains to its amortized cost.

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to ECL impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument.

Financial liabilities, which include interest-bearing loans, trade and other payables [except output value-added tax (VAT) and other taxes payable], due to related parties, lease liabilities (see Note 2.12) and due to co-joint operator are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Interest-bearing loans are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss, except for capitalized borrowing cost, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Retention payable, presented as part of Trade and Other Payables account, pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are remitted back to the contractors.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

All interest-related charges are recognized as expense in profit or loss, except capitalized borrowing costs (see Note 2.16), under the caption Finance Costs - net account in the statement of comprehensive income.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation, or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.4 Current versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

2.5 Real Estate Inventories

Cost of real estate inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Company; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties (see Note 2.16). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

Cost of real estate inventories are assigned using specific identification of their individual costs. These properties and project are values at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete the estimated costs necessary to make the sale.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable to be derecognized plus any amount to be refunded to customers and the cost of the repossessed property is recognized in the statement of comprehensive income.

2.6 Interest in Jointly Controlled Operations

Transactions in co-development projects are accounted for using joint operations accounting. For interests in jointly controlled operations, the Company recognizes in its financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint operations. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expense accounts of the Company.

No adjustment and consolidation procedures are required for the assets, liabilities, income and expenses of the joint operations that are recognized in the separate financial statements of the operators.

2.7 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Advances to contractors pertain to advance payments made by the Company for the construction of real estate properties intended for sale (i.e. held as inventory). This is classified as current asset if it will be applied as payments for construction of assets to be classified as inventories. Otherwise, this will be classified as non-current asset.

Advances to suppliers that will be applied as payment for construction of housing units accounted for as real estate inventories are classified and presented under the Prepayments and Other Current Asset account. On the other hand, advances to suppliers that will be applied as payment for construction of property and equipment, and investment properties are classified and presented under the Other Non-current Assets account. These classification and presentation are based on the eventual realization of the asset to which it was advanced for.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

2.8 Property and Equipment

Property and equipment are carried at acquisition cost less accumulated depreciation and any impairment in value. Land is measured at fair value less any impairment in value. As no finite useful life for land can be determined, related carrying amount are not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Office equipment	2-3 years
Furniture and fixtures	2-3 years
Construction tool and equipment	2-5 years
Service vehicles	2-5 years

Construction-in-progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.16) and other direct costs. This account is not depreciated until such time that the assets are completed and available for use. Cost is recognized when materials purchased, and services performed in relation to construction have been used or rendered. When the asset has become available for use, the accumulated cost is transferred to the appropriate property and equipment account, and depreciation is recognized based on the estimated useful life of such asset.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.9 Investment Property

Investment property includes parcels of land held either to earn rental income or for capital appreciation or for both and land held for undetermined use, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose and is carried at cost less any impairment in value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (see Note 2.14).

An item of investment property, including the related accumulated impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Transfers from other accounts (such as property and equipment or real estate inventory) are made to investment property when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party, while transfers from investment property are made when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

As the Company uses the cost model for investment property, transfers between categories do not change the carrying amount of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under Real Estate Inventories account or Property and Equipment account up to the date of change in use (see Notes 2.5 and 2.8).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statement of comprehensive income in the year of retirement or disposal.

2.10 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.11 Revenue and Expenses Recognition

Revenue comprises revenue from sale of real properties.

To determine whether to recognize revenue from sale of real properties, the Company follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

a. the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
b. each party's rights regarding the goods or services to be transferred or performed can be identified;
c. the payment terms for the goods or services to be transferred or performed can be identified;
d. the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
e. collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

Due to the shorter period it takes to complete a unit for sale, the Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

The Company develops real properties such as developed land, house, and lot. The Company often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Company's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(c). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

(a) *Revenue from sale of pre-completed real estate properties* - Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Company measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as Real Estate Sales account in the statement of comprehensive income.

(b) *Revenue from sale of completed real estate properties* - Revenue from completed real estate sales are recognized as the control transfer to the customer at the point in time and upon reaching the collection threshold set by management, i.e., income from sale is considered fully earned at the time the collection from customer has reached the desired percentage requirement of the total contract price.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending recognition of revenue on real estate sale, consideration received from buyer are presented as Customers' deposits under Trade and Other Payables in the statement of financial position (see Note 11).

Incremental costs of obtaining a contract to sell real property to customers are recognized as an asset (i.e. deferred commission) and are subsequently amortized over the duration of the contract in the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs (see Note 2.16).

Contract assets pertain to rights to consideration in exchange for goods or services that the Company has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Company will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Rights to consideration recognized by the Company as it develops the property will be presented as Trade Receivables. Contract assets, if any, are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.3(a)].

Any consideration received by the Company in excess of the amount for which the Company is entitled is presented as Contract Liabilities in the statement of financial position. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

The Company accounts for cancellation of sales contract as repossession of property measured at fair value less cost to repossess.

2.12 Leases – Company as Lessee

For any new contracts entered into, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes right-of-use asset and lease liability in the statement of financial position. The right-of-use asset is measured equal to the initial measurement of the lease liability adjusted for any prepaid lease payments. Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.14).

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

2.13 Foreign Currency Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized under Other Income – net account in the statement of comprehensive income.

2.14 Impairment of Non-financial Assets

The Company's property and equipment, investment property, right-of-use assets and other non-financial assets are subject to impairment testing. All assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.15 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in the profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payables account in the statement of financial position.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The Company's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by an independent actuary using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of zero-coupon government bonds as published by Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs – net account in the statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(c) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution (e.g., Social Security System, Philippine Health Insurance Corporation, etc.). The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.16 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.17 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.18 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.19 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital (APIC) includes any premiums received on the issuance of capital stock and share-based remuneration, if any. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Revaluation reserves comprise of accumulated actuarial gains and losses due to the remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared.

2.20 Deposit for Future Stock Subscription

Deposit for future stock subscription refer to the amount of money and property received by the Company with the purpose of applying the same as payment for future issuance of stocks which may or may not materialize. Deposits for future stock subscription cannot be considered as part of the capital stock of the Company until shares of stock are actually issued in consideration thereof.

On January 6, 2022, SEC issued an amendment on SEC Bulletin No. 6 (issued in 2012) for the treatment of the deposits for future stock subscription. With the adoption of "one-day processing" policy of applications to increase authorized capital stock, the SEC approved the amendments in this guideline. As stated, an entity shall classify a contract to deliver its own equity instruments under equity as deposits for future stock subscription if and only if, all of the following elements are present as of end of the period:

(i) The unissued authorized capital of the entity is insufficient to cover the amount of shares indicated in the contract;

(ii) There is a BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);

(iii) There is stockholders' approval of said proposed increase in authorized capital stock; and,

(iv) The application for the approval of the increase in capital stock has been presented for filing or has been filed with the SEC.

If any or all of the foregoing elements are not present, the transaction should be recognized as of liability. The amount of deposits for future stock subscription will be reclassified to equity account when the Company meets the foregoing criteria.

2.21 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit by the weighted average number of shares issued and outstanding, adjusted retroactively for any share dividend, share split and reverse share split during the current year, if any.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive common shares, if any (see Note 22.3).

2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's President, its chief operating decision-maker. The President is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company's product lines, which only consist of sale of real estate properties as disclosed in Note 13.3, which also represents the main product provided by the Company.

The measurement policies the Company uses for segment reporting is in compliance with PFRS 8, *Operating Segments*, except for interest income and costs, and foreign currency gains and losses, which are not included in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

2.23 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the judgments below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended.

The lease term is reassessed if an option is actually exercised or not exercised, or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Determination of Existence of a Contract with Customer

In a sale of real estate properties, the Company's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready or is substantially complete for use by customer. Moreover, as part of the evaluation, the Company assesses the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, the Company considers the significance of the customer's down payment in relation to the total contract price [see Note 3.1(d)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(c) Evaluation of Timing of Satisfaction of Performance Obligations

The Company exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Company considers the following:

- any asset created or enhanced as the Company performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Company's enforceable right for payment for performance completed to date.

The Company determined that its performance obligation for sale of pre-completed projects is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Company has rights over payment for development completed to date as the Company can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. Revenue from completed real estate sales are recognized as the control transfer to the customer at the point in time and upon reaching the collection threshold set by management, i.e., income from sale is considered fully earned at the time the collection from customer has reached the desired percentage requirement of the total contract price.

(d) Estimation of Collection Threshold for Revenue Recognition

The Company uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Company uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Company determines that collection of the transaction price is reasonably assured. Reaching this level of collection (15% of the contract price) is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. The Company considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

(e) Determination of ECL on Trade and Other Receivables and Due from Related Parties

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

On the other hand, the Company uses a general approach to calculate ECL for receivables from related parties [see Note 3.2(c)]. The Company's management determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties.

(f) Distinction Among Investment Properties, Owner-occupied Properties and Real Estate Inventories

The Company determined whether a property qualifies as investment property, owner-managed property or part of real estate inventory. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while real estate inventories are properties intended solely for sale in the ordinary course of business while investment property comprise of land which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily for capital appreciation. The Company considers each property separately in making its judgment.

(g) Determination of Capitalizable Borrowing Costs

The Company determines whether borrowing costs qualify for capitalization as part of the cost of the qualifying asset or expensed outright. The accounting treatment for the borrowing costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to get the asset ready for its intended use. The total amount of capitalized borrowing costs amounted to P31.9 million, P38.6 million and P46.4 million in 2022, 2021, and 2020, respectively (see Note 6). Failure to make the right judgment will result in misstatement of assets and net profit.

(h) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions are discussed in Note 2.10 and disclosures on relevant provisions and contingencies are presented in Note 23.

(i) Determination of Joint Control in an Arrangement

Judgment is exercised in determining whether the Company has joint control of an arrangement or not. In assessing each interest over an arrangement, the Company considers voting rights, representation on the BOD or equivalent governing body of the arrangement, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

Based on management's assessment, the Company has joint control over the arrangement disclosed in Note 21.1, hence, accounted for in accordance with the Company's policy for interest in jointly controlled operations (see Note 2.6).

However, joint control is not present on certain arrangements described in Note 23.2, hence, are not considered as jointly controlled operations in accordance with PFRS 11. Accordingly, the arrangements are considered as a financing transaction and are accounted for in accordance with the requirements of PFRS 9.

3.2 Key Sources of Estimation Uncertainty

The items below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Company measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Company estimates the total development costs with reference to the project development plan and any agreement with customers.

Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated total development costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 24.2.

(d) Determination of Percentage-of-Completion for Real Estate Transactions

In determining the amount of revenue to be recognized for real estate transactions involving sale of subdivision house and lots wherein performance obligations are satisfied over time, the Company measures progress based on the input method that measures total cost incurred on the units over its total estimated costs. The Company estimates the total costs of the projects with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change. The Company recognized revenues from sale of completed and substantially completed subdivision house and lot amounting to P1,367.1 million, P833.1 million, and P435.1 million in 2022, 2021 and 2020, respectively, and are presented as Real Estate Sales account in the statements of comprehensive income.

(e) Determination of the Amount of Costs Incurred to Obtain or Fulfill a Contract with Customer

In determining the amount of costs to obtain a contract that should be capitalized, the Company identifies those costs which would have not been incurred if the contract had not been obtained. The carrying amounts, net of subsequent amortization, of costs incurred to obtain the contracts with customers (or counterparties) relating to the sale of subdivision lots and condominium units are presented as part of Others under Prepayments and Other Assets in the statements of financial position (see Note 7).

For the costs incurred in fulfilling a contract, the Company recognizes an asset only if: those costs related directly to a contract or to an anticipated contract can be specifically identified; those costs generate or enhance the Company's resources that will be used in satisfying performance obligation in the future; and the Company expects those costs to be recovered. There were no recognized assets arising from costs incurred in fulfilling the contracts during the reporting periods as the Company accounted for such costs in accordance with accounting policies related to other financial reporting standards.

(f) Fair Value Measurement of Investment Properties

Investment properties are measured using the cost model. For land with undetermined use, the fair value is determined using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility. A significant change in the elements may affect prices and the value of the assets.

For land, the Company determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors, such as location and condition of the property. As of December 31, 2021, the fair value of the investment properties is based on an independent appraisal of the property. However, in 2022, the investment property amounting to P1.9 million has been reclassified to Property and Equipment (see Notes 8 and 9).

Relevant disclosures relating to the fair value of the Company's investment property are disclosures in Note 26.2.

(g) Determination of Net Realizable Value of Inventories

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The future realization of the carrying amounts of real estate inventories are presented in Note 6 is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's real estate inventories within the next financial year.

Based on management's assessment as at December 31, 2022 and 2021, the carrying values of real estate inventories are lower than their net realizable values considering present market rates; hence, no impairment loss is recognized (see Note 6).

(h) Estimation of Useful Lives of Property and Equipment and Right-of-use Assets

The Company estimates the useful lives of property and equipment and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of investment properties and property equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The carrying amounts of property and equipment and right-of-use assets are disclosed in Notes 8 and 10.1. Based on management's assessment as at December 31, 2022 and 2021, there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2022 and 2021 will be utilized in the coming years. The carrying value of deferred tax assets as of those dates are disclosed in Note 19.

(j) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset, or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate (see Note 2.14). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of the operations.

Based on management's assessment, no impairment loss is required to be recognized in 2022 and 2021 on its investment properties, property and equipment, right-of-use assets and other non-financial assets.

(k) Valuation of Retirement Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by an independent actuary in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of retirement benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movement in the estimated present value of post-employment benefit obligation, as well as the significant assumptions used in estimating such defined obligation are presented in Note 16.1.

4. CASH

This account is composed of the following:

	2022	2021
Cash in banks	**P 206,302,699**	P 35,731,460
Cash on hand	**158,063**	136,187
	P 206,460,762	P 35,867,647

Cash in banks generally earn interest based on daily bank deposit and time deposit rates. The Company made a time deposit for 15 days and another 30 days with a total amount of P20.0 million and each earn an effective interest of 5.5% and 5.75%, respectively. Interest income earned from cash in banks is presented as part of Finance Costs - net account in the statements of comprehensive income (see Note 20).

5. TRADE AND OTHER RECEIVABLES

The account consists of the following:

	2022	2021
Current:		
Trade receivables	**P 24,054,774**	P 10,753,785
Retention receivables	**63,972,576**	62,540,717
Advances to officers and employees	**81,414,124**	42,675,877
Others	**13,082,782**	7,725,104
Balance carried forward	**P 182,524,256**	P 123,695,483

	2022	2021
Balance brought forward	**P 182,524,256**	P 123,695,483
Non-current:		
Retention receivables	**100,378,882**	89,588,093
Trade receivables	**5,198,929**	4,096,612
	105,577,811	93,684,705
	P 288,102,067	P 217,380,188

Trade receivables mainly pertains to real estate sales and generally collectible in monthly installments over a period of less than a year. Non-current trade receivables during the year pertain to the in-house financed sales for which are collectible in installments for more than a year inclusive of interest. Interest income earned from all trade receivables are presented as part of Other Income - net account in the statements of comprehensive income (see Note 18).

In 2022, the Company obtained a loan from a local bank amounting to P50.0 million for which collections of trade receivables of the same amount have been assigned with recourse. The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding principal and interest. The loan bears an annual interest of 5.88%. Outstanding amount of the loan as of December 31, 2022 amounted to P13.1 million and is presented as part of Interest-Bearing Loans account in the 2022 statement of financial position (see Note 12). The carrying value of the remaining receivables is equal to the outstanding balance of the loan as of December 31, 2022, and none were found to be impaired.

Retention receivables are amounts retained by HDMF from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 406, *Determination of Retention Fees for Developer Assisted Housing Loan Accounts and Transfer or Registration Fees for Retail Housing Loan Accounts*. The said amount shall be released upon submission of relevant documents and subsequent performance of the terms stated in the undertaking.

Advances to officers and employees are noninterest-bearing and are generally subject to liquidation and salary deduction, which are used for official business purposes. Majority of these advances pertain to payments released to employees as a pre-determined budget to be utilized in various processing required to complete a real estate sale transaction such as title transfer in the Registry of Deeds and related tax fees. Details of these advances are as follows:

	Note	2022	2021
Advances related to processing and regulatory fees		**P 77,319,643**	P 36,289,776
Advances to officers and key management personnel	21.6	**3,851,570**	6,296,018
Advances to employees		**242,911**	90,083
		P 81,414,124	P 42,675,877

In 2021, the Company offset the remaining unpaid dividends declared during the year amounting to P0.2 million to the advances made to key management personnel. No similar transactions occured during the year (see Note 21.6).

Others pertain to reimbursable miscellaneous items related to transfer of ownership paid by the Company on behalf of the customers (i.e., insurance, meter installations and electricity billings).

All trade and other receivables, except advances to officers and employees, are subject to credit risk exposure (see Note 24.2). However, the Company identified specific concentrations of credit risk regarding Trade and Retention receivables as all the amounts recognized consist of receivables from HDMF. Most receivables from trade customers are financed through HDMF. The titles of the real estate properties remain with the Company until the receivables are fully collected. Management assessed the ECL of these receivables as nil since these are collectible within a year from a well-funded debtor in addition to having the ownership over the title of the property until full collection.

6. REAL ESTATE INVENTORIES

The account is composed of the following, which are all measured at cost as of December 31:

	2022	2021
Raw land inventory	**P 326,503,861**	P 288,406,896
Property development costs	**242,561,892**	236,923,810
Residential unit for sale	**127,986,605**	60,867,614
	P 697,052,358	P 586,198,320

Certain parcels of land reported under raw land inventory and property development cost with total carrying values of P198.2 million and P62.5 million for 2022 and 2021 were pledged as collaterals for outstanding loans with local banks (see Note 12).

The movements in the inventory balances as of December 31 are shown below.

	Notes	**2022**	2021
Balance at beginning of year		**P 586,198,320**	P 420,695,169
Additions		**870,671,620**	579,747,888
Capitalized borrowing costs	12	**31,929,848**	38,581,592
Cost of units sold	15	**(791,747,430)**	(452,826,329)
Balance at end of year		**P 697,052,358**	P 586,198,320

There was no impairment of inventories in both years. Capitalized borrowing costs are all related to loans specifically obtained to finance various projects of the Company in 2022 and 2021 (see Note 12).

7. PREPAYMENTS AND OTHER ASSETS

The composition of this account as of December 31 is shown below.

	Notes	2022	2021
Current:			
Advances to suppliers and contractors		**P 138,581,567**	P 89,448,599
Materials inventory		**29,682,708**	33,959,991
Rental deposits	24.2	**12,485,000**	11,815,000
Properties held for donation		**8,897,829**	-
Creditable withholding taxes		**4,533,728**	6,869,665
Deferred input VAT		**-**	911,111
Others	13.2	**959,331**	153,648
		195,140,163	143,158,014
Non-current:			
Refundable deposits	24.2	**2,479,242**	2,479,242
Properties held for donation		**55,000,000**	-
		57,479,242	2,479,242
		P 252,619,405	P 145,637,256

Advances to suppliers and contractors are advance payments made for purchases and construction of projects as part of the terms of payments to the suppliers and contractors. These are considered security payments of the Company to suppliers and contractors for the procurement of materials and services, respectively, to assure the continuity of the scheduled project completions.

Materials inventory includes unused construction materials not released for any projects under construction as of December 31, 2022 and 2021.

Rental deposits pertain to payments made for office rental in Parkway, Muntinlupa which is refundable at the end of the rental term. Refundable deposits, on the other hand, pertain to payments made to utility companies for the installation of utilities such as electricity and water connection in relation to the Company's real estate projects. These payments are refundable once the projects are completed.

In 2022, the Company acquired a parcel of land with buildings situated on it amounting to P55.0 million. The properties acquired were then decided by the BOD to be donated through the government's project, Adopt-a-School Program. Certain renovations were made on the existing buildings and new building was constructed. As of December 31, 2022, the Company incurred a total of P8.9 million renovation and construction costs which were capitalized and recognized, together with the P55.0 million acquisition, as Property held for donation presented under Prepayments and Other Current Assets and Other Non-Current Assets, respectively, in the 2022 statement of financial position.

The ownership of the new building and the related improvements, under Current Assets classification, is in the process of transfer to the donee in 2023 upon completion of the construction and the necessary documents for donation. The land portion under Non-current Assets classification is intended and expected to be transferred to the donee beyond 2023 as there are still plans for further renovations on such properties and completion of necessary documents for transfer is not expected to be completed within 2023.

As of December 31, 2022, no agreed memorandum of agreement and deeds of donation and acceptance were finalized and the actual ownership of the properties remained under the control of the Company.

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of property and equipment at the beginning and end of 2022 and 2021 are shown below.

	Office Equipment	Furniture and Fixtures	Construction Tool and Equipment	Service Vehicles	Construction in Progress	Land	Total
December 31, 2022							
Cost	P 2,420,181	P 295,282	P 40,789,706	P 6,388,038	P 15,103,845	P 1,885,860	P 66,882,912
Accumulated depreciation and impairment losses	(1,499,689)	(228,255)	(24,130,620)	(1,738,846)	-	-	(27,597,410)
Net carrying amount	**P 920,492**	**P 67,027**	**P 16,659,086**	**P 4,649,192**	**P 15,103,845**	**P 1,885,860**	**P 39,285,502**
December 31, 2021							
Cost	P 1,394,018	P 224,313	P 31,899,564	P 4,731,623	P -	P -	P 38,249,518
Accumulated depreciation and impairment losses	(882,446)	(224,313)	(13,945,798)	(545,513)	-	-	(15,598,070)
Net carrying amount	P 511,572	P -	P 17,953,766	P 4,186,110	P -	P -	P 22,651,448
January 1, 2021							
Cost	P 771,120	P 224,313	P 19,878,828	P -	P -	P -	P 20,874,261
Accumulated depreciation and impairment losses	(516,330)	(224,313)	(7,791,830)	-	-	-	(8,532,473)
Net carrying amount	P 254,790	P -	P 12,086,998	P -	P -	P -	P 12,341,788

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2022 and 2021 is shown below and in the succeeding page.

	Office Equipment	Furniture and Fixtures	Construction Tool and Equipment	Service Vehicles	Construction in Progress	Land	Total
Balance at January 1, 2022, net of accumulated depreciation	P 511,572	P -	P 17,953,766	P 4,186,110	P -	P -	P 22,651,448
Additions	1,026,163	70,970	8,890,143	1,656,415	15,103,845	-	26,747,535
Reclassification	-	-	-	-	-	1,885,860	1,885,860
Depreciation charges for the year	(617,243)	(3,943)	(10,184,822)	(1,193,333)	-	-	(11,999,341)
Balance at December 31, 2022, net of accumulated depreciation	**P 920,492**	**P 67,027**	**P 16,659,086**	**P 4,649,192**	**P 15,103,845**	**P 1,885,860**	**P 39,285,502**
Balance at January 1, 2021 net of accumulated depreciation	P 254,790	P -	P 12,086,998	P -	P -	P -	P 12,341,788
Additions	622,899	-	12,020,736	4,731,623	-	-	17,375,258
Depreciation charges for the year	(366,117)	-	(6,153,968)	(545,513)	-	-	(7,065,598)
Balance at December 31, 2021 net of accumulated depreciation	P 511,572	P -	P 17,953,766	P 4,186,110	P -	P -	P 22,651,448

		Office Equipment		Furniture and Fixtures		Construction Tool and Equipment		Service Vehicles		Construction in Progress		Land		Total
Balance at January 1, 2020														
net of accumulated depreciation	P	144,861	P	-	P	9,495,994	P	-	P	-	P	-	P	9,640,855
Additions		225,385		-		7,345,725		-		-		-		7,571,110
Depreciation charges for the year	(	115,456)		-	(	4,754,721)		-		-		-	(	4,870,177)
Balance at December 31, 2020,														
net of accumulated depreciation	P	254,790	P	-	P	12,086,998	P	-	P	-	P	-	P	12,341,788

The cost of property and equipment which are fully depreciated and are still in use in the Company's operation amounted to P9.6 million and P0.2 million in 2022 and 2021, respectively.

In 2022, the Company reclassified its parcel of land classified as Investment Property in 2021 to Property and Equipment since it will be used as headquarters for administrative purposes (see Note 9). The construction-in-progress pertains to the headquarters building constructed on the said parcel of land.

The details of depreciation expense presented as part of Operating expenses are as follows.

	Note		**2022**		2021		2020
Cost of real estate sales – property development cost		**P**	**10,184,822**	P	6,153,968	P	4,754,721
Administrative expenses			**1,814,519**		911,630		115,456
	15	**P**	**11,999,341**	P	7,065,598	P	4,870,177

None of the Company's property and equipment are used as collateral for its outstanding interest-bearing loans.

9. INVESTMENT PROPERTY

In 2020, the Company reclassified from Real Estate Inventories to Investment Property a parcel of land purchased in 2018, which is part of Sannera San Pablo Phase 1 located in San Pablo, Laguna. The land has an aggregate area of 1,078 square meters and a historical cost of P1.9 million. Management appraised these parcels of land during 2021 and assessed that there is no impairment on their carrying values. There was no similar transaction and no additional acquisitions for 2022 and 2021. Information relating to fair value measurements and disclosures are disclosed in Note 26.2.

In 2022, the Company reclassified its parcel of land classified as Investment Property in 2021 to Property and Equipment (see Note 8).

10. LEASES

The Company has leases for certain transportation equipment and construction equipment. Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. These leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

10.1 Right-of-use Assets

The carrying amounts and movements of the Company's right-of-use assets are shown below.

	Transportation Equipment	Construction Equipment	Total
December 31, 2022			
Balance at beginning of year	P 702,814	P 3,191,079	P 3,893,893
Amortization for the year	(702,814)	(2,436,360)	(3,139,174)
Balance at end of year	**P -**	**P 754,719**	**P 754,719**
December 31, 2021			
Balance at beginning of year	P 1,540,087	P 6,565,919	P 8,106,006
Amortization for the year	(837,273)	(3,374,840)	(4,212,113)
Balance at end of year	P 702,814	P 3,191,079	P 3,893,893
January 1, 2021			
Balance at beginning of year	P 2,549,964	P -	P 2,549,964
Additions	-	7,309,076	7,309,076
Effect of change due to lease modification	(169,829)	-	(169,829)
Amortization for the year	(840,048)	(743,157)	(1,583,205)
Balance at end of year	P 1,540,087	P 6,565,919	P 8,106,006

Amortization is presented on the statements of comprehensive income as follows.

	Note	**2022**	2021	2020
Cost of real estate sales – property development cost		**P 2,436,360**	P 3,374,840	P 743,157
Administrative Expenses		**702,814**	837,273	840,048
	15	**P 3,139,174**	P 4,212,113	P 1,583,205

10.2 Lease Liabilities

Lease liabilities are presented in the statements of financial position as at December 31 as follows:

	2022	2021
Current	**P 1,417,293**	P 2,884,146
Non-current	**-**	1,417,293
	P 1,417,293	P 4,301,439

Presented below is the reconciliation of the Company's lease liabilities.

	Note	**2022**	2021
Balance at beginning of year		**P 4,301,439**	P 6,682,479
Repayment of lease liabilities		**(3,179,852)**	(3,264,891)
Interest amortization on lease liabilities	20	**295,706**	883,851
Balance at end of year		**P 1,417,293**	P 4,301,439

As of December 31, 2022 and 2021, the Company had not committed to any leases, which had not commenced.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as of December 31, 2022, 2021 and 2020 are presented below and in the succeeding page.

	Within one year	**1 to 2 years**	**More than 2 years**	**Total**
2022:				
Lease payments	P 1,687,677	P -	P -	P 1,687,677
Finance charges	(270,384)	-	-	(270,384)
Net present values	**P 1,417,293**	**P -**	**P -**	**P 1,417,293**
2021:				
Lease payments	P 3,179,852	P 1,687,677	P -	P 4,867,529
Finance charges	(295,706)	(270,384)	-	(566,090)
Net present values	P 2,884,146	P 1,417,293	P -	P 4,301,439
2020:				
Lease payments	P 3,333,720	P 3,179,852	P 1,687,677	P 8,201,249
Finance charges	(952,680)	(295,706)	(270,384)	(1,518,770)
Net present values	P 2,381,040	P 2,884,146	P 1,417,293	P 6,682,479

10.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases, including interest expense, amounted to P3.2 million in 2022, P3.3 million in 2021 and P3.1 million in 2020. Interest expense relative to lease liabilities amounted to P0.3 million, P0.9 million and P0.6 million in 2022 2021 and 2020, respectively, is presented as part Finance Costs – net in the statements of comprehensive income (see Note 20).

11. TRADE AND OTHER PAYABLES

This account consists of:

	Note	**2022**	2021
Trade payables		**P 254,996,462**	P 200,504,339
Customers' deposits		**27,825,767**	40,015,038
Retention payable		**12,528,059**	11,534,548
Accrued expenses	15	**10,614,988**	22,774,992
Statutory payables		**4,469,134**	3,231,118
Output VAT payable		**2,237,965**	2,837,972
Interest payables		**204,667**	33,484,909
Others		**593,024**	112,626
		P 313,470,066	P 314,495,542

Trade payables mainly represent obligations to subcontractors and suppliers of construction materials for the Company's projects and are normally payable within 30 to 90 days.

Customers' deposits pertain to the initial collections of the Company from its customers as part of their 15% equity share or down payment for the unit sold. If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. These amounts are reclassified to revenue and receivable on uncollected portion upon full collection of the 15% equity share within six to twelve months. The Company recognizes revenues only upon collecting the 15% equity share and securing a loan application with HDMF or any accredited financing entities, to ensure the collectability of the full transaction price and mitigate any risk of sale back-outs.

Accrued expenses mainly refer to accrual of commission expenses and other expenses. Statutory payables, on the other hand, pertain to unremitted withholding taxes and contributions to government related agencies.

Retention payable pertains to amount withheld from payments made to contractors. Retention period is within one year upon transfer of completed units and each unit have an expected completion of four to six months.

12. INTEREST-BEARING LOANS

Short-term and long-term interest-bearing loans are broken down as follows:

	2022	2021
Current	**P 143,575,710**	P 157,053,322
Non-current	**440,021,018**	139,359,091
	P 583,596,728	P 296,412,413

The following loans represent loans obtained from certain local banks and other financing entities:

12.1 Bank Loans

The Company had outstanding bank loans from various local banks with average interest rates ranging from 5.75% to 8.50% and 5.50% to 6.25% as of December 31, 2022 and 2021 respectively. The loans are obtained to finance the development of various projects and for other working capital purposes.

In 2022, the Company obtained a loan from a local bank amounting to P50.0 million for which collections of trade receivables of the same amount have been assigned with recourse. The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding principal. The carrying value of the remaining receivables is equal to the outstanding balance of the loan as of December 31, 2022, and none were found to be impaired (see Note 5).

The Company capitalized borrowing costs from these loans obtained for land development amounting to P3.1 million and P2.8 million in 2022 and 2021, respectively, as part of Real Estate Inventories account in the statements of financial position (see Note 6). The Company used a capitalization rate of 14.5% and 2.9% for 2022 and 2021, respectively.

The Company also recognized interest expense amounting to P13.0 million and P25.8 million in 2022 and 2021, respectively, as part of Finance Cost - Net account in the statements of comprehensive income, which pertain to the loan portions used for other working capital purposes

Certain parcels of land, accounted for as part of Real Estate Inventories, with total carrying values of P7.9 million and P62.5 million as of December 31, 2022 and 2021, respectively, were pledged as collaterals for the bank loan (see Note 6).

The outstanding balance of these loans amounted to P130.7 million and P223.8 million as of December 31, 2022 and 2021, respectively.

The Company has complied with loan covenant of maintaining Loan to Value (LTV) ratio not exceeding sixty percent (60%) at the end of the reporting periods and maintaining certain credit facilities to be used exclusively for the projects for which the credit facility was entered into. The LTV ratio is calculated as the ratio of (i) the total outstanding amount under the Term Loan Facility; and (ii) the sum of the *"Security Value of the Project"* or the latest appraised value of the Project as determined by the lender, taking into account the land value and improvements introduced as of the relevant date. The Company also has complied with continuing the undertaken surety agreements between the Company and the Surety (see Note 21.5).

The Company's stockholders act as sureties in favor of certain banks for its revolving credit line for the Company's working capital requirements (see Note 21.5).

12.2 Financing Arrangements

A loan from financing arrangements with third party, with an average annual interest rate of 32%, was obtained in 2019 to finance the purchase of a parcel of land to be used for the development of the Company's project. The related interest will be settled through share in the expected units to be sold on the project from 2019 until 2022 (see Note 23.2).

Borrowing costs related to this financing arrangement have been capitalized by the Company amounting to P14.3 million and P35.8 million in 2022 and 2021, respectively, as part of Real Estate Inventories, with capitalization rate the same as its average annual interest rate (see Note 6).

The Company also had another financing arrangement obtained in 2021 specifically to finance another Company's project, bearing an annual interest rate of 12%. The said project has not commenced yet as of December 31, 2021, hence, finance costs incurred related to this loan was not yet capitalized and is presented as part of Finance Costs - Net account in the 2021 statement of comprehensive income (see Notes 20 and 23.2). However, in 2022, the development of the project commenced, hence, the interest incurred during the year is capitalized. The Company capitalized borrowing costs related to this financing arrangement amounting to P14.5 million in 2022 as part of Real Estate Inventories in the 2022 statement of financial position with a capitalization rate of the same as the annual interest rate (see Note 6).

Outstanding balance of these arrangements amounted to P180.0 million and P72.6 million as of December 31, 2022 and 2021, respectively. There were no specific debt covenants set nor any collaterals made for both arrangements aforementioned above as of December 31, 2022 and 2021.

12.3 Corporate Note Facility

The Company obtained in 2022 a P600.0 million note facility with a three-year and six months terms after initial drawdown with a 7.50% interest floor rate. The Company made a total of P272.9 million drawdown in December 2022 with an interest rate of 8.871% to finance the development of Bulacan Project, which remained outstanding as of December 31, 2022.

Certain parcels of land, accounted for as part of Real Estate Inventories, with total carrying values of P190.3 million were pledged as collaterals for the corporate note (see Note 6).

Interests incurred related to the loan are recognized as part of Finance Costs - Net account in the 2022 statement of comprehensive income as there is still no significant land development on the project during and as of December 31, 2022 (see Note 20).

The Company complied with loan covenant of maintaining Debt Service Coverage ratio of at least 150% , and not exceeding Debt-to-Equity ratio of 150%, and Debt-to-Earnings Before Interest, Taxes, Depreciation, and Amortization ratio of 250%.

The details of the interest expense attributable to all the interest-bearing loans of the Company are allocated as follows:

	Notes	**2022**	2021	2020
Capitalized as part of property development costs	6	**P 31,929,848**	P 38,581,592	P 46,431,700
Finance costs	20	**13,046,598**	25,832,022	1,833,446
		P 44,976,446	P 64,413,614	P 48,265,146

The movements of interest-bearing loans as of December 31 are as follows:

	2022	2021
Balance at beginning of year	**P 296,412,413**	P 152,712,487
Availments	**518,642,843**	309,522,800
Repayments	**(231,458,528)**	(165,822,874)
Balance at end of year	**P 583,596,728**	P 296,412,413

13. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT REPORTING

13.1 Disaggregation of Revenues

All sales in 2022, 2021 and 2020 pertain to sale of completed and substantially completed residential housing units. Real estate revenues from sale residential housing are broken down as follows:

	Note	**2022**	2021	2020
Geographical areas:				
Laguna				
Revenue on sold units		**P 994,650,788**	P 470,156,483	P 425,250,305
Share of co-joint operator	21.1	**(14,988,207)**	(38,485,850)	(26,514,742)
		979,662,581	431,670,633	398,735,563
Quezon		**387,436,971**	401,433,639	36,365,750
		P 1,367,099,552	P 833,104,272	P 435,101,313

In 2020, back-out sales pertain to sales recognized from previous years. Losses from such transactions amounting to P1.1 million is presented as Loss on sales cancellation under Other Income - net in the 2020 statement of comprehensive income. There were no similar transactions in 2022 and 2021 (see Note 18).

The Company recognizes its real estate sales net of discounts amounting to P14.7 million, P12.0 million and P5.9 million in 2022, 2021 and 2020, respectively.

13.2 Direct Contract Costs

The Company incurs sales commission upon execution of contracts to sell real properties to customers as presented below:

	Note	2022	2021
Balance at beginning of year		**P 74,707**	P 15,163
Capitalized commissions		**68,080,154**	54,555,322
Commission expense	15	**(68,072,023)**	(54,496,078)
Balance at end of year		**P 82,838**	P 74,407

Incremental costs of commission incurred to obtain contracts are capitalized and presented as part of Others under Prepayments and Other Current Assets in the statements of financial position (see Note 7). These are amortized over the expected construction period on the same basis as how the Company measures progress towards complete satisfaction of its performance obligation in its contracts.

13.3 Segment Reporting

The Company has determined that it operates as one operating segment. The Company's only income-generating activity is its sale of real estate properties which is the measure used by the President in allocating resources.

Details segment information used by the Company in 2022, 2021 and 2020 are presented below and in the succeeding page

		Real Estate Segment (Projects)				
	Notes	Sannera I	Sannera II	Caliya	Savana	Total
2022:						
PROFIT OR LOSS:						
Real estate sales - net		P 53,390,800	P 160,606,975	P 387,436,971	P 765,664,806	**P 1,367,099,552**
Cost of real estate sales	14	(30,294,209)	(102,152,921)	(252,777,567)	(406,522,733)	**(791,747,430)**
Gross profit		23,096,591	58,454,054	134,659,404	359,142,073	**575,352,122**
Operating expenses directly attributable to each project	15	(16,188,800)	(20,838,291)	(44,189,363)	(65,967,124)	**(147,183,578)**
Segment operating profits		**P 6,907,791**	**P 37,615,763**	**P 90,470,041**	**P 293,174,949**	**428,168,544**
Unallocated income and expenses:						
General and common operating expenses	15					**(122,098,645)**
Interests and other income and charges	18, 20					**(7,707,230)**
Profit before tax as reported in profit or loss						**P 298,362,669**
ASSETS AND LIABILITIES:						
Segment assets pertaining to:						
Operating projects		P 89,361,962	P 82,418,591	P 252,463,148	P 147,574,607	P 571,818,308
Non-operating projects		-	-	-	-	491,454,900
		P 89,361,962	**P 82,418,591**	**P 252,463,148**	**P 147,574,607**	**P 1,063,273,208**
Segment liabilities pertaining to:						
Operating projects		P 9,015,594	P 3,024,988	P 60,453,747	P 104,818,937	P 177,313,266
Non-operating projects		-	-	-	-	603,993,742
		P 9,015,594	**P 3,024,988**	**P 60,453,747**	**P 104,818,937**	**P 781,307,008**

	Notes	Real Estate Segment (Projects) Sannera I	Sannera II	Caliya	Savana	Total
2021:						
PROFIT OR LOSS:						
Real estate sales - net		P 64,979,697	P 366,690,935	P 401,433,640	P -	P 833,104,272
Cost of real estate sales	14	(45,197,339)	(159,154,520)	(248,474,470)	(-)	(452,826,329)
Gross profit		19,782,358	207,536,415	152,959,170	-	380,277,943
Operating expenses directly attributable to each project	15	(16,503,506)	(40,879,560)	(43,349,496)	(-)	(100,732,561)
Segment operating profits		P 3,278,852	P 166,656,855	P 109,609,674	P -	279,545,382
Unallocated income and expenses:						
General and common operating expenses	15					(93,306,690)
Interests and other income and charges	18, 20					(4,752,737)
Profit before tax as reported in profit or loss						P 181,485,955
ASSETS AND LIABILITIES:						
Segment assets pertaining to:						
Operating projects		P 105,185,849	P 134,978,592	P 312,571,040	P 165,466,824	P 718,202,305
Non-operating projects		-	-	-	-	158,383,812
		P 105,185,849	P 134,978,592	P 312,571,040	P 165,466,824	P 876,586,117
Segment liabilities pertaining to:						
Operating projects		P 7,723,529	P 82,810,306	P 123,412,415	P 109,734,101	P 323,680,351
Non-operating projects		-	-	-	-	126,843,841
		P 7,723,529	P 82,810,306	P 123,412,415	P 109,734,101	P 450,524,192
2020:						
PROFIT OR LOSS:						
Real estate sales - net		P 195,720,195	P 203,015,368	P 36,365,750	P -	P 435,101,313
Cost of real estate sales	14	(107,947,068)	(114,480,312)	(25,936,539)	(-)	(248,363,919)
Gross profit		87,773,127	88,535,056	10,429,211	-	186,737,394
Operating expenses directly attributable to each project	15	(35,506,747)	(19,284,348)	(9,545,187)	(-)	(64,336,282)
Segment operating profits		P 52,266,380	P 69,250,708	P 884,024	P -	122,401,112
Unallocated income and expenses:						
General and common operating expenses	15					(25,991,375)
Interests and other income and charges	18, 20					1,631,518
Profit before tax as reported in profit or loss						P 98,041,255

Presented below and in the succeeding page are the details and reconciliation of the Company's segment assets and liabilities to the key financial information presented in its financial statements.

	2022	2021
Assets:		
Segment assets	**P1,063,273,208**	P 876,586,117
Cash	**206,460,762**	35,867,647
Due from related parties	**144,513,084**	124,916,260
Capital assets	**40,040,221**	28,431,201
Other unallocated assets	**178,852,036**	72,629,647
Total assets reported in the statements of financial position	**P 1,633,139,311**	P1,138,430,872

	2022	2021
Liabilities:		
Segment liabilities	**P 781,307,008**	P 450,524,192
Due to a related party	**11,094,964**	97,060,607
Deposit for future stock subscription	**-**	134,736,179
Other unallocated assets	**124,632,672**	174,455,900
Total liabilities reported in the statements of financial position	**P 917,034,644**	P 856,776,878

14. COST OF REAL ESTATE SALES

The details of cost of sales are shown below.

	Notes	**2022**	2021	2020
Residential units for sale		**P 492,321,075**	P 286,876,322	P 184,576,027
Property development costs		**231,857,589**	129,844,503	48,420,943
Raw land		**67,568,766**	36,105,504	15,366,949
	6, 15	**P 791,747,430**	P 452,826,329	P 248,363,919

15. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2022	2021	2020
Materials		**P 316,778,692**	P 182,285,439	P 102,185,759
Land development		**242,561,345**	120,315,696	42,923,064
Contractors' fees		**147,459,969**	98,904,317	80,962,462
Commission expense	13.2	**68,072,023**	54,496,078	28,712,342
Allocated land cost		**63,884,484**	36,105,504	15,366,949
Salaries and employee benefits	16.1	**49,450,199**	26,880,132	24,905,604
Professional fees		**32,185,380**	46,425,629	5,386,142
Taxes and licenses		**28,432,111**	19,392,653	5,351,763
Documentation cost		**23,284,047**	12,604,735	6,112,732
Advertising and promotion		**17,419,670**	11,969,825	4,996,979
Depreciation and amortization	8, 10	**15,138,515**	11,277,711	6,453,382
Overhead		**10,878,118**	5,686,566	1,427,806
Security services		**8,342,599**	5,893,887	4,619,411
Representation		**6,636,005**	487,726	646,164
Office supplies		**3,269,733**	1,739,212	801,886
Repairs and maintenance		**3,161,163**	2,325,173	945,210
Utilities		**1,649,490**	944,236	922,540
Trainings and seminars		**1,127,163**	386,708	-
Penalties and surcharge		**1,117,823**	625,270	1,192,613
Tools and other supplies		**1,042,262**	648,495	1,213,188
Insurance		**892,877**	1,395,692	1,136,679
Miscellaneous expenses		**18,245,985**	6,074,896	2,428,901
		P1,061,029,653	P 646,865,580	P 338,691,576

These expenses are classified in the statements of comprehensive income as follows.

	Note	2022	2021	2020
Cost of real estate sales	14	**P 791,747,430**	P 452,826,329	P 248,363,919
Administrative expenses		**163,494,388**	115,733,551	50,921,437
Selling and marketing		**105,787,835**	78,305,700	39,406,220
		P1,061,029,653	P 646,865,580	P 338,691,576

The Company employs marketing services for real estate sales, in return, the Company recognizes sales commission, the payment of which is based on the collections made by the Company from its customers. The outstanding balance of commission amounted to P7.0 million and P20.5 million as of December 31, 2022 and 2021, respectively, is presented as part of Accrued Expenses under Trade and Other Payables account in the statements of financial position (see Note 11).

Miscellaneous expenses include transportation and travel, postage and communication, printing and photocopy, office consumables, donations, and other expenses.

16. EMPLOYEE BENEFITS

16.1 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

The Company maintains an unfunded, noncontributory post-employment benefit plan. The post-employment plan covers all regular full-time employees. Under the plan, the employees are entitled to post-employment benefits equal to salary for 22.5 days for every year of credited service in accordance with R.A. No. 7641, *The Retirement Pay Law.*

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs. All amounts presented below and in the succeeding page are based on the actuarial valuation report obtained from an independent actuary in 2022, 2021 and 2020.

The movements in the present value of the post-employment defined benefit obligation recognized in the books are presented below.

	Notes	**2022**	2021
Balance at beginning of year		**P 137,704**	P 1,119,554
Current service costs	16.1	**110,509**	119,285
Interest expense	20	**6,995**	44,222
Remeasurement –			
Actuarial losses (gains)			
arising from:			
Experience adjustments		**82,226**	(856,766)
Demographic assumptions		**158,054**	(269,265)
Changes in financial assumptions		**(110,417)**	(19,326)
Balance at end of year		**P 385,071**	P 137,704

The components of amounts recognized in profit or loss and in other comprehensive income (loss) in respect of the defined benefit post-employment plan are presented below.

	Notes	**2022**	2021	2020
Reported in profit or loss:				
Current service costs	16.1	**P 110,509**	P 119,285	P 38,981
Interest expense	20	**6,995**	44,222	12,092
		P 117,504	P 163,507	P 51,073
Reported in other comprehensive income (loss) –				
Actuarial gains (losses)				
arising from:				
Experience adjustments		**(P 82,226)**	P 856,766	(P 650,992)
Demographic assumptions		**(158,054)**	269,265	-
Changes in financial assumptions		**110,417**	19,326	(185,832)
		(P 129,863)	P 1,145,357	(P 836,824)

Current service costs and interest expense are presented as part of Administrative expenses account under Other Operating Expenses section and Finance Costs - Net account, respectively, in the statements of comprehensive income (see Note 20).

Actuarial gains (losses) arising from experience adjustments recognized in other comprehensive income (loss) pertain to the net effect of differences between the previous financial and demographic assumptions and what actually occurred while actuarial gains (losses) arising from changes in financial assumptions are due to increase in discount rate.

Amounts recognized in other comprehensive income were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2022	2021	2020
Discount rates	**7.22%**	5.08%	3.95%
Expected rate of salary increases	**5.00%**	5.00%	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 30.1 years for males and 29.1 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, the Company has no plan assets that will offset decrease in the interest rate.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's timing and uncertainty of future cash flows related to the retirement plan are described below.

(i) Sensitivity Analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31.

	Impact on Post-employment Benefit Obligation		
	Change in Assumptions	**Increase in Assumptions**	**Decrease in Assumptions**
2022:			
Discount rate	**+12.2%/- 10.4%**	**(P 46,801)**	**P 39,923**
Salary increase rate	**+12.3%/- 10.7%**	**47,388**	**(41,063)**
2021:			
Discount rate	+12.3%/- 10.5%	(P 16,919)	P 14,430
Salary increase rate	+12.2%/- 10.6%	16,671	(14,570)
2020:			
Discount rate	+16.3%/- 13.4%	(P 182,937)	P 150,065
Salary increase rate	+16.0%/- 13.4%	179,037	(149,998)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the post-employment benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting sensitivity analysis, the present value of the post-employment benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contributions

The plan is still unfunded based on the latest actuarial valuation, therefore, benefit claims under the plan are paid directly by the Company when they become due.

The maturity profile of undiscounted expected benefit payments from the plan as at December 31 are as follows:

	2022	2021
Within one year	**P 21,251**	P 11,156
More than one year but less than two years	**25,936**	13,510
More than two years but less than three years	**31,179**	16,182
More than three years but less than four years	**37,260**	18,092
More than four years but less than five years	**43,476**	20,184
More than five years to 10 years	**1,113,835**	669,176
	P 1,272,937	P 748,300

The weighted average duration of the defined benefit obligation is 11.3 years and 11.4 years at the end of 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the Company has not yet determined how much and when to fund the post-employment defined benefit plan.

16.2 Salaries and Employee Benefits

The detail of this account is presented as follows.

	Notes	2022	2021	2020
Salaries and wages		**P 49,339,690**	P 26,760,847	P 24,866,623
Post-employment benefits	16.1	**110,509**	119,285	38,981
	15	**P 49,450,199**	P 26,880,132	P 24,905,604

17. DEPOSIT FOR FUTURE STOCK SUBSCRIPTION

The Company received cash from existing and potential stockholders amounting to P134.7 million as of December 31, 2021 and is presented as Deposit for Future Stock Subscription under the Non-current Liabilities section of the 2021 statement of financial position. The Company completed the subscription agreements in 2022 and converted P124.7 million to additional capital stock and P10.0 million to additional paid-in capital (see Note 22.1).

18. OTHER INCOME – Net

This account consists of the following:

	Notes	2022	2021	2020
Income from forfeited deposits		**P 8,129,657**	P 13,880,576	P 2,643,193
Realized foreign exchange loss – net		**(6,268,602)**	(1,924,548)	-
Processing fees		**4,033,241**	3,920,965	2,131,256
Interest income from contracts	5	**238,083**	600,757	882,225
Gain on derecognition of liabilities		**-**	5,880,504	-
Loss on sales cancellation	13	**-**	-	(1,104,001)
Miscellaneous		**-**	-	(278,446)
		P 6,132,379	P 22,358,254	P 4,274,227

Income from forfeited deposits pertain to those initial downpayments and reservation fees made by customers for which a contractual agreement to sell the property was not completed due to various reasons such as requirement completeness and backouts.

Gain from derecognized liability pertains to reversal of excess accrual from previous year. The related liability has been fully paid in 2021. No similar reversal was made this for 2022.

Realized foreign exchange net loss are recognized from receipt and payment of loan obtained in 2021 for which the functional currency of the loan is denominated in peso while the proceeds drawdown and repayments are denominated in foreign currency. As such, the Company recognized a foreign exchange loss in both years, due to the difference in foreign exchange rate [see Note 24.1(a)].

19. CURRENT AND DEFERRED TAXES

19.1 Current and Deferred Taxes

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020.

The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company:

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable would be lower by P0.6 million than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized net deferred tax liabilities in 2020 by P69,638 and such was recognized in the 2021 profit or loss (P44,500) and in other comprehensive income or loss (P25,138).

The components of tax expense relating to profit or loss and other comprehensive income are presented below and in the succeeding page.

	2022	2021	2020
Reported in profit or loss:			
Current tax expense:			
RCIT at 25% in 2022 and 2021 and 30% in 2020	**P 67,623,807**	P 13,966,236	P 20,830,921
Final tax at 20%	**12,419**	4,919	2,205
Effect of change in income tax rate	**-**	(580,876)	-
Application of excess MCIT	**-**	-	(1,164,944)
Balance carried forward	**P 67,636,226**	P 13,390,279	P 19,668,182

	2022	2021	2020
Balance brought forward	**P 67,636,226**	P 13,390,279	P 19,668,182
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**4,130,373**	2,679,960	2,835,990
Effect of change in income tax rate	**-**	(44,500)	-
	4,130,373	2,635,460	2,835,990
	P 71,766,599	P 16,025,739	P 22,504,172
Reported in other comprehensive income (loss) –			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**(P 32,466)**	P 195,848	(P 129,549)
Effect of change in income tax rate	**-**	25,138	-
	(P 32,466)	P 220,986	(P 129,549)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is as follows:

	2022	2021	2020
Tax on pretax profit at 25% in 2022 and 2021, and 30% in 2020	**P 74,590,667**	P 45,371,489	P 29,412,377
Adjustment for income subjected to lower tax rates	**(3,104)**	(1,230)	(1,103)
Effect of change in income tax rate	**-**	(625,376)	-
Tax effects of:			
Non-taxable income	**(3,039,704)**	(28,720,374)	(7,265,977)
Non-deductible expenses	**218,740**	1,230	358,875
	P 71,766,599	P 16,025,739	P 22,504,172

The components of net deferred tax liabilities as of December 31, 2022 and 2021 are presented below.

	Statements of Financial Position		**Profit or loss**		
	2022	2021	**2022**	2021	2020
Capitalized borrowing cost	**(P 7,240,755)**	(P 3,035,829)	**P 4,204,927**	P 3,035,829	P -
Lease liabilities	**121,384**	71,825	**(49,559)**	(361,355)	146,640
Post-employment defined benefit obligation	**28,138**	(27,213)	**(22,887)**	(24,962)	(7,907)
Prepaid commission	**20,707**	18,602	**(2,108)**	(14,052)	(519)
Net operating loss carryover (NOLCO)	**-**	-	**-**	-	1,532,832
Excess MCIT over RCIT	**-**	-	**-**	-	1,164,944
Deferred tax liabilities – net	**(P 7,070,522)**	(P 2,972,615)			
Deferred tax expense			**P 4,130,373**	P 2,635,460	P 2,835,990

The deferred tax income (expense) presented in Other Comprehensive Income (Loss) section of the statements of comprehensive income pertain to the tax effect of remeasurements of retirement benefit obligation which resulted in a tax income amounting to P32,466 and P129,549 in 2022 and 2020 respectively, and tax expense of P220,986 in 2021.

In 2020, the Company utilized its existing tax benefits from NOLCO and excess MCIT from previous years, amounting to P1.5 million and P1.2 million respectively. As of 2021, there were no outstanding tax benefits from NOLCO nor any excess MCIT over RCIT.

In 2022, 2021 and 2020, the Company opted to claim itemized deductions in computing for its income tax due.

19.2 Registration with the Board of Investments (BOI)

Pursuant to its current BOI registration, the Company is entitled to certain incentives, subject to certain conditions and requirements, under Executive Order No. 226, otherwise known as the *Omnibus Investment Code of 1987*, which include the following:

(a) Income tax holiday for three years as applied only on the income generated from the sale of the registered units and internal revenue declaration pertaining to the capacity of the registered project; and,

(b) Importation of capital equipment, spare parts and accessories at zero duty under Executive Order No. 85 and its Implementing Rules and Regulations.

Discussed below are the projects of the Company with BOI registration.

(i) Sannera San Pablo Phase II

The Company registered with the BOI as an Expanding Developer of Economic and Low-Cost Housing Project for Sannera San Pablo Phase II – Brgy. San Antonio II, San Pablo City, Laguna. As such, the Company is entitled to a three-year income tax holiday (ITH) from October 2019 on the revenues generated from Sannera San Pablo Phase II project consisting of 315 house and lot units. The incentive ended in October 2022.

(ii) Caliya Candelaria and Savana

The Company is also registered with the BOI as a New Developer of Economic and Low-Cost Housing Project for Caliya Candelaria and Savana. As such, the Company is entitled to a four-year income tax holiday (ITH) from July 2022 on the revenues generated from Caliya Candelaria project consisting of 260 house and lot units and from Savana project consisting of 205 house and lot units. Additionally, the Company is entitled to duty exemption on importation of capital equipment, spare parts, or accessories.

19.3 Supplementary Information Required by the Bureau of Internal Revenue

The BIR requires certain tax information to be disclosed as part of the notes to financial statements. Such supplementary information, however, is not a required disclosure under PFRS and the SEC's rules and regulations covering the form and content of financial statements under the Revised Securities Regulation Code Rule 68. The Company presented the required supplementary tax information as a separate schedule from the basic financial statements.

20. FINANCE COSTS – Net

This account consists of the following:

	Notes	2022	2021	2020
Finance costs:				
Interest expense	12	**(P 13,046,598)**	(P 24,176,541)	(P 1,833,446)
Bank charges		**(514,608)**	(241,211)	(118,668)
Interest expense – lease liabilities	10	**(295,706)**	(883,851)	(554,712)
Interest on deficiency taxes		**(37,794)**	(134,284)	(134,814)
Interest expense – retirement benefit obligation	16	**(6,995)**	(44,222)	(12,092)
Interest expense – financing arrangements	12	**-**	(1,655,481)	-
		(13,901,701)	(27,135,590)	(2,653,732)
Finance income –				
Interest income from bank deposits	4	**62,092**	24,599	11,023
		(P 13,839,609)	(P 27,110,991)	(P 2,642,709)

21. RELATED PARTY TRANSACTIONS

The Company's related parties include its joint operations, companies under common ownership, stockholders, and key management personnel.

The summary of the Company's transactions and outstanding balances with its related parties are as follows:

		Amount of Transaction			Receivable (Payable)	
Related Party Categories	Notes	**2022**	2021	2020	**2022**	2021
Joint Operations –						
Share in real estate sales	13, 21.1	**P 14,988,207**	P 38,485,850	P 26,514,742	**P 4,351,414**	(P 6,660,379)
Parent Company:						
Deposit for future stock subscriptions	17, 21.3	**(67,054,767)**	38,434,767	28,620,000	**-**	(67,054,767)
Advances obtained	21.2	**(85,965,643)**	20,551,687	76,235,176	**(11,094,964)**	(97,060,607)
Advances granted	21.2	**6,338,144**	72,498,600	-	**78,836,744**	72,498,600
Related Parties Under Common Ownership:						
Use of credit line	21.4	**-**	(1,922,361)	1,324,007	**-**	-
Advances granted	21.2	**13,258,680**	43,429,492	102,643,724	**65,676,340**	52,417,660
Key Management Personnel:						
Compensation	21.6	**19,128,984**	9,014,914	11,278,167	**-**	-
Advances granted	21.6	**(2,444,448)**	6,296,018	(9,040,000)	**3,851,570**	6,296,018
Deposit for future stock subscriptions	17, 21.3	**(17,680,412)**	17,680,412	-	**-**	(17,680,412)

Unless otherwise stated, the outstanding receivables and payables to related parties are generally unsecured, noninterest-bearing, and payable in cash upon demand.

The management assessed that none of the outstanding balances from related parties are impaired; hence, no impairment losses were recognized in both years.

21.1 Joint Arrangement with a Shareholder

The Company entered into an arrangement where it is obliged to develop the land contributed by its co-joint operator, whom is also an existing stockholder. The developed properties will then be marketed and sold by the Company and the co-joint operator will share in the sales made on the project based on a pre-agreed rate. The share of the co-joint operator from sales under the arrangement amounted to P15.0 million, P38.5 million and P26.5 million in 2022, 2021 and 2020, respectively, and are netted against Real Estate Sales in the statements of comprehensive income (see Note 13.1).

Due from co-joint operator pertain to the excess advances made by the Company to its co-joint operator based on their agreed terms of payments over the actual share of the co-joint operator in the sales based on their income sharing terms. These excess advances will be reversed by the Company upon sale of all units agreed in their sharing terms over the succeeding years. As of December 31, 2022, the Company's total payments to the co-joint operator was more than the co-joint operator's cumulative share in the units sold on their jointly controlled operations, hence, the remaining unsold share of the co-joint operator amounted to P4.4 million and is presented as Due from Co-Joint Operator in the 2022 statement of financial position.

Due to co-joint operator pertain to the excess actual share of the co-joint operator in the sales based on their income sharing terms over the advances made by the Company to its co-joint operator based on their agreed terms of payments. These excess actual shares will be reversed by the Company upon payments to be made agreed in their payment terms over the succeeding years. As of December 31, 2021, the Company's total payments to the co-joint operator was less than the co-joint operator's cumulative share in the units sold on their jointly controlled operations, hence, the outstanding payable relating to the co-joint operator's share in the sales amounted to P6.7 million and is presented as Due to Co-Joint Operator in the 2021 statement of financial position.

The movements in due from (to) co-joint operator are as follows:

	Note	**2022**	2021
Balance at beginning of year		**(P 6,660,379)**	P 6,452,788
Payments made		**26,000,000**	24,000,000
Share of co-joint operator in sales	13.1	**(14,988,207)**	(38,485,850)
Other adjustments		**-**	1,372,683
Balance at end of year		**P 4,351,414**	(P 6,660,379)

21.2 Advances to and from Related Parties

In previous years, the Company has an outstanding payable to a related party under common ownership, Malate Construction Development Corporation (MCDC) amounting to P93.6 million. In 2020, MCDC assigned this amount to 1802 SJ Holdings, Inc., the parent company, hence, the Company reclassified the amount to be directly payable to the parent company.

The total cash advances of the Company payable to the parent company amounted to P11.0 million and P97.0 million as of 2022 and 2021, respectively. And is presented as of Due to a Related Party account in the statements of financial position.

The movements in the Due to a Related Party account are shown below.

	Note	2022	2021
Balance at beginning of year		**P 97,060,607**	P 76,508,920
Repayment		**(170,633,013)**	-
Additional advances obtained		**114,667,370**	20,551,687
Issuance of stock	22.1	**(30,000,000)**	-
Balance at end of year		**P 11,094,964**	P 97,060,607

Advances made by the Company to the parent company amounted to P78.8 million and P72.5 million as of 2022 and 2021, respectively, while total advances made by the Company to related parties under common ownership, amounting to P81.6 million and P52.4 million as of 2022 and 2021, respectively, are all presented as part of Due from Related Parties account in the statements of financial position.

The details of Due from Related Parties account as at December 31 are shown below.

	2022	2021
Parent company	**P 78,836,744**	P 72,498,600
Related parties under common ownership	**65,676,340**	52,417,660
	P 144,513,084	P 124,916,260

The movements in the Due from Related Parties account are shown below.

	2022	2021
Parent company:		
Balance at beginning of year	**P 72,498,600**	P -
Additional advances given	**6,338,144**	72,498,600
Balance at end of year	**P 78,836,744**	P 72,498,600
Relater parties under common ownership:		
Balance at beginning of year	**P 52,417,660**	P 8,988,168
Additional advances given	**13,258,680**	43,429,492
Balance at end of year	**P 65,676,340**	P 52,417,660

The advances are noninterest-bearing, unsecured and payable in cash upon demand.

21.3 Equity Advances

In 2021 and 2020, the Company received equity advances from its parent company and certain key management personnel amounting to P56.1 million and P28.6 million, reported under Deposit for Future Stock Subscription. The Company converted the equity advances in full to capital stock in 2022 (see Note 17).

21.4 Use of Credit Line

The Company was granted by its related party under common ownership an extension of credit line to purchase certain construction equipment amounting to P3.9 million. The finance cost incurred related to such loan is P0.2 million and P0.1 million for 2022 and 2021, respectively. This is reported as interest expense under Finance Costs – Net in the statement of comprehensive income. The outstanding balance as of December 31, 2020 amounting to P1.9 million was netted against the advances made to the same related party in 2021.

21.5 Continuing Suretyship Agreement

The Company's stockholders act as sureties in favor of certain banks for its revolving credit line for the Company's working capital requirements (see Note 12.1). The loans remain outstanding as at December 31, 2022 and 2021.

21.6 Key Management Personnel Compensation

The details of the key management personnel compensation are as follows:

	2022	2021	2020
Salaries and wages	**P 19,040,328**	P 8,973,133	P 11,278,167
Post-employment benefits	**88,656**	41,781	-
	P 19,128,984	P 9,014,914	P 11,278,167

In February 2020, the Company converted the advances to its officers amounting to P9.0 million to performance incentive for its employees and key management personnel. Outstanding advances made to key management personnel amounting to P3.8 million and P6.3 million as of December 31, 2022 and 2021, respectively, are presented as part of Advances to officers and employees under Trade and Other Receivables account in the statements of financial position (see Note 5).

22. EQUITY

22.1 Capital Stock

Details of capital stock movements are as follows:

	2022		2021	
	Shares	**Amount**	Shares	Amount
Common shares – P0.50 par value in 2022 and P1,000 par value in 2021				
Authorized:				
Balance at beginning of year	**400,000**	**P 400,000,000**	400,000	P 400,000,000
Increase in shares (P1,000 to P1.00 par value)	**899,600,000**	**500,000,000**	-	-
	900,000,000	**900,000,000**	400,000	P 400,000,000
Increase in shares due to shares split 1:2 (P1.00 to P0.50 par value)	**900,000,000**	**-**	-	-
Balance at end of year	**1,800,000,000**	**P 900,000,000**	400,000	P 400,000,000
Subscribed:				
Balance at beginning of year	**250,000**	**P 250,000,000**	250,000	P 250,000,000
Increase in shares (P1,000 to P1.00 par value)	**249,750,000**	**-**	-	-
	250,000,000	**250,000,000**	250,000	250,000,000
Subscriptions during the year	**185,000,000**	**185,000,000**	-	-
Shares prior to shares split	**435,000,000**	**435,000,000**	250,000	250,000,000
Increase in shares due to shares split 1:2 (P1.00 to P0.50 par value)	**435,000,000**	**-**	-	-
Balance at end of year	**870,000,0000**	**P 435,000,000**	250,000	P 250,000,000
Issued and outstanding:				
Balance at beginning of year	**250,000**	**P 82,500,000**	250,000	P 82,500,000
Collection of subscription receivable	**-**	**167,500,000**	-	-
Paid-up capital	**250,000**	**250,000,000**	250,000	82,500,000
Increase in shares (P1,000 to P1.00 par value)	**249,750,000**	**-**	-	-
	250,000,000	**250,000,000**	250,000	82,500,000
Issuance of shares during the year	**185,000,000**	**185,000,000**	-	-
Issued and outstanding shares prior to shares split	**435,000,000**	**435,000,000**	250,000	82,500,000
Increase in outstanding shares due to shares split 1:2 (P1.00 to P0.50 par value)	**435,000,000**	**-**	-	-
Balance at end of year	**870,000,0000**	**P 435,000,000**	250,000	P 82,500,000
Preferred stock – P1,000 par value				
Authorized	**100,000**	**P 100,000,000**	100,000	P 100,000,000

In previous years, the Company had 250,000 subscribed shares amounting to P250.0 million, P82.5 million of which represent the paid-up capital, and P167.5 million represents the subscription receivable as of December 31, 2021. In 2022, the shareholders settled a portion of the unpaid subscriptions amounting to P48.7 million.

On March 2, 2022, the Company declared cash dividends amounting to P118.8 million for (see Note 22.2). Such dividend was used by the shareholders to settle the remaining unpaid subscription to date.

On March 4, 2022, the SEC approved the Company's amendment of the articles of incorporation to increase the authorized capital stock from P500.0 million divided into 400,000 common shares and 100,000 preferred shares both with par value of P1,000 per shares to P1 billion total authorized shares divided into 900,000,000 common shares and 100,000 preferred shares with par value of P1.00 per share and P1,000 per share, respectively.

Also in 2022, the Company issued additional 185,000,000 shares, at P1.00 par value, for P195.0 million of which P10.0 million was recognized as additional paid-in capital, increasing total issued and outstanding shares to 435,000,000. The issuance was transacted as follows:

- P124.7 million worth of shares converted from deposit for future stock subscription outstanding as of December 31, 2021 amounting to P134.7 million, with P10.0 million issued as additional paid-in capital (see Note 17);
- offset against advances from a related party amounting to P30.0 million (see Note 21.2); and,
- P30.3 million worth of shares paid in cash by new and existing stockholders.

On June 14, 2022, the SEC approved the Company's share-split of 1:2 common shares, further increasing the Company authorized common shares from 900,000,000 shares to 1,800,000,000 shares, and the issued and outstanding shares from 435,000,000 to 870,000,000 shares. As a result of the share-split, the par value of common shares was reduced from P1.00 to P0.50 per share as of December 31, 2022.

As of December 31, 2022, and 2021, there are no issued and outstanding preferred stocks. Further, the Company has 11 stockholders owning 100 or more shares each of the Company's capital stock.

22.2 Cash Dividends

During 2021, the Company declared cash dividends amounting P35.3 million for which P34.8 million has already been paid as of December 31, 2021. Dividends declared amounted to P141.35 per share. The unpaid portion amounting to P0.2 million is netted against Advances to officers and employees under current Trade and Other Receivables account in the 2021 statement of financial position (see Note 5). No similar netting transactions occurred during 2022, but the remaining P0.3 million was paid during 2022.

In 2022, the BOD declared cash dividends to its existing stockholders as of March 2, 2022 amounting to P475 per share or P118.8 million for all 250,000 issued and outstanding shares. Such dividend was used by the shareholders to settle the remaining unpaid subscription from previous years. There was no similar transaction made in 2021 (see Note 22.1).

Also in 2022, the BOD declared quarterly dividends to its existing stockholders as of declaration dates amounting to P0.01 per share or P5.0 million in May 5, 2022, and P0.02 per share or P15.4 million each in September 8, 2022 and December 1, 2022, for which the full amount was already paid as of December 31, 2022.

22.3 Earnings per share

EPS amounts were computed as follows:

	2022	2021	2020
Net profit available to the Company's common shareholders	**P 226,596,070**	P 165,460,216	P 75,537,083
Divided by weighted average number of outstanding common shares	**807,150,685**	500,000,000	500,000,000
Basic EPS	**P 0.28**	P 0.33	P 0.15
Diluted EPS	**P 0.28**	P 0.33	P 0.15

Since the Company has no instruments which have potential dilutive shares as of December 31, 2022, 2021 and 2020, the diluted EPS is the same as the basic EPS in each respected period end. EPS for each period ended 2022, 2021 and 2020 is at 74%, 66% and 30% per share at par, respectively.

The weighted average number of outstanding shares as of December 31, 2021 and 2020 are presented with the proportionate impact of the share increases from the amendment of the articles of incorporation and from the share-split (see Note 22.1) to the weighted average number of outstanding shares as of December 31, 2022.

23. COMMITMENTS AND CONTINGENCIES

23.1 Unused Credit Lines

As of December 31, 2022 and 2021, the Company has unused credit lines with certain local banks amounting to P327.5 million and P1.7 million, respectively.

23.2 Financing Arrangements

The Company entered into an arrangement wherein the Company received cash from a third party specifically intended to purchase a land where its project in Candelaria, Quezon will be situated. The Company will repay the third party the initial capital contributed and will give the third party a certain share in the expected units to be sold on the project from 2019 until 2022.

The Company entered into another arrangement with a third party wherein the Company will be receiving cash in four tranches which will specifically be intended to finance the Company's project in San Pablo, Laguna. The Company will repay the third party the balance of the loan and an annual interest rate of 12% until June 2024.

The outstanding balance of these transactions as of December 31, 2022 and 2021 is presented as part of the Interest-bearing Loans account in the statements of financial position (see Note 13) while the related interest is presented as part of Finance Costs - net account in the statements of comprehensive income (see Note 21).

23.3 Others

There are commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the accompanying financial statements. As of December 31, 2022 and 2021, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to its financial instruments. The Company's financial assets and liabilities by category are summarized in Note 25. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risk to which the Company is exposed to are described in the succeeding paragraphs.

24.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing, and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Company's transactions are denominated in Philippine peso, which is its functional currency. The Company's sole financial liability transacted in foreign currency pertains to an interest-bearing loan wherein the risk of changes in foreign currency is shouldered by the financing entity as the loan is denominated in fixed Philippine peso amount. The fixed Philippine peso amount of the liability will be translated to its foreign currency equivalent at the date of settlement wherein any foreign exchange gain or loss will be shouldered by the financing entity. The Company has no financial assets denominated in foreign currency.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually made at fixed rates. As of December 31, 2022 and 2021, the Company is exposed to changes in market interest rates through its cash in banks, which are subject to variable interest rates (see Note 4). All other financial assets and financial liabilities of the Company have fixed rates.

24.2 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting credits to customers and placing deposits with banks.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized in the succeeding pages.

	Notes	**2022**	2021
Cash	4	**P 206,460,762**	P 35,867,647
Trade and other receivables	5	**206,687,943**	174,704,311
Due from related parties	21	**144,513,084**	124,916,260
Rental deposits	7	**12,485,000**	11,815,000
Refundable deposits	7	**2,479,242**	2,479,242
		P 572,626,031	P349,782,460

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and trade and other receivables as described below and in the succeeding pages.

(a) *Cash in Bank*

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables*

Trade and other receivables are subject to credit risk. The Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics since its trade receivables consist of a large number of customers. Certain receivables from trade customers are covered by post-dated checks. The Company also retains the title of the real estate properties until receivables are fully collected. The Company has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking information specific to the buyers and the economic environment.

All trade and other receivables, except advances to officers and employees, are subject to credit risk exposure. However, the Company identified specific concentrations of credit risk regarding Trade and Other Receivables as all the amounts recognized consist of receivables from HDMF. Most receivables from trade customers are financed through HDMF. The titles of the real estate properties remain with the Company until the receivables are fully collected. The management assessed the ECL of these receivables as nil since these are collectible within a year from a well-funded debtor in addition to having the ownership over the title of the property until full collection

The Company considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The management determined that there is no required ECL to be recognized since the real estate sold is through financing (HDMF). Therefore, expected loss given default is nil as the repossession of house units are remote.

(c) *Due from Related Parties*

ECL for receivables from related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from related parties as of December 31, 2022, and 2021 are fully collectible due to the liquidity of the counterparties and the absence of historical defaults.

(d) *Rental Deposits*

The Company does not expect significant risk of collectability since refundable security deposit can be rolled forward every renewal of rental agreements.

(e) *Refundable Deposits*

The Company considers the risk of collectability of these deposits as insignificant since these were to be refunded by utilities company (i.e., electricity and water) as soon as projects units have been moved-into by buyers and billings can be made by utilities company to the residents.

24.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2022 and 2021, the Company's financial liabilities have contractual maturities, which are presented below.

	2022		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 87,854,865	P 93,961,534	P 498,713,518
Trade and other payables*	285,400,136	-	-
Due to a related party	5,547,482	5,547,482	-
Lease liabilities	1,687,677	-	-
	P 380,490,160	**P 99,509,016**	**P 498,713,518**

**excluding customers' deposits and statutory payables*

	2021		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 112,188,488	P 114,151,142	P 153,488,646
Trade and other payables*	235,131,161	-	-
Due to co-joint operator	3,330,189	3,330,190	-
Due to a related party	48,530,304	48,530,303	-
Lease liabilities	1,589,926	1,589,926	1,687,677
	P 400,770,068	P 167,601,561	P 155,176,323

**excluding customers' deposits and statutory payables*

The above contractual maturities reflect gross cash flows which may differ from the carrying values of the liabilities at the end of the reporting period.

25. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

25.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of financial assets and financial liabilities presented in the statements of financial position are shown below and in the succeeding page.

		2022		2021	
	Notes	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial assets					
Amortized cost:					
Cash	4	**P 206,460,762**	**P 206,460,762**	P 35,867,647	P 35,867,647
Trade and other receivables	5	**206,687,943**	**206,687,943**	174,704,311	174,704,311
Due from related parties	21.2	**144,513,084**	**144,513,084**	124,916,260	124,916,260
Rental deposits	7	**12,485,000**	**12,485,000**	11,815,000	11,815,000
Refundable deposits	7	**2,479,242**	**2,479,242**	2,479,242	2,479,242
		P 572,626,031	**P 572,626,031**	P 349,782,460	P 349,782,460

	Notes	2022 Carrying Amounts	2022 Fair Values	2021 Carrying Amounts	2021 Fair Values
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	12	**P 583,596,728**	**P 583,596,728**	P 296,412,414	P 296,412,414
Trade and other payables*	11	**280,892,197**	**280,892,197**	235,131,161	235,131,161
Due to co-joint operator	21.1	**-**	**-**	6,660,378	6,660,378
Due to a related party	21.2	**11,094,964**	**11,094,964**	97,060,607	97,060,607
Lease liabilities	10.2	**1,417,293**	**1,417,293**	4,301,439	4,301,439
		P 877,001,182	**P 877,001,182**	P 639,565,999	P 639,565,999

**Excluding customers' deposits and statutory payables*

See Note 2.3 for description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 24.

26. FAIR VALUE MEASUREMENT AND DISCLOSURES

26.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities measured at amortized cost, their carrying amounts as of December 31, 2022 and 2021 approximate their fair value. Except for cash, which is classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in 2022 and 2021.

26.2 Fair Value of Investment Properties Measured at Cost for which Fair Value is Disclosed

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment properties is their current use.

As at December 31, 2021, the fair value of the Company's investment properties is classified in Level 3 of the fair value hierarchy. The Company determined the 2021 fair value of the investment property using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. The fair market value of the investment property as of December 31, 2021 amounted to P5.9 million. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2021. In 2022, investment property was reclassified to property, plant and equipment as it will be use as new Regional Office for the Company's business operations (see Note 8).

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. It monitors capital using the debt-to-equity ratio using amounts of contracted borrowings versus total equity. Capital for the reporting periods under review is summarized as follows:

	2022	2021
Interest-bearing loans	**P 583,596,728**	P 296,412,413
Total equity	**716,104,667**	281,653,994
Debt-to-equity ratio	**0.81 : 1.00**	1.05 : 1.00

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for the years presented above.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
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6766 Ayala Avenue
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Philippines

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The Board of Directors
Ovialand Inc.
(A Subsidiary of 1802 SJ Holdings Inc.)
Unit 2701, Parkway Corporate Center
Corporate Ave Cor Parkway Place
Filinvest, Alabang, Muntinlupa City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Ovialand Inc. for the year ended December 31, 2022, on which we have rendered our report dated March 10, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 10, 2023

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
LIST OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

* *The Company does not prepare any consolidated financial statements*
** *The Company does not have guarantees of securities of other issuers*

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
Schedule A
Financial Assets - Fair Value Through Profit or Loss, Fair Value Through Other Comprehensive Income and Amortized Cost
DECEMBER 31, 2022

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Positon as of Reporting Period	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (iii)
Fair Value through Profit of Loss (FVTPL)				
	N/A	N/A	N/A	N/A
Fair Value through Other Comprehensive Income (FVTOCI)				
	N/A	N/A	N/A	N/A
Financial Assets at Amortized Cost				
Cash and cash equivalents		P 206,460,762	P 206,460,762	P 62,092
Trade and other receivables - net		206,687,943	206,687,943	238,083
Due from related parties		144,513,084	144,513,084	-
Rental deposits		12,485,000	12,485,000	-
Refundable deposits		2,479,242	2,479,242	-
				-
TOTAL		**P 572,626,031**	**P 572,626,031**	**P 300,175**

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
DECEMBER 31, 2022

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected / Liquidated	Written Off	Current	Non-current	
Advances to officers and employees	P 42,675,877	P 216,847,922	P 178,109,674	-	P 81,414,125	N/A	P 81,414,125

Note:
The total amount of receivables presented in this schedule pertains to the advances made to employees, which are used for official business purposes. The total amount is included as part of Advances to officers and employees under Trade and Other Receivables account in the statements of financial

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
Schedule D
Long-Term Debt
DECEMBER 31, 2022

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-Term Debt" in Related Statement of Financial Position
Bank loans	P 403,596,728	P 53,575,710	P 350,021,018
Financing arrangement	180,000,000	90,000,000	90,000,000
Total	**P 583,596,728**	**P 143,575,710**	**P 440,021,018**

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
Schedule E
Indebtedness to Related Parties
DECEMBER 31, 2022

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
1802 SJ Holdings, Inc.	P 97,060,607	P 11,094,964
Januarius Holdings, Inc.	6,660,379	-

Supplementary information on Indebtedness to Related Parties

The amount payable to 1802 SJ Holdings Inc. is presented as Due to a Related Party, while the amount payable to Januarius Holdings Inc. is presented as Due to Co-Joint Operator the 2022 statement of financial position.

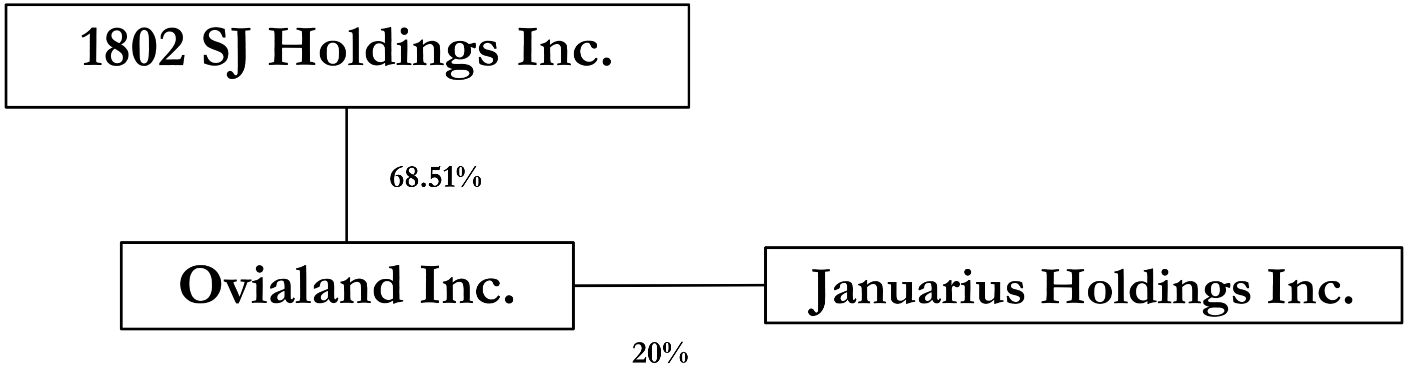
OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
Schedule G
Capital Stock
DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption (i)	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common Stocks - P0.50 par value	1,800,000,000	870,000,000	-	770,000,000	100,000,000	-
Preferred stock – P1,000 par value	100,000	-	-	-	-	-

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
Reconciliation of Retained Earnings Available for Dividend Declaration
DECEMBER 31, 2022

Unappropriated Retained Earnings of the Company at Beginning of Year	P	198,986,555
Prior Periods' Outstanding Reconciling Item		
Deferred tax income	(	65,301)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		198,921,254
Net Profit of the Company Realized During the Year		
Net Profit per audited financial statements		226,596,070
Non-actual/unrealized income		
Deferred tax income from deferred tax assets recognized in the profit or loss during the year	(	74,553)
Other Transaction During the Year		
Cash dividend declaration	(	154,548,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**270,894,771**

OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
Map Showing the Relationship Between the Company and its Related Parties
DECEMBER 31, 2022



OVIALAND INC.
(A Subsidiary of 1802 SJ Holdings, Inc.)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2022 and 2021

Ratio	Formula	2022	Formula	2021
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 1,430,042,037 Divide by: Total Current Liabilities 469,558,033 Current ratio 3.05	3.05	Total Current Assets divided by Total Current Liabilities Total Current Assets 1,013,835,724 Divide by: Total Current Liabilities 578,153,996 Current ratio 1.75	1.75
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 1,430,042,037 Less: Inventories (697,052,358) Due from related Parties (144,513,084) Due from co-joint Operator (4,351,414) Other Current Assets (195,140,162) Quick Assets 388,985,018 Divide by: Total Current Liabilities 469,558,033 Acid test ratio 0.83	0.83	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 1,013,835,724 Less: Inventories (586,198,320) Due from related Parties (124,916,260) Other Current Assets (143,158,014) Quick Assets 159,563,130 Divide by: Total Current Liabilities 578,153,996 Acid test ratio 0.28	0.28
Solvency ratio	Total Assets divided by Total Liabilities Total Assets P 1,633,139,311 Divide by: Total Liabilities 917,034,644 Solvency ratio 1.78	1.78	Total Assets divided by Total Liabilities Total Assets 1,138,430,872 Divide by: Total Liabilities 856,776,878 Solvency ratio 1.33	1.33
Debt-to-equity ratio	Total Interest-bearing Loans divided by Total Equity Total Interest-bearing Loans 583,596,728 Divide by: Total Equity 716,104,667 Debt-to-equity ratio 0.81	0.81	Total Interest-bearing Loans divided by Total Equity Total Interest-bearing Loans 296,412,413 Divide by: Total Equity 281,653,994 Debt-to-equity ratio 1.05	1.05
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 1,633,139,311 Divide by: Total Equity 716,104,667 Assets-to-equity ratio 2.28	2.28	Total Assets divided by Total Equity Total Assets 1,138,430,872 Divide by: Total Equity 281,653,994 Assets-to-equity ratio 4.04	4.04
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense and Borrowing costs EBIT 312,264,370 Divide by: Interest expense and borrowing costs 45,831,549 Interest rate coverage ratio 6.81	6.81	Earnings before interest and taxes (EBIT) divided by Interest expense and Borrowing costs EBIT 208,621,545 Divide by: Interest expense borrowing costs 65,717,182 Interest rate coverage ratio 3.17	3.17
Return on equity	Net Profit divided by Average Equity Net Profit 226,596,070 Divide by: Average Equity 498,879,331 Return on equity 0.45	0.45	Net Profit divided by Average Equity Net Profit 165,460,216 Divide by: Average Equity 216,130,773 Return on equity 0.77	0.77

Ratio	Formula	2022	Formula	2021
Return on assets	Net Profit divided by Average Total Assets Net Profit 226,596,070 Divide by: Average Assets 1,385,785,092 Return on assets 0.16	0.16	Net Profit divided by Average Total Assets Net Profit 165,460,216 Divide by: Average Assets 938,433,555 Return on assets 0.18	0.18
Net profit margin	Net Profit divided by Total Revenue Net Profit 226,596,070 Divide by: Total Revenue 1,367,099,552 Net profit margin 0.17	0.17	Net Profit divided by Total Revenue Net Profit 165,460,216 Divide by: Total Revenue 833,104,272 Net profit margin 0.20	0.20

ANNEX "A"

Connecting people & property, perfectly.

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RESIDENTIAL MARKET STUDY

Ovialand, Inc.

February 14, 2023

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EXECUTIVE SUMMARY

The Philippines has been one of the fastest growing economies in Asia over the past several years. Consistent with the growth of the economy were the growth in OFW remittances and the IT-BPO industry. Both have been significant contributors in the overall increase of household income and the purchasing power of the local populace.

This additional income and purchasing power for some households has eventually found its way into the housing sector. It has been the goal of most families to acquire their own place to live in. This is one of the primary reasons why a number of Filipinos chose to work overseas as this provided them the opportunity and means earn a living that could afford them to buy these house and lot units for their family.

The IT-BPO industry likewise provided the opportunity for some of its employees to acquire their own housing units. IT-BPO companies have provided decent salaries to most of their employees that enabled them to save up for these purchases.

The preference for a number of families to acquire house and lot units have pushed them to acquire these units in areas outside of Metro Manila where these are more affordable. The improvements in transportation and infrastructure have improved the connectivity between these areas and Metro Manila. Travel time to and from these areas has been significantly shortened and the overall travel experience has become more convenient and less of a hassle.

Opportunities have likewise emerged in these residential communities outside of Metro Manila. Some of the IT-BPO companies have expanded their operations to the major cities outside of Metro Manila which are close to these residential communities. Opportunities for employment have risen and have allowed some individuals to work in these areas instead of in Metro Manila.

The natural economic growth of some of these areas were accelerated due to the improved connectivity provided by the new infrastructure projects. This has also contributed to the influx of investors and has also led some national developers to put up both commercial and residential developments in these areas to accommodate these investments.

Similarly, the emergence of new working arrangements such as the “work from home” and “hybrid” work arrangements have contributed to households exploring suburban living. Improvements in telecommunication and internet connectivity have made it possible for some businesses to thrive operating with their employees under a “work from home” or hybrid work arrangements.

These shifts in patterns has altered the need to have a place of residence in the metropolis for some families. What was once imperative is no longer for some and because of this there was perceived growth in suburban living. This has been proven by increased sales and new project launches by developers in the suburban and adjacent provinces to the metropolis.

These were the same opportunities that Ovialand capitalized on when it successfully launched its projects in Laguna and Quezon. Ovialand had solidly secured its place in the market by targeting the OFW market, those locally employed, self-employed and home based employees in the area. Its developments are topnotch in terms of the quality of units as well as its feature of having a low density neighborhood and providing more open space and other amenities. In addition, the housing units were delivered at the shortest time compared to the other developers. This is best illustrated in the following tables.

Competitor Analysis in Laguna

Developer	Structural Material	Construction Period	Turn-Over (months)	Hand-Over Condition	Flooring	Est. Units (Per Block)	Est. Minimum Size Per Block	Project Land Area and Number of Units	Buyers Profile
Ovialand Inc.	***Pre-Cast Concrete***	***45 days (1.5 months)***	***3 to 6 months; (45-60 days for RFO Units)***	***Semi-Furnished***	***Wood Tiles***	***6-10 Units***	***1,000 sqm***	***13.9 Has: 1,975 Units***	***OFW, Locally Employed, Self-Employed, Home Based Employees***
PHirst Park Homes Inc.	Pre-Cast Concrete	8 to 12 months	12 months	Semi-Furnished	Vinyl Plank	25-30 Units	1,000 sqm	18.5 Has :265 Units	OFW, Locally Employed
Palmbeach Realty and Development Corporation	Concrete Hollow Blocks	6 to 8 months	18 months	Semi-Furnished	Tiled, Vinyl Plank	22 Units	1, 452 sqm	10 Has: 933 Units	OFW, Locally Employed
Lynville Land Development Corporation	Pre-fabricated Concrete	5 to 6 months	36 months	Bare	Tiled	70 Units	2, 520 sqm	10.95 Has: 1,531 Units	OFW, Locally Employed
St. Felisse Realty and Development Corporation	Cast-In -Place Concrete	6 to 8 months	17 months	Semi-Furnished	Tiled	20 Units	1, 020 sqm	8 Has: 269 Units	OFW, Locally Employed
Vista Land	Concrete Hollow Blocks	7 to 9 months	22-23 months	Semi-Furnished	Tiled, Laminated Linoleum	40 Units	3, 816 sqm	7 Has: 361 Units	OFW, Locally Employed
Lumina	Concrete Hollow Blocks	10 to 12 months	12 months	Bare	Smooth cement	54 Units	2, 125 sqm	15 Has: 444 Units	OFW, Locally Employed
Bria Homes Inc.	Concrete Hollow Blocks	2 to 3 months	3 to 5 months	Bare	Smooth cement	30-40 Units	1,296 sqm	14 Has: 484 Units	OFW, Locally Employed
Amaia Land	Concrete Hollow Blocks	6 months	18 months	Bare	Smooth cement	40 Units	1,684 sqm	22.2 Has: 529 Units	OFW, Locally Employed
Next Asia Land	Concrete Hollow Blocks	4 to 5 months	5 to 6 months	Semi-Furnished	Vinyl Plank	70 Units	5,356 sqm	6.2 Has: 664 Units	OFW, Locally Employed
Demeterland and Development Corp.	Concrete Hollow Blocks	6 to 8 months	10 months	Semi-Furnished	Granite Tiles	18 Units	3,458 sqm	2.4 Has:96 Units	OFW, Locally Employed
Carland Realty Development Corporation	Concrete Hollow Blocks	8 to 10 months	12 months	Semi-Furnished	Tiled	37 Units	2, 490 sqm	4 Has: 463 Units	OFW, Locally Employed
Red Oak Properties Inc.	Concrete Hollow Blocks	8 to 10 months	12 months	Semi-Furnished	Tiled	35-39 Units	880 sqm	18 Has: 344 Units	OFW, Locally Employed
Bella Vita Land Corporation	Cast-In -Place Concrete	24 months	36 months	Bare	Tiled	130 Units	10,000 sqm	9.33 Has: 1,019 Units	OFW, Locally Employed
Jamaica Realty and Marketing Corp.	Concrete Hollow Blocks	6 months	36 months	Semi-Furnished	Granite Tiles	36 Units	6,697 sqm	11 Has: 265 Units	OFW, Locally Employed
Sr. Sto. Niño de Cebu Resources & Development Corporation (SNRDC)	Concrete Hollow Blocks	10 to 12 months	13-14 months	Semi-Furnished	Tiled	14 Units	1,680 sqm	2 Has :130 Units	OFW, Locally Employed

Source: Santos Knight Frank, Inc.

Competitor Analysis in Quezon

Developer	Structural Material	Construction Period	Turn-Over (months)	Hand-Over Condition	Flooring	Est. Units Per Block	Est. Minimum Size Per Block (SQM)	Project Land Area and Number of Units	Buyers Profile
Ovialand Inc.	***Pre-Cast Concrete***	***45 days (1.5 months)***	***3 to 6 months; (45-65 days) for RFO Units***	***Semi-Furnished***	***Wood Tiles***	***6-10 Units***	***630 sqm***	***9.7 Has:591 Units***	***OFW, Locally Employed, Self Employed, Home Based Employees***
PHirst Park Homes Inc.	Pre-Cast Concrete	12 months	24 months	Semi-Furnished	Vinyl Plank	10 to 12 Units	1,000 sqm	23.4 Has: 220 Units	OFW, Locally Employed
The New APEC Homes	Cast-In -Place Concrete	6 to 8 months	18 months	Bare	Smooth cement	25-35 Units	1,275 sqm	18.93 Has: 3,177 Units	OFW, Locally Employed
East Orient Properties Holdings, Inc.	Concrete Hollow Blocks	6 to 8 months	12 months	Semi-Furnished	Unglazed Ceramic Floor Tiles	25-30 Units	2, 880 sqm	10 Has: 744 Units	OFW, Locally Employed
Lumina	Cast-In -Place Concrete	12 months	20 months	Bare	Smooth cement	56-60 Units	2, 125 sqm	10 Has: 836 Units	OFW, Locally Employed
Calmar Land Development Corporation	Concrete Hollow Blocks	4 to 6 months	8 to 12 months	Semi-Furnished	Ceramic Tiles	30-35 Units	2, 100 sqm	18 Has: 345 Units	OFW, Locally Employed
Amaia Land	Concrete Hollow Blocks	6 months	12-15 months	Bare	Smooth cement	45-60 Units	4,500 sqm	8.3 Has: 80 Units	OFW, Locally Employed
Cotta Realty and Development Corporation	Concrete Hollow Blocks	6 to 8 months	15-17 months	Semi-Furnished	Granite Tiles	20-25 Units	1, 250 sqm	8 Has: 350 Units	OFW, Locally Employed
Vista Land	Concrete Hollow Blocks	7 to 9 months	12-15 months	Semi-Furnished	Tiled Flooring	35 Units	2, 300 sqm	25 Has: 2,048 Units	OFW, Locally Employed
Welmanville Development Corporation	Concrete Hollow Blocks	3 to 5 months	12 months	Bare	Smooth cement	50-60 Units	1, 230 sqm	22 Has: 860U nits	OFW, Locally Employed
Sr. Sto. Nino De Cebu Resources & Development Corporation	Concrete Hollow Blocks	10 to 12 months	13-14 months	Bare	Smooth cement	20-30 Units	1, 300 sqm	15 Has: 209 Units	OFW, Locally Employed

Source: Santos Knight Frank, Inc.

In addition, Ovialand provided unparalleled service by making it easier and more convenient for its buyers to secure financing for the purchase of their units. Aside from their units being more affordably priced while maintaining its high quality, the financing options being offered to its buyers are more reasonable as it provides a low reservation fee and downpayment. They also claim that the quality of their units gives it a higher appraised value making it much easier to secure financing from the bank or the Pag-IBIG fund.

Medium Cost Housing Developer Competitor Analysis in Laguna

Developer	Reservation Fee (PhP)	Average Selling Price (PhP/sqm)	Downpayment	Financing	Duration of DP Payment
Ovialand Inc.	***7,000.00***	***39,640.00***	***3%-5%***	***Bank, Pag-IBIG***	***6 months***
PHirst Park Homes Inc.	12,000.00-20,000.00	51,185.00	10%	Bank, Pag- IBIG, In-house	12 months
St. Felisse Realty and Development Corporation	25,000.00	46,770.00	20%	Bank	11 months
Vista Land	20,00.00-40,000.00	72,905.00	10%-13%	Bank, In-house	20 months
Lumina	10,000.00	38,670.00	13%	Bank, In-House, G-cash	20 months
Bria Homes Inc.	5,000.00-10,000.00	43,010.00	10%	Bank, In-House	5 to 8 months
Amaia Land	15,000.00	63,675.00	10%	Bank	36 months
Metro Alabang Development Inc.	5,000.00-10,00.00	46,800.00	5%-11%	Bank, Pag- IBIG, In-house	10 to 15 months
Carland Realty Development Corporation	50,000.00	32,850.00	30%	Bank, In-House	18 months
Red Oak Properties Inc.	10,000.00-15,000.00	41,740.00	15%	Bank, In-House	24 months
Sr. Sto. Niño de Cebu Resources & Development Corporation (SNRDC)	20,000.00	33,595.00	30%	In-House	36 months

Source: Santos Knight Frank, Inc.

Medium Cost Housing Developer Competitor Analysis in Quezon

Developer	Reservation Fee (PhP)	Average Selling Price (PhP/sqm)	Downpayment	Financing	Duration of DP Payment
Ovialand Inc.	***7,000.00***	***36,300.00***	***3%-5%***	***Bank, Pag- IBIG***	***3-6 months***
PHirst Park Homes Inc.	12,500.00-20,000.00	59,360.00	10%	Bank, Pag- IBIG, In-House	12 months
Lumina	10,000.00-25,000.00	48,070.00	13%	Bank, In-House, G-cash	8 to 20 months
Calmar Land Development Corporation	10,000.00-25,000.00	38,470.00	20%	Bank, Pag- IBIG, In-House	30 months
Vista Land	20,000.00-65,000.00	74,735.00	5%-15%	Bank, In-House	12 months

Source: Santos Knight Frank, Inc.

Ovialand's probable expansion in Baliuag , Bulacan may likewise be as successful as those in Laguna and Quezon due to the similarities in the markets. The same competitor developers of Ovialand are likewise found in the area offering the same unit types at almost the same selling price in the medium cost housing segment.

Medium Cost Housing Developer Competitor Analysis in Bulacan

Developer	Reservation Fee (PhP)	Average Selling Price (PhP/sqm)	Downpayment	Financing	Duration of DP Payment
PHirst Park Homes Inc.	12,500.00-20,000.00	58,900.00	10%	Bank, Pag- IBIG, In-House	12 months

Prominence Properties Inc.	20,000.00	65,120.00	20%	Bank, Pag- IBIG, In-House	24 months
Vista Land	20,000.00-30,000.00	60,120.00	15%	Bank, In-House	12 months

Source: Santos Knight Frank, Inc.

The opportunities for future housing developments abound as the housing backlog in the Philippines is still a long way from being solved. Figures from the Local Shelter Plan by Region released by the Department of Human Settlements and Urban Development (DHSUD) supports this claim as it shows a substantial backlog across all the regions of the Philippines in the table below.

Local Shelter Plan by Region as of May 2021

Region	Total Housing Needs[a/]	Total Sector Families (ISFs)[b/]	Land Needed for Housing (in ha.)	Land Identified for Housing (in ha.)
NCR	696,592	255,116	23,287.8	24,631.9
CAR	129,443	135,663	1,419.0	1,102.5
Region 1	280,005	157,215	2,103.3	4,070.6
Region 2	236,848	102,661	1,208.0	15,423.0
Region 3	25,123	4,942	191.0	70.0
Region 4-A	1,378,589	590,567	7,358.4	9,436.2
Region 4-B	171,957	108,137	1,187.7	1,207.4
Region 5	451,649	359,201	3,634.0	6,976.2
Region 6	495,268	346,810	3,766.4	11,228.5
Region 7	558,396	260,731	2,086.3	3,506.1
Region 8	486,999	420,901	2,928.8	3,689.7
Region 9	173,299	106,008	2,028.2	1,215.5
Region 10	268,996	153,698	1,596.1	6,665.1
Region 11	427,641	227,868	2,422.2	5,204.5
Region 12	215,127	218,568	1,316.6	3,155.9
Region 13	295,447	139,712	1,806.9	2,252.4
BARMM	336,970	165,739	2,441.5	2,933.8
Total	**6,628,349**	**3,753,537**	**60,782.2**	**102,769.3**

a/ Includes homeless, displaced HHs, increase in HHs and doubled-up HHs

b/ Includes Tenurial Upgrading (need to improve land tenure status), homeless and displaced HHs; Some regions have higher number of total ISFs versus Total Housing Needs due to high number of units needing tenurial upgrading

Source: DHSUD - Public Housing and Settlements Service

The competitive advantage of Ovialand can best be summarized in the table below.

	Ovialand	Competitors
Delivery / Turnover Time of Unit	3 to 6 months 45 to 60 days for RFO units	6 months and above
Selling Price (per sqm.) Pre-Selling Units Ready for Occupancy Units	 PhP 39,600 PhP 46,200	 PhP 33,500 – PhP 72,900 PhP 39,000 – PhP 88,900
Reservation Fee	PhP 7,000	PhP 5,000 and above

Structural Material	Pre-Cast Concrete	Pre-Cast Concrete Concrete Cast-in-Place Concrete Hollow Blocks
Project Density (Number of Units / 1,000 sqm.)	6 to 10	10 and above
Location of Projects	Directly accessible via main roads and public transport	Mostly located in inner areas
After Sales Service	Guaranteed reply from customer service within 24 hours of inquiry	None specified

Critical to the success in the expansion of Ovialand is the acquisition of strategically located and adequately sized property in order for them to maintain their competitive advantage. Their building process has been standardized and relatively easy to replicate as shown in their completed developments. These together with their strong marketing team and practices will guarantee their success in their ongoing and upcoming projects as well as their planned expansion to develop nationwide.

1. INTRODUCTION

Ovialand, Inc., (OLI) is an emerging mass housing developer with a solid track record in delivering quality house and lot units in the Southern Luzon area of the Philippines. Since its' inception in 2014, OLI has completed and turned over more than 1,600 housing units to its satisfied clients with 3,600 units more in the pipeline for the next 5 years.

By 2030, mass-housing will comprise 80% of the total real estate demand of the Philippines, currently estimated at 6.8 million units. Ovialand is focused on serving this continuously growing aspirational market by making sure that their product range remains first-rate at all times.

Ovialand's proprietary pre-cast methodology allows its building capacity to complete anywhere between 25-30 housing units per month, per development. Together with its housing finance partners, Ovialand's clients can move into their brand new homes within 45 - 60 days (depending on inventory availability). While Ovialand is continuously increasing its housing production capacity, they make sure that quality remains priority at all times.

Ovialand is working towards become a national real-estate developer, inching its way one region at a time. By 2023, Ovialand will begin its developments in the region of Northern Metro Manila and Central Luzon. By 2030, Ovialand will have presence in Luzon, Visayas and Mindanao.

Ovialand is committed to the Premier Family Living promise for all its clients. Beautiful homes in masterplanned communities, capped off with attention to service is unique to Ovialand, and its growing market base can attest to this.

With its goal to become a national real-estate developer, Ovialand plans to go public. Having the investors and their confidence on board would be a major step in rolling out new projects and further expanding its presence into new markets around the country.

2. OVERVIEW OF THE PHILIPPINE ECONOMY

Table 1. Philippine Macroeconomic Overview

ECONOMIC INDICATORS	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Real GDP (% YoY)	3.60	6.80	7.20	6.10	5.80	6.80	6.70	6.20	5.90	-9.50	5.60	7.6
Household Consumption (% YoY)	5.70	6.60	5.70	5.40	6.20	7.00	5.80	5.60	5.80	-7.90	4.20	8.3
Government Consumption (% YoY)	2.10	15.50	7.70	1.80	9.40	8.40	7.30	12.80	10.50	10.40	7.10	5.0
Investment (% YoY)	-1.90	10.80	12.20	6.80	14.00	23.70	9.00	13.90	-0.60	36.49	32.00	30.1
Nominal GDP (PHP bn)	9,708.30	10,567.30	11,542.30	12,642.80	13,322.04	14,480.72	15,797.50	18,265.19	19,517.86	17,938.58	19,387.00	22,700.00
Nominal GDP (USD bn)	224.10	250.20	271.90	284.80	292.00	304.30	313.40	346.80	376.80	361.50	394.09	401.00
GDP per capita (USD)	2,366.60	2,598.70	2,780.80	2,866.60	2,893.80	2,953.00	2,987.00	3,280.00	3,512.00	3,323.00	3,549.00	3,623.00
Population (mn)	94.20	95.80	97.40	97.40	100.90	102.80	104.70	106.50	108.89	111.32	113.88	115.00*
Unemployment (% end-year)	6.40	6.80	6.40	6.00	6.30	4.70	5.70	5.30	5.10	10.30	7.80	4.30*
CPI (avg % YoY)	4.60	3.20	3.00	4.10	1.40	1.80	3.20	5.20	2.50	2.60	4.50	6.90
CPI (end-year % YoY)	4.20	3.00	4.10	2.40	1.50	2.90	3.30	5.10	2.52	3.50	3.90	5.80
Current Account (USD bn)	5.64	6.95	11.38	10.76	7.27	-1.20	-2.14	-7.88	-3.05	12.98	-0.80	6.30*
Net FDI (USD bn)	2.00	3.20	3.70	6.20	5.70	7.90	8.70	9.80	7.70	6.50	10.50	8.42*
Current Account (%/GDP)	2.52	2.78	4.19	3.78	2.48	-0.39	-0.68	-2.38	-0.90	3.60	-1.50	6.1*
Net FDI (%/GDP)	0.90	1.30	1.40	2.20	2.00	2.60	2.60	3.00	2.00	1.88	3.40	2.00*
Central bank policy rate (end-year %)	4.50	3.50	3.50	4.00	4.00	3.40	3.00	4.75	4.00	2.00	2.00	5.00
Exchange rate end-year (USD/PHP)	43.90	41.20	44.40	44.60	47.20	49.80	50.40	52.72	50.74	48.06	50.74	56.79
Exchange rate average (USD/PHP)	43.30	42.20	42.40	44.40	45.50	47.50	49,9	52.77	51.80	49.62	49.25	57.65
Exchange rate end-year (EUR/PHP)	56.80	54.30	61.10	54.30	51.70	52.50	59.60	60.31	56.35	58.69	57.51	58.94
Exchange rate average (EUR/PHP)	60.30	54.20	56.40	59.00	50.50	52.60	56.90	62.19	57.99	56.57	58.29	59.45
Average bank lending rate (avg %)	6.63	5.65	5.76	5.53	5.58	5.64	5.77	6.14	7.09	7.04	6.07	5.99
91-days T-bill rates (avg %)	1.37	1.58	0.32	1.24	1.77	1.50	2.10	3.54	4.67	2.02	1.11	1.864
182-days T-bill rates (avg %)	1.69	1.76	0.48	1.61	1.93	1.61	2.47	4.49	5.07	2.26	1.43	2.364
364-days T-bill rates (avg %)	2.26	1.97	0.72	1.79	2.08	1.77	2.82	5.14	5.23	2.42	1.69	2.468
5-year T-bond rate (end-year %)	4.21	3.70	2.91	3.33	3.93	4.79	4.74	5.50	4.25	2.86	4.77	6.12
7-year T-bond rate (end-year%)	5.08	4.15	3.55	3.90	4.59	4.94	5.31	5.75	6.25	3.48	4.75	6.75
PSEi (end-year)	4,372.00	5,812.70	5,889.80	7,230.60	6,952.10	6,840.64	8,558.42	7,466.02	7,815.26	7,139.71	7,122.63	6,556.39
Tourist Arrivals (% YoY)	11.30	9.10	9.60	3.30	10.90	12.08	10.96	7.70	13.38	-82.05	-88.95	-
OFW Remittances (USD bn)	21.90	21.40	23.00	24.60	25.80	26.90	28.06	28.94	30.13	29.90	31.42	36.14

2.1 Historical Economic Performance

In the aftermath of the Pacific war from 1946 up to 1949, the Philippine economy experienced a series of boom-and-bust cycles. Episodes of economic growth were followed by crises that were partly a response to the economic policy set in the previous decades. Post-war rehabilitation was the main focus during this period, wherein, the initiatives were financed by United States military expenditures, war damage payments, and a bilateral trade agreement. Also, during this period, the country recorded a higher per capita income than South Korea and Taiwan, but slightly lower than in Hong Kong and Singapore.

In the 1950s, the country looked inward for its sources of growth. The import-substitution strategy was able to raise the level of Gross Domestic Product (GDP) growth by approximately 6.5% annually. The Philippines performed better during this period than its neighbors, such as Indonesia, Malaysia, and Thailand, which recorded GDP growths of 4%, 3.6%, and 5.7% respectively.

As the decade passed on, the highly trade-restrictive and protectionist policies proved unfavorable for the country. In the 1960s, the average annual GDP growth rate declined to 4.9% but it remained higher than Indonesia’s 3.9%, it was lower in Malaysia and Thailand, at 6.5% and 8.2%, respectively.

Moving forward to the 1970s during the Marcos era, high growth rates were again recorded as a result of large-scale investments in infrastructure. However, this debt-driven growth could not be sustained and resulted in the country’s worst debt crisis, wherein, attempts toward outward-looking policies were also made. The average GDP growth rate of the Philippines during the 1970s, while positive, was much lower than those of other ASEAN countries. Data from the World Bank showed the following average GDP growth rates: the Philippines (5.9%), Indonesia (7.4%), Malaysia (8.3%), and Thailand (6.9%). This was caused by the country’s failure to attract investments despite the implementation of a generous investment incentive package. On the other hand, neighboring Southeast Asian countries, which succeeded in projecting a stable political and economic environment, benefited from large inflows of foreign direct investments.

Meanwhile, in the 1980s, the economic performance of the Philippines became slower not only relative to the previous decade but also due to the performance of other developing countries in East and Southeast Asia. The country experienced a period of political instability and a severe economic contraction until the Marcos dictatorship ended in the year 1986. According to the data of World Bank, the average growth rate of Philippine GDP contracted at 1.8%. This is much lower compared to the robust GDP growth exhibited by Indonesia (6.1%), Malaysia (5.3%), and Thailand (7.9%).

In the 1990s the average GDP growth slightly picked up again, which was noted at 2.9%. The figure remained lower in contrast to those neighboring countries such as Indonesia (4.1%), Malaysia (6.6%), and Thailand (4.5%). Economic growth accelerated in the mid-1990s as the government promoted exports, domestic competitions, and foreign direct investment. However, the 1997 Asian Financial Crisis has brought the Philippines to its third recession in just 15 years.

In line with this phenomenon, the succeeding government administrations have introduced various economic reforms that helped with economic recovery despite being low compared to the East and South Asian levels. During the 2000s, the economy achieved an average annual growth of 4.5%, peaking at 7.2% in 2007. In 2008, the global economic crisis halted the growth momentum of the country’s economy. As a result, the domestic output decelerated to 4.6% and further declined to 0.9% in 2009.

After a decade of dwindling growth, the Philippine economy had gained momentum as it experienced continuous expansion and macroeconomic stability from 2010 to 2015, registering an average GDP growth of 6.2%. The favorable economic conditions and strong economic fundamentals have fueled the robust growth of the economy, which has led to earning the title of Asia's Rising Tiger in 2013. The economy further expanded to 6.9% in 2016, higher than China, Vietnam, and its other peers.

Moving forward in 2020, the COVID-19 pandemic had become a threat not only in the Philippines but also to every economy around the world. Countries in Southeast Asia, including the Philippines, and other emerging economies experienced the depth of global economic contraction. Lockdowns and strict health protocols were implemented across countries to combat the spread of the virus, at the expense of the economy. As a result, the GDP growth of the Philippines, as well as its neighboring economies, registered dismal figures.

In 2022, recovery was recorded across the main economies in the Southeast Asia Region. The recession that was experienced in the preceding years ended in the latter part of 2022 as the severity of the COVID-19 virus reduced significantly with its diminished lethality. However, economic headwinds still remain such as rising commodity and energy prices, the continued impacts of the Ukraine-Russia conflict, supply chain disruptions amidst lockdowns in China.

Table 2. Average Annual GDP Growth Rates (%) in Southeast Asia

COUNTRY	1961-1970	1971-1980	1981-1990	1990-2000	2001-2010	2011-2020	2021	2022	2023F	2024F
Malaysia	6.5	8.3	6	6.6	4.6	4	3.1	7.8	4.0	3.9
Singapore	9.4	8.8	7.8	7.1	5.9	2.9	14.7	7.1	5.9	5
Philippines	4.9	5.9	1.8	2.9	4.8	4.7	5.7	7.2	5.4	5.9
Thailand	8.2	6.9	7.9	4.5	4.6	2.3	1.5	3.4	3.6	3.7
Indonesia	3.9	7.4	5.5	4.1	5.2	4.6	3.7	5.2	4.8	4.9

Sources: World Bank; Trading Economics

2.1.1 Gross Domestic Product (GDP)

The Philippine economy exhibited steady upbeat growth in recent years. From 2010-2019, the country's average real GDP was recorded at 6.1% per annum. This consistent growth trend was driven by sound economic policies that resulted to being one of the fastest growing economies in Asia.

The country faced hurdles in 2020, as the local economy was challenged by the Taal Volcano eruption and the onset of COVID-19 pandemic. The unforeseen events caused disruptions to the economic activity of the country. As a result, policies that are focused on mitigating the spread of COVID-19, prolonged lockdowns, and the decline in consumption weighed down the country's real GDP to -9.5% in 2020, the first economic contraction recorded since 1998 due to the Asian Financial Crisis.

Optimistic growth prospects were seen in 2021, as the economy started to exhibit gradual recovery in the second half of 2020 to Q1 2021, driven by increased mobility due to a more controlled pandemic situation in the country that led to increased consumption. The country's economic output started to rebound from recession in Q2 2021, recording a growth of 12% - the fastest growth recorded in over three decades. Economic growth was a result of improvement in the performance of Industry and Services sectors, posting growth of 20.8% and 9.6% respectively. In addition, the rebound was driven by increased output in the manufacturing industry and increased activity in the construction industry.

Positive growth trend persisted for the second straight quarter in Q3 2021, backed by rising household consumption, which accounts for three quarters of the country's GDP and grew by 7.1%. Albeit the positive growth recorded during the period, this was overshadowed by the reimposition of restrictions to curb the surge of COVID-19 cases, driven by the Delta variant. Economic expansion was sustained despite mobility restrictions, driven by growth among major economic sectors such as the Industry and Services sector was observed at 7.9% and 8.2%, respectively. In addition, main contributors to the economic growth during the period remains to be driven from the construction and manufacturing industries that posted growth of 16.8% and 6.3%, respectively.

Strong economic rebound also points to improved consumer confidence as household spending which comprise of 75% of the overall GDP, grew by 7.1% during the period. Consumption of food and non-alcoholic beverages covers 36.4% of the total household spending, grew by 3% during the period. Greater emphasis on health spending was also observed as it posted growth of 18.8% in Q3 2021 from 15.5% in Q2 2021. On the other hand, mobility restrictions slowed down the growth of spending on transportation, restaurants and hotels, as well as clothing and footwear which grew by 13.5%, 11.4%, and 24.5%, respectively.

The growth persisted up to the last quarter of 2021, as it gradually improved to 7.7%. This despite the damaging impact of Typhoon Odette. The full-year 2021 GDP growth closed at 5.6% exceeding the Development Budget Coordination Committee's target of 5.0% to 5.5%.

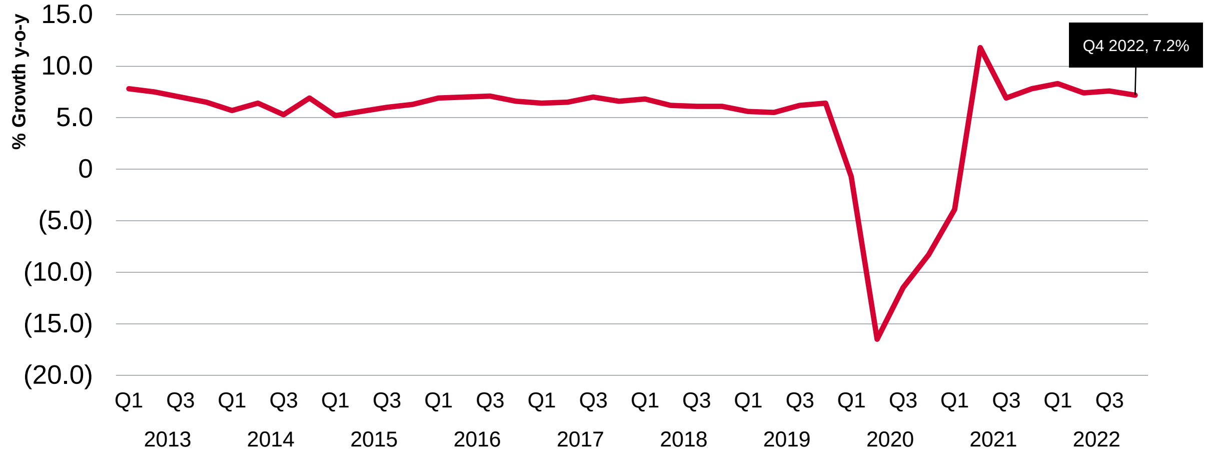
The progress of the country's GDP indicates the accelerating recovery status of the economy. Philippine GDP remains aligned to the government's full-year growth target of 4% to 5% as well as reaching pre-pandemic levels by the end of 2021 and at the start of 2022.

Notwithstanding the effects of the Russia-Ukraine War, increasing inflation and the impending food crisis, the country's GDP posted a growth rate of 7.2% at the end of 2022. The gain in momentum was due to the strong domestic demand, increasing employment rate, and the recovering tourism industry.

Broken down, the main contributors of growth in 2022 were in the sectors of Wholesale and retail trade; repair of motor vehicles and motorcycles, Financial and insurance activities, and Construction, with 9.1%, 7.7% and, 12.2%, respectively. In addition, Agriculture, forestry and fishing, Industry, and Services registered positive growths with 2.2%, 5.8%, and 9.1%, respectively. On the side of the demand, Household Final Consumption Expenditure (HFCE) expanded by 8.0% in the third quarter of 2022. Also, Government Final Consumption Expenditure (GFCE), Gross Capital Formation (GCF) recorded growths of 0.8% and 21.7%.

Despite growth, GDP forecasts for 2023 has been revised down due to increasing inflation rate, monetary tightening, and continued uncertainty due to the Russia-Ukraine War.

Figure 1. Philippine GDP Growth Rates



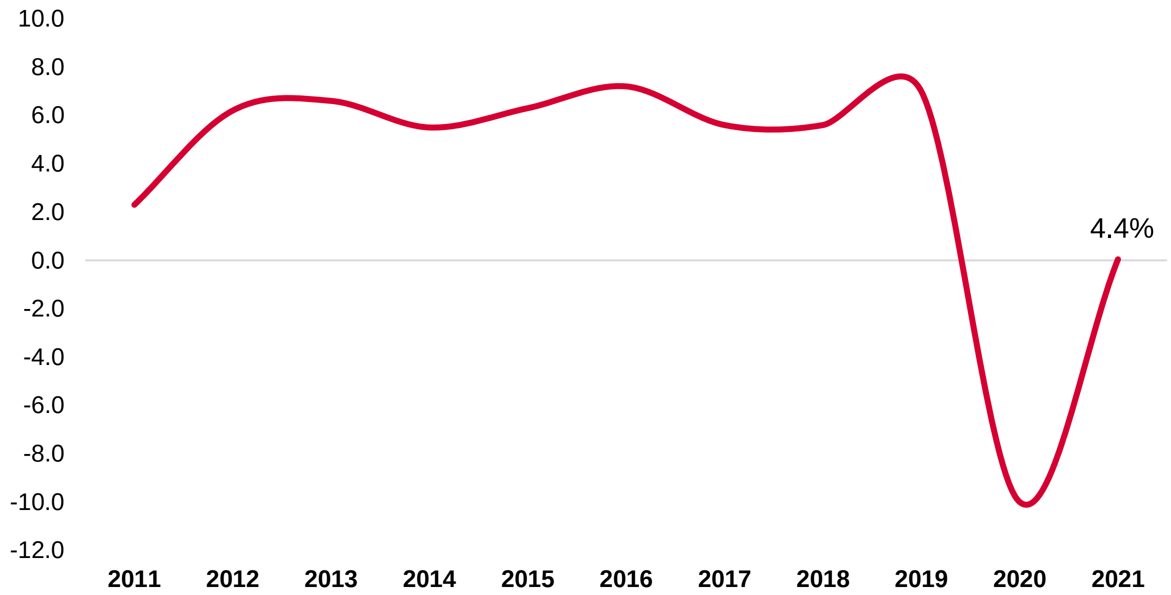
Source: Philippine Statistics Authority

2.1.2 Regional Economy

NCR is considered to be the economic center of the Philippines, as the region is the core of the country's trade, commerce, finance, technology, education, entertainment, and culture both locally and internationally. NCR plays a perennial role in the national economy as most business activities in the country take place in the said region. The economy of NCR rebounded in 2021 from 10.0% decline in 2020 to 4.4% growth in 2021. Overall the NCR contributed 1.4% to the 5.7% growth in the country's economy, which accounted for 31.5% of the total GDP and the highest among the regions in the country.

Historically, the decline in the regional economic output of NCR was recorded for the first time in ten years. Consistent growth in economic output was observed as high concentration of business activity occurred in the region. The decline was attributed to the consequent lockdowns that restricted mobility, resulting to income and job losses, stemming from limited business operations.

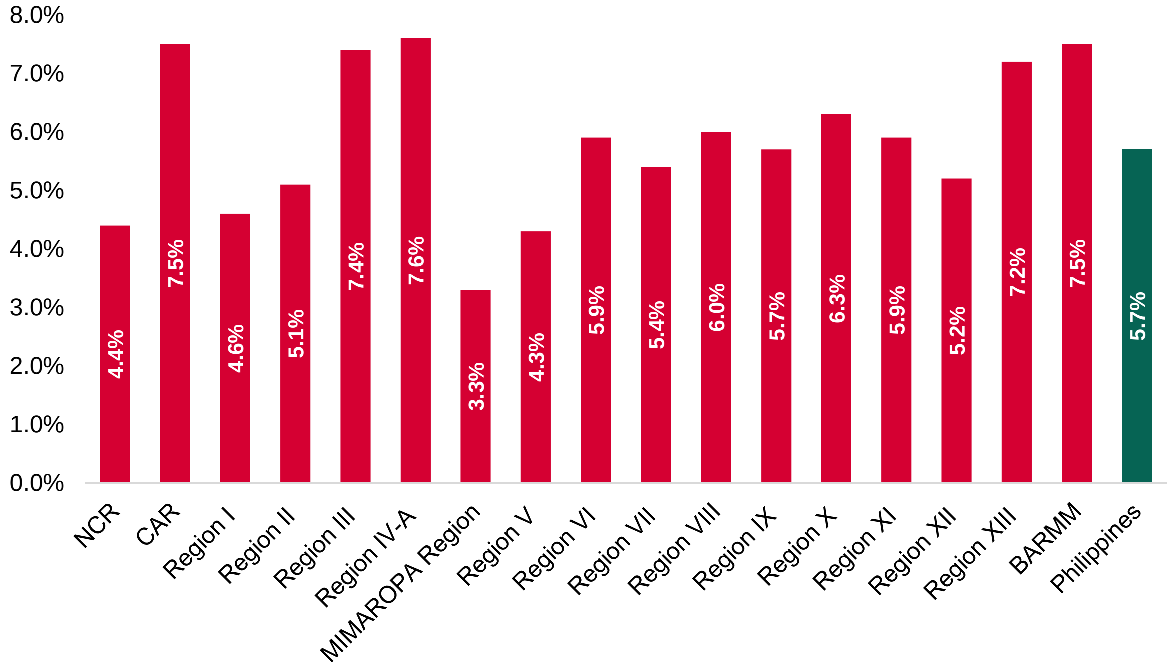
Figure 2. Historical GRDP of National Capital Region



Source: Philippine Statistics Authority

On a regional basis, all the regional economies registered growth in 2021. Region 1V-A (CALABARZON) posted the fastest growth with 7.6% in 2021. This were followed by Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) and Cordillera Administrative Region (CAR) with an economic growth amounted to 7.5% each. In line with this, some regions also posted growth higher than the national level of 5.7%, such as Region III (Central Luzon) with 7.4%, Region XIII (CARAGA) with 7.2%, Region X (Northern Mindanao) with 6.3% and Easter and Western Visayas with 6.0% and 5.9%, respectively.

Figure 3. 2021 Gross Regional Domestic Product

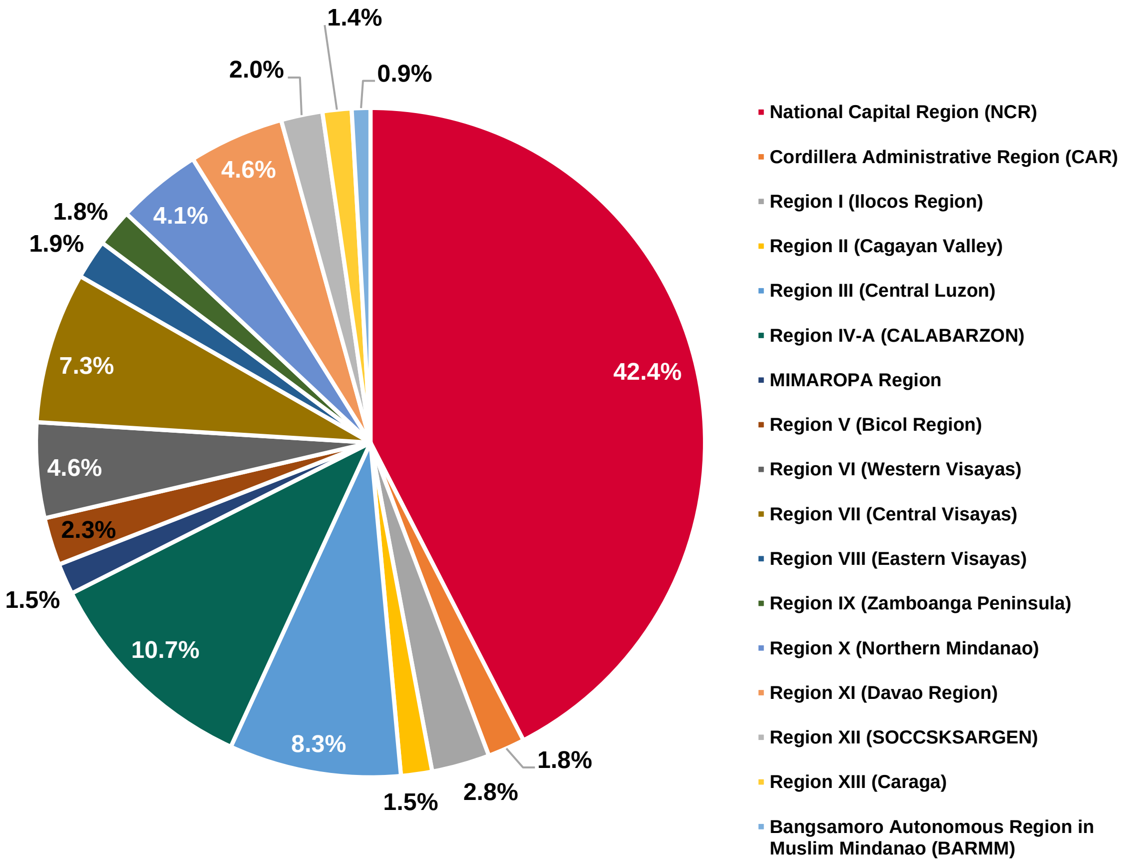


Source: Philippine Statistics Authority

As of 2021, on a per-industry sector basis, NCR remained the highest contributor among the regions in the Services Sector with market share of 42.4%. NCR is a service-centric region, with most of its businesses are centered on producing intangible goods concentrated around information, finance, trade, transportation, and other professional services. The different business districts established in the capital region have been crucial in bolstering the performance of the services sector. One of which is Fort Bonifacio and Makati CBD that houses several outsourcing firms and have consistently buoyed the market.

The top 3 sub-industries that recorded fastest growths in 2021 were Mining and Quarrying activities with 10.8% growth, this is followed by Transportation and Storage with 10.8% and Education with 8.3% growth.

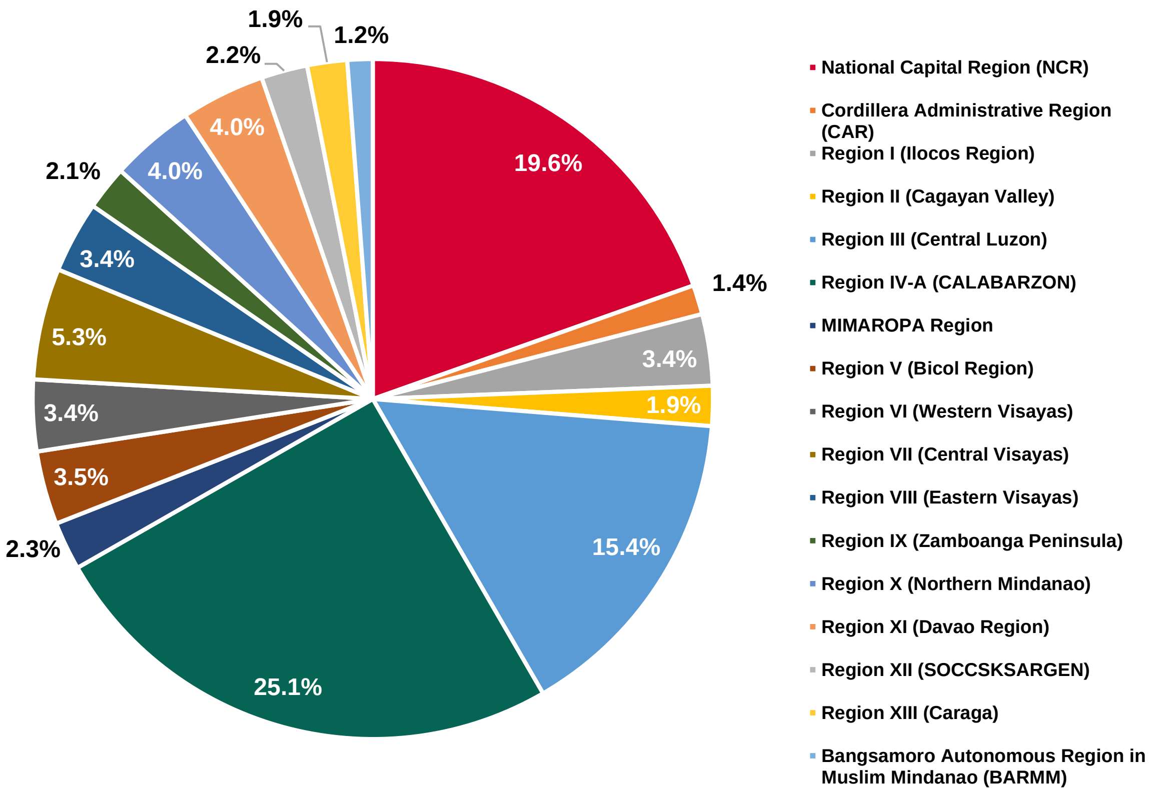
Figure 4. 2021 Market Share of Regional Economies to Service Sector



Source: Philippine Statistics Authority

In the same year the Industry Sector in CALABARZON registered the highest market share with a contribution of 25.1% to the national economy. This is followed by NCR and Central Luzon with 19.6% and 15.4% market shares, respectively. These regions are considered as industrial hotspots of the country, with most businesses inclined towards the production and warehousing of tangible goods. Meanwhile, CAR and BARMM recorded the lowest market shares with 1.4% and 1.2%, respectively.

Figure 5. 2021 Market Share of Regional Economies to Industry Sector



Source: Philippine Statistics Authority

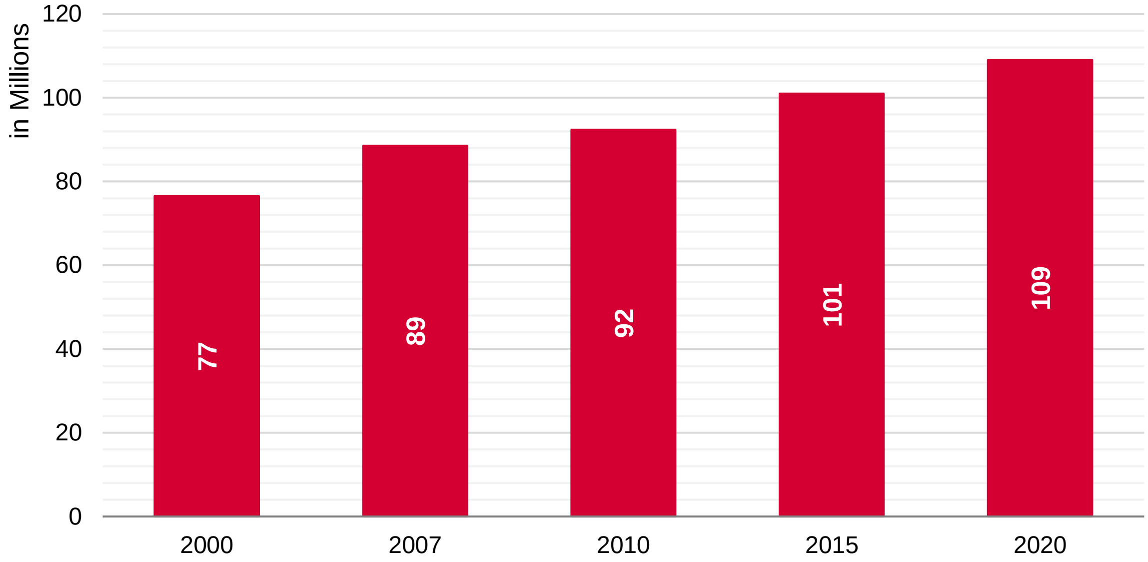
2.2 Demographics

2.2.1 Population

Based on the latest census released by the Philippine Statistics Authority (PSA), the total population count in 2020 was around 109.03 million. Since 2015, the population in the country grew by 8.053 million and this puts the annual growth rate at 1.6%, much lower than the rate from 2010 to 2015 which was at 1.7%.

Among the regions in the country, Region IV-A had the highest population in 2020 with 16.20 million, followed by the National Capital Region (NCR) with 13.48 million, and Region III with 12.42 million. These three regions account for 38.6% of the country's population. On population growth, the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) has been the fastest-growing with an annual growth of 3.3%, while Region VII posted the lowest growth of 0.5%.

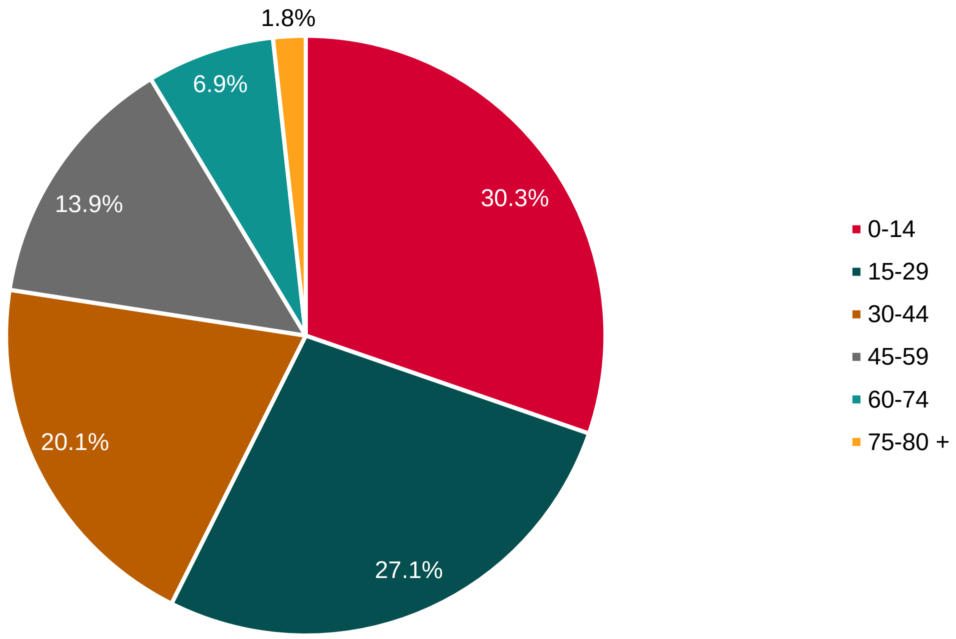
Figure 6. Population Estimates Philippines



Source: Philippines Statistics Authority

In terms of household population by age in 2020, 33.31 million were under 15 years of age which accounts for 30.3% of the total population. It was followed by the ages 15-29, 30-44, and 49-59, with 27.1%, 20.1%, and 13.9%, respectively. This growing working-age population provides opportunities for economic growth while at the same time creating challenges for job creation and integration of new labor market.

Figure 7. Population by Age Group in the Philippines, 2020



Source: Philippine Statistics Authority

2.2.2 Employment Rate and Employment by Industry Sectors

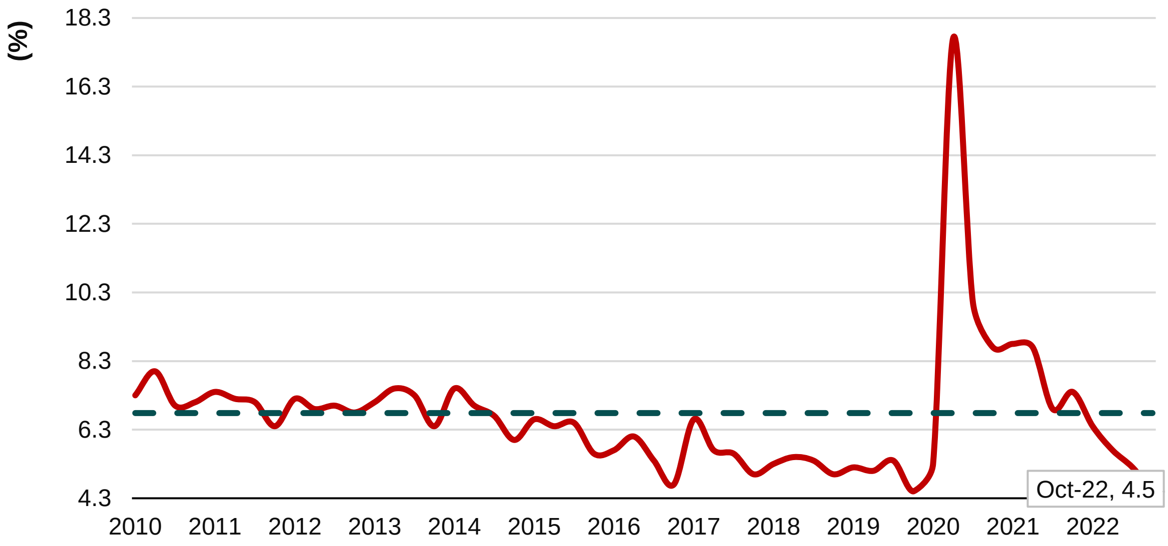
The country's unemployment rate as of May 2022 was recorded at 6.0% a drop from the 7.7% recorded in May 2021. However, looking at the month-on-month figures, the unemployment rate jumped by 0.3% from 5.7% recorded last April 2022. The total number of unemployed individuals in the labor force was estimated at 2.93 million Filipinos, this is less compared to the recorded 3.74 million unemployed Filipinos in the same period last year. The increase in the unemployment rate can be attributed to the external shocks being faced by the country. Constantly increasing inflation has translated into decreased revenue and larger operating costs. Some companies have resorted to laying off employees to cut on operating expenses as a result.

In terms of the number of underemployed Filipinos, the Philippine Statistics Authority (PSA) recorded the underemployment rate at 14.5%, higher than the 12.3% recorded in the same period in the previous year. 6.67 million of the 46.08 million employed persons were considered underemployed. Underemployed Filipinos consist of employed persons who desire to have additional hours of work in their present job or an additional job with longer work hours. Again, in lieu of terminating employees, some companies have resorted to reducing work hours to cut costs and keep afloat.

Looking at the top five sub-sectors' month-on-month increase on employment from April 2022 to May 2022, Wholesale and retail trade; repair of motor vehicles and motorcycles ranks at the top with 1.12 million. This was followed by the Construction, Fishing and aquaculture, Manufacturing, and Transportation and storage with an increase of 232,000, 104,000, 90,000, and 70,000 respectively. The sub-sectors with the largest drops in employment, in a month-on-month level include Agriculture and forestry, Public administration and defense; compulsory social security, and Arts, entertainment and recreation with 733,000, 159,000, and 95,000 respectively.

The Labor Force Participation Rate (LFPR) in October 2022 was recorded at 64%, which is equivalent to 47.11 million Filipinos who are currently working or actively searching for work. This is compared to the 62.6% recorded in October 2021 which was equivalent to 43.82 million Filipinos. Mean hours of work also increased to 40.2 hours per week in October 2022 compared to 39.7 average hours worked per week in October 2021.

Figure 8. Unemployment Rate in the Philippines



Source: Philippine Statistics Authority

2.2.3 Growing Middle Class, Increasing Household Income, and Urbanization

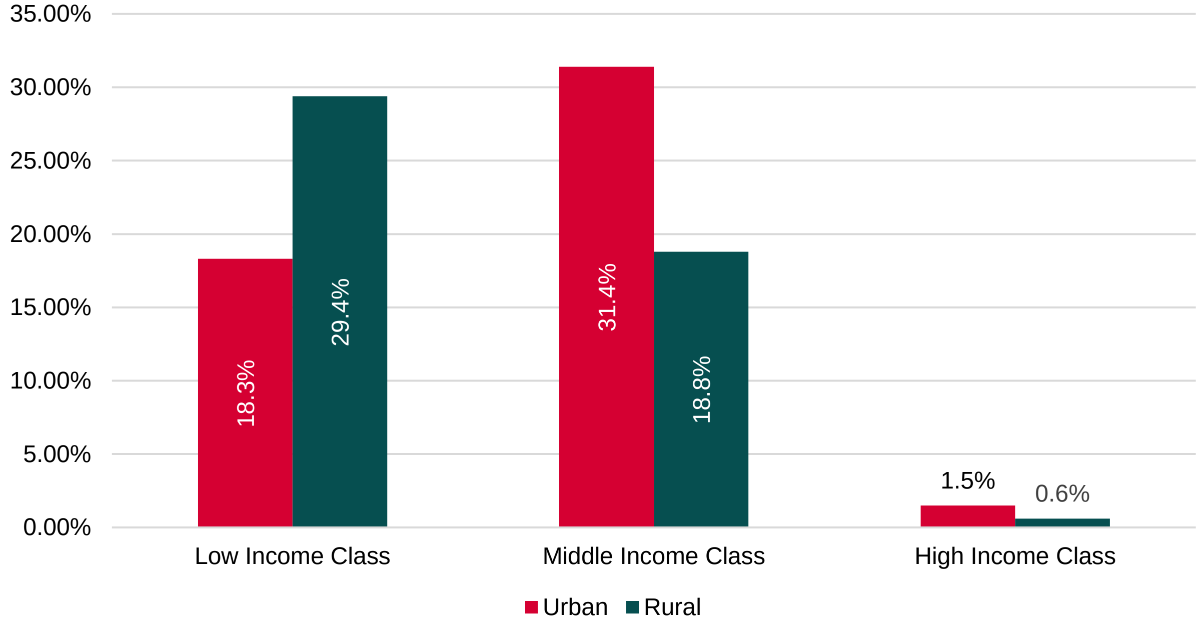
Based on Family and Income Expenditure Survey (FIES) in 2018, Filipinos in a family of five would be in the middle class if their monthly family income falls between PhP 23,000 and PhP 140,000 or around PhP 25,000 and PhP 150,000, respectively in 2020 prices. In particular, 50.1% of the total population are middle-income class, followed by low-income class with 47.7% households and the remaining 2.1% came from high-income class. Thus, if the Social Amelioration Program (SAP) for 18 million households, out of 24.4 million estimated households in 2020, has been targeted well, it will provide benefits for all of the low-income class, and a sizeable portion of the lower middle-income group in the country.

Figure 9. Share of Population by Income Class

Source: Family Income and Expenditure, PSA

Moreover, based on the rural and urban classification, the urban household in the Philippines are predominantly consists of middle-class with 61.3%, while only 3.0% came from high-income. On the other hand, rural households are predominated by low-income class, with 60.2%, while middle income class are only 38.5%. Further, in urban areas, the proportion of households belonging to low, middle and high-income classes are 35.8%, 61.3%, and 3.0%, respectively.

Figure 10. Share of Population in Urban and Rural Areas across Income Classes, 2018



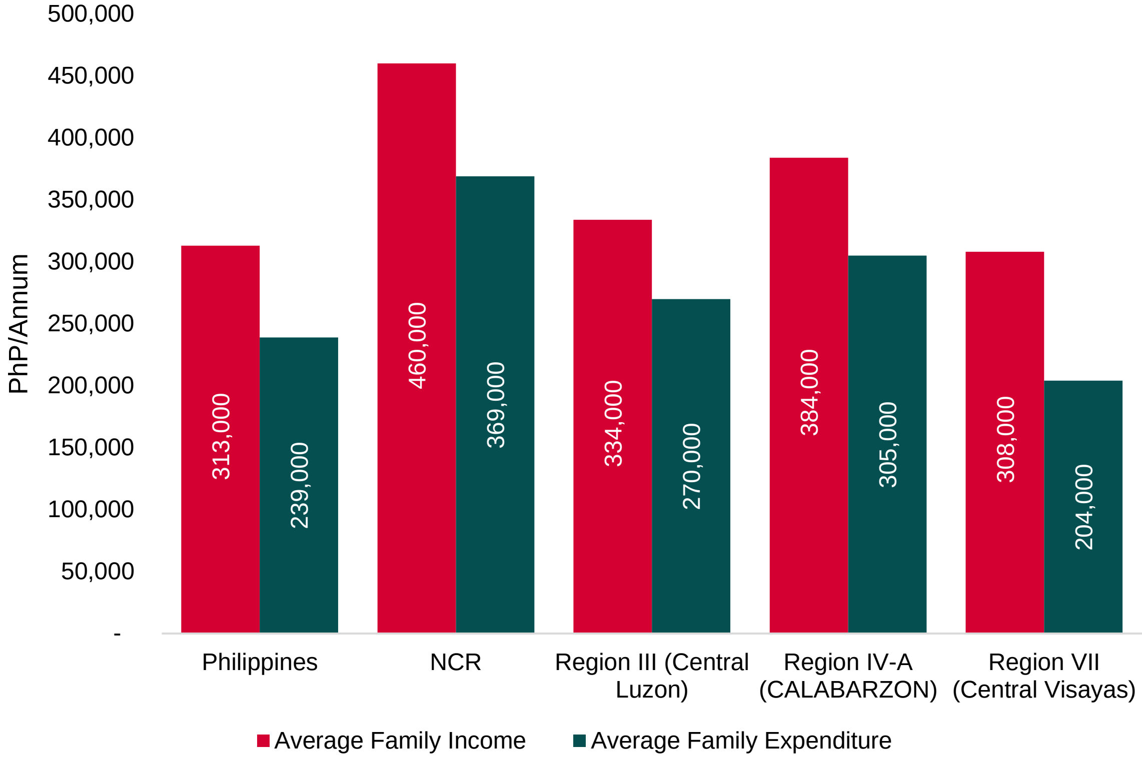
Source: Family Income and Expenditure, PSA

Among the percentage distribution of households by income classes, NCR, Region IV-A (CALABARZON), and Region III have the highest percentage shares of middle-class income with 19.0%, 18.9% and 13.35%, respectively. These three (3) regions share a total of 51.3% in the middle-income class segment. Moreover, Region IV-A (CALABARZON) exhibited the highest percentage shares of income among all the regions with 14.9%, followed by NCR with 12.9% and Region III with 11.3%. Meanwhile, Cordillera Administrative Region (CAR) exhibited the lowest income percentage share among all the regions with 1.7%.

2.2.4 Income and Expenditure

The Philippine Average Income grew from PhP268,000 in 2015 to PhP313,000 in 2018. Similarly, average annual family expenditure of families increased from PhP216,000 to PhP239,000 in 2018. Registered growth of average family income is at 17% while expenditure resulted in an 11% increase between those periods. Hence, this implies more savings to the general populace in the Philippines.

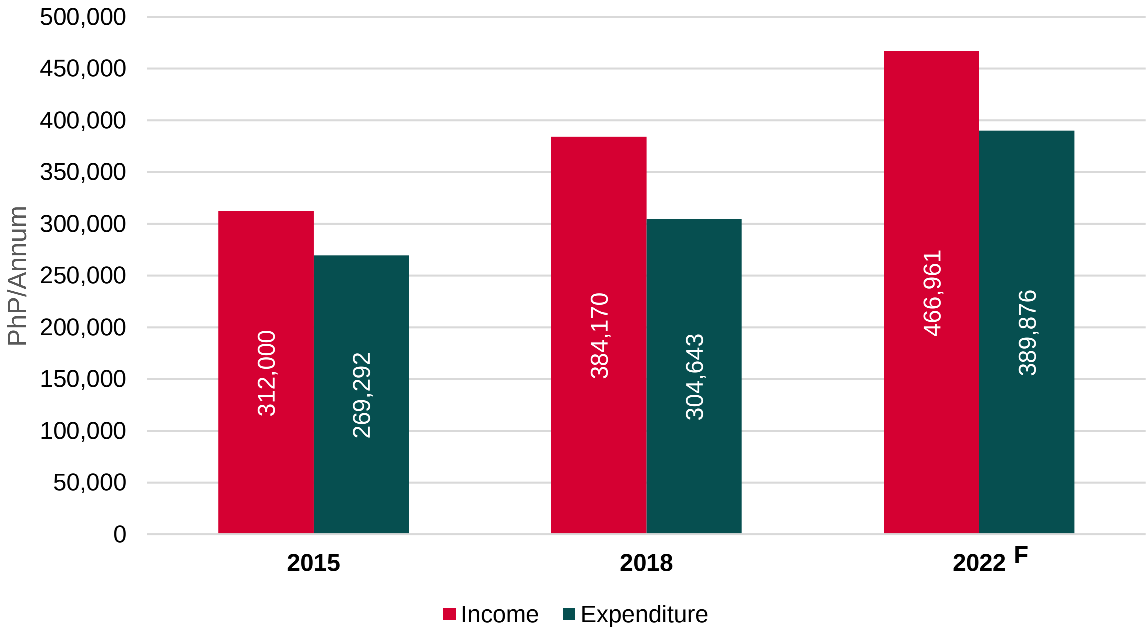
Figure 11. Average Family Income & Expenditure, 2018



Source: Philippine Statistics Authority

In CALABARZON, average household income grew by 7.18% per annum versus expenditure's 4.20% from 2015 to 2018. With income moving faster as compared to expenses, this indicates that the general population in the region are more inclined in saving up their money. Employing a more conservative growth rate of 5% for the average income and retaining the trend for the expenditure, it can be seen that annual family savings would reach to about PhP77,000, on average.

Figure 12. Average Family Income & Expenditure, CALABARZON Region



Source: Philippine Statistics Authority

Table 3. Percentage Distribution of Households Among Income Classes, 2018

Region	Low Income Class	Middle Income Class	High Income Class	Total
Region I	5.05	5.3	5.22	5.18
Region II	3.83	3.45	2.73	3.62
Region III	9.21	13.35	7.64	11.26
Region IV-A (CALABARZON)	10.59	18.94	16.97	14.92
Region IV-B (MIMAROPA)	3.34	2.7	3.52	3.02
Region V	7.32	3.66	3.73	5.41
Region VI	8.33	6.61	7.05	7.44
Region VII	7.78	6.72	7.62	7.25
Region VIII	6	2.83	3.72	4.36
Region IX	4.84	1.99	1.72	3.35
Region X	5.74	3.44	3.65	4.54
Region XI	5.72	4.58	3.76	5.11
SOCCSSARGEN	5.86	3.3	2.93	4.52
NCR	5.91	19.04	24.87	12.9
CAR	1.42	1.91	2.88	1.7
BARMM	5.65	0.63	0.07	3.01
CARAGA	3.41	1.54	1.92	2.44
Philippines	***100***	***100***	***100***	***100***

Source: Philippine Statistics Authority

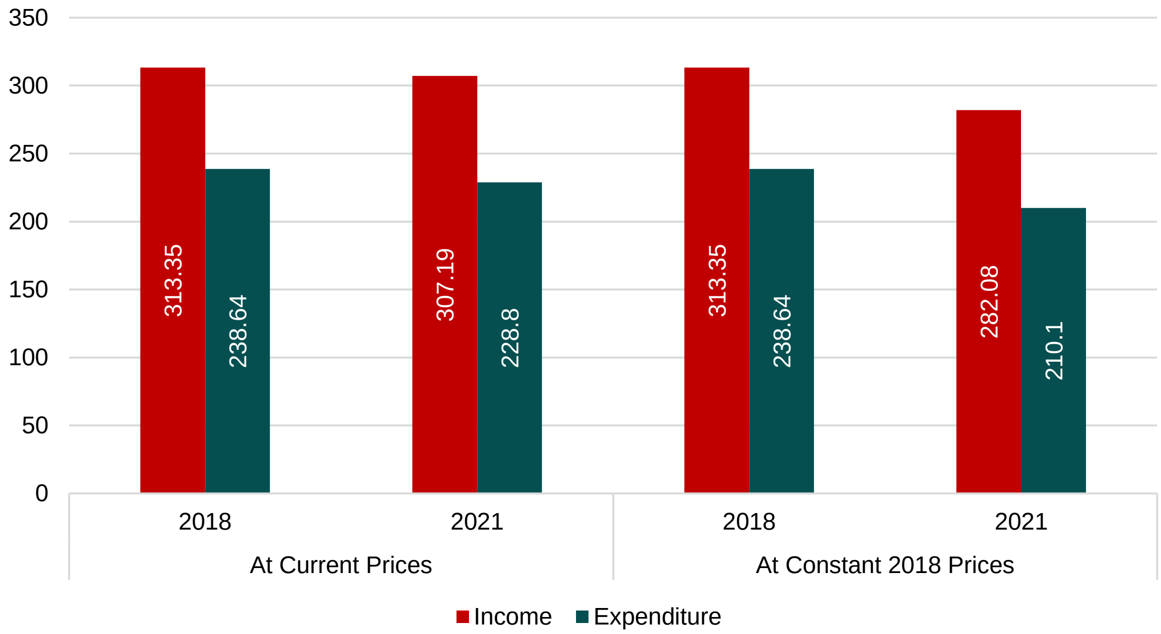
2.2.5 Consumption Patterns Based on Family Income and Expenditure Survey

Based on the latest Family Income and Expenditure Survey (FIES) in 2021, preliminary estimates show that majority of Filipino Families had an average of PhP307.19 thousand annual income much lower by -2.0% as compared to the estimated average recorded 2018 which is at PHP 313.35 thousand. On the average, majority of the Filipino families spent PHP 228.80 thousand in 2021, this is decrease of 4.1% compared to PHP 313.35 thousand recorded in 2018.

These were much higher as compared to the estimated average recorded in 2015 which was at PhP268,000. Similarly, the average annual family expenditure also increased to PhP239,000 in 2018 from PhP216,000 recorded in 2015. In result, the average Filipino's savings amounted to PhP74,000 in a year.

On a regional basis, National Capital Region (NCR) remained the highest average annual income recorded at PHP 417.85 thousand. This is followed by Region IV-A with PHP 361.03 thousand, Cordillera Administrative Region (CAR) with PHP 350.43 thousand and Region III with PHP 328.54 thousand. On the contrary, Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) posted the lowest average annual family income of PHP 184.94 thousand.

Figure 13. Average Annual Household Income and Expenditure



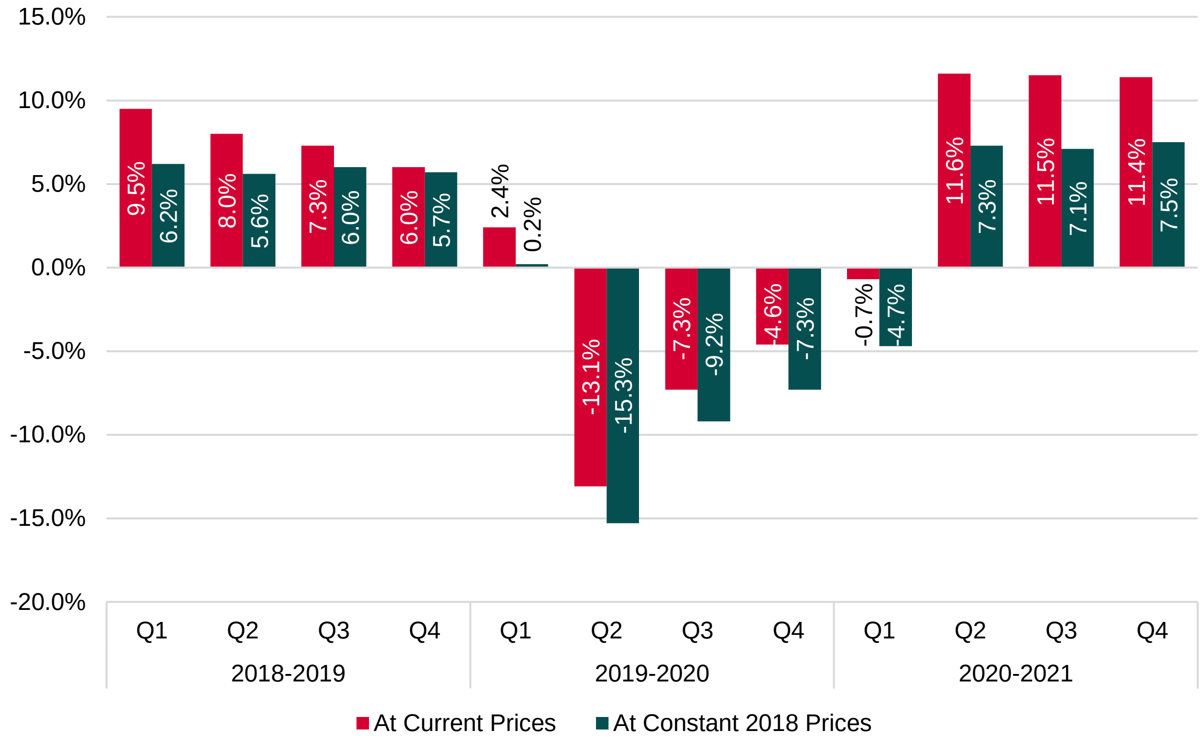
Source: Philippine Statistics Authority

2.2.6 Household Final Consumption Expenditure (HFCE)

Based on the latest report of PSA, the Household Financial Consumption Expenditure (HFCE) further grew by 7.5% in the last quarter of 2021. This was an improvement from the -7.3% decline recorded in the same period in 2020. Moreover, on an annual basis, the HFCE also expanded by 4.2% in 2021 as opposed to -7.9% decline in 2020.

The main drivers were food and non-alcoholic beverages with 39.6% percentage share of household spending, which also grew by 5.2%. The other top contributors to the growth were restaurants and hotels with 21.9% this is attributed to the re-opening of food industry offering 100% full capacity due to the relaxation of quarantine protocols. This was followed by miscellaneous goods and services, transport and health with percentage shares of 6.9%. 14.7% and 17.7%, respectively. All the following items contributed positively to the growth of HFCE except for furnishings, household equipment and routine household maintenance, alcoholic beverages and tobacco, which contracted by -0.8% and -8.4, respectively.

Figure 14. Household Financial Consumption Expenditure Growth Rates



Source: Philippine Statistics Authority

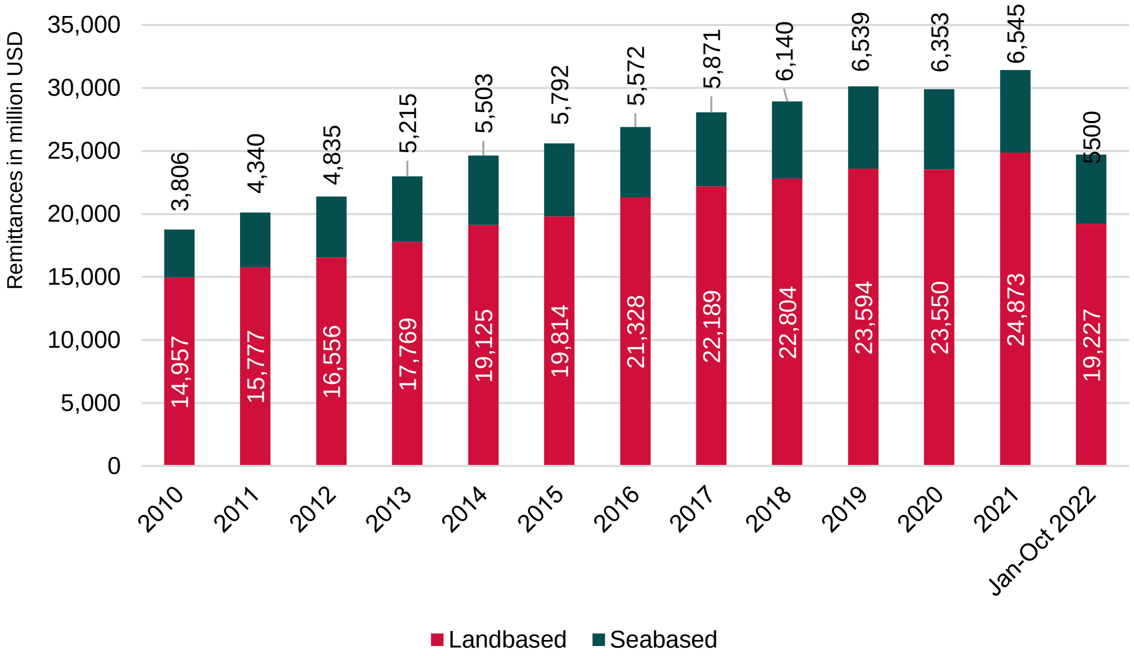
2.3 Economic Indicators

2.3.1 Overseas Filipinos Remittances

The inflow of OFW remittances remain to be strong in 2022 as it grew by 3.5% year-on-year with total remittances recorded at USD 3.12 billion. This brings the total personal remittances to USD 28.82 billion for the first ten months of 2022. Economists say that the consistent growth is due to the increasing inflation that may have required the OFWs to send more remittances for their families in the Philippines.

Cash remittances from land-based workers increased by 3.7% year-on year amounting to USD 2.33 billion, while cash remittances form sea-based workers increased by 3.4% year-on-year amounting to USD 584 million. In terms of sources, United States registered the highest share at 41.7% followed by Singapore, Saudi Arabia, and Japan accounting to a share of 7%, 5.9%, and 5%, respectively.

Figure 15. Historical Performance of Overseas Filipino Remittances



Source: Bangko Sentral ng Pilipinas

2.3.2 Mortgage Situation

Currently, the overall quoted bank lending rates in the country is averaged at 7.80%. Loans at promo rates can be priced lower depending on the bank's assessment. Home loan rates for the three biggest banks in the country typically have interest rates between 5.75%-7% p.a. for a 1-year loan duration. Pag-IBIG fund, meanwhile, have housing loan interest rates ranging from 5.75% to 10.00%. The application of which depends on the length of loan duration.
Source: Bank of the Philippine Islands, Metrobank, BDO Unibank

Table 4. Commercial Interest Rate for Home Loan Financing

Bank	Details	
BPI	**Housing Loan Published Rates**	
	Fixing Period	**Housing Loan**
	1 year	6.25%
	2 years	6.25%
	3 years	6.75%
	4 years	7.25%
	5 years	7.25%
	10 years	9.50%
	15 years	10.50%
	20 years	12.00%
Metrobank	**Housing Loan Board Rates**	
	Fixing Period	**New Booking Rates**
	1-year fixing	5.25%
	2-year fixing	5.25%

	3-year fixing	5.25%
	4-year fixing	6.25%
	5-year fixing	6.25%
BDO	**Tenor (Housing Loan)**	**Interest Rates**
	1 year	6.25%
	2 years	6.25%
	3 years	6.75%
	4 years	7.25%
	5 years	7.25%

Table 5. Pag-IBIG Preferred Fixed Pricing Period

Term	**Rates**
1-Year	5.750%
3-Year	6.375%
5-Year	6.625%
10-Year	7.375%
15-Year	8.000%
20-Year	8.625%
25-Year	9.375%
30-Year	10.000%

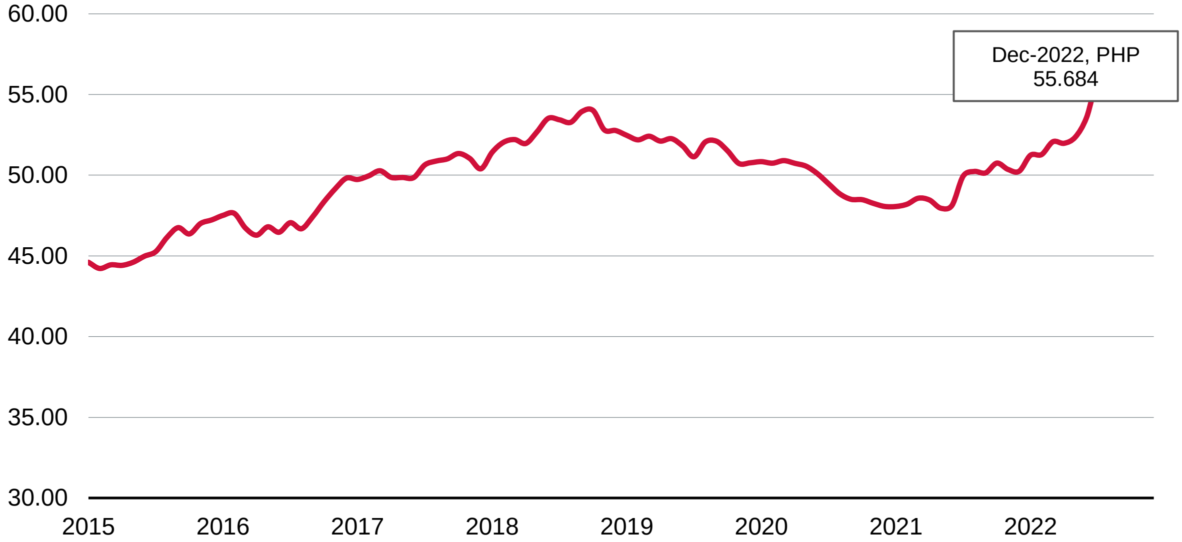
Source: Pag-IBIG

2.3.3 Foreign Exchange Rate (PHP-USD)

The Philippine Peso bounced back against the US Dollar in December 2022 as the local currency was valued at PHP 55.68 from PHP 57.65 in November 2022. This is attributed to the increasing remittances, tourism revenues and earnings from the BPO sector.

However, the local currency will remain sensitive as inflation data in December was recorded at 8.1%. The Philippine Peso remained lagging by the end of the 2021 and 2022 due to the country's increasing trade deficit with imports continuing to outpace the country's exports. In addition, Fed rate hikes in the United States also contributed to the sluggish performance of the Philippine Peso. The performance of the local currency will also remain affected by the pandemic situation in the country and other external factors such as the effects of the Ukraine-Russia conflict on commodity prices.

Figure 16. Exchange Rate Against USD: Monthly Averages



Source: Bangko Sentral ng Pilipinas

2.3.4 Inflation

Overall inflation rate for 2021 was recorded at 3.6%, which exhibits the full-year target of the local central bank of 2% to 4%. This was caused by the faster growth of food and oil prices during the year as a result of supply chain disruptions that greatly affected prices of commodities especially in the earlier parts of 2021. Consequently, commodity prices gradually eased later in 2021 as the country's economic team pushed for the importation of food to stabilize the supply chain and rising food prices to address increased demand.

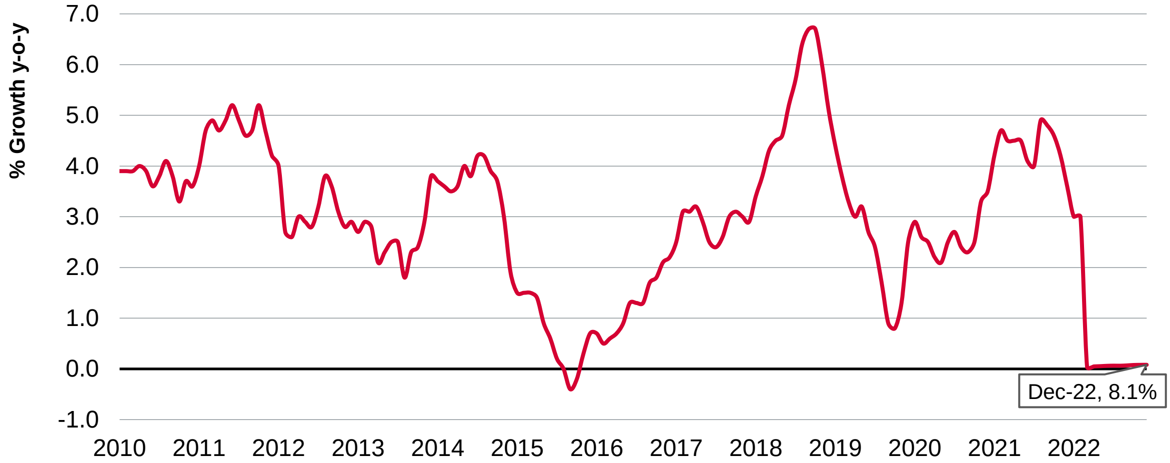
In December 2021, inflation further eased to 3.6%. This was driven by slower growth in food prices that serves as the main inflation driver of the economy. Prices of food and non-alcoholic beverages which consist of 52.8% of the inflation eased by 3.1%, owing to slower growth of meat and vegetables in the country. Similarly, the growth of transport prices eased to 6.1% as the economy further reopened, leading to increased capacity in mass transportation.

In September 2022, the Philippine inflation rate increased to 6.9% from 6.3% in August 2022. This is the highest recorded inflation since October 2018 recorded at 6.7%. The increase was attributed by higher annual increment recorded in the index for food and non-alcoholic beverages at 7.4% followed by housing, water, electricity, gas and other fuels with 7.3% annual growth.

Moreover, the overall Philippine inflation rate for 2022 increased to 5.8% higher than their expected rate of 2% to 4%. In December 2022, the inflation rate grew to 8.1% which was the highest rate recorded for the year. The acceleration was attributed by the increasing year-on-year growth rate of food and non-alcoholic beverages, and restaurant and accommodation services of which it grew by 10.2% and 7%, respectively.

Economists are closely monitoring the levels of inflation as transport, gas and other fuels greatly contribute to the spike in current commodity prices due to the ongoing dispute between Russia and Ukraine.

Figure 17. Inflation Rate Estimates for the Philippines



Source: Bangko Sentral ng Pilipinas

2.3.5 Key Drivers of Growth for the Real Estate Industry

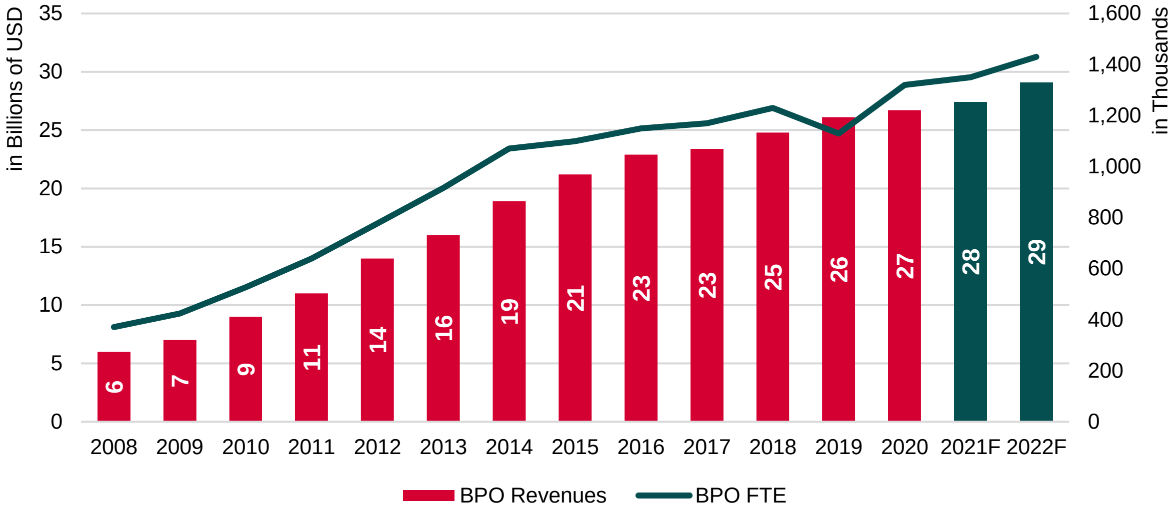
IT-BPO Industry

The Business Process Outsourcing (BPO) industry has been continuously growing over the years primarily because of the relatively cheap and competitive labor force of the country as well as the younger population. Many of the outsourcing investments in the Philippines arrive initially in the key areas of Metro Manila and Cebu City. The industry has since then grown and have established sites in key growth areas such as Pampanga, Iloilo, Bacolod and Davao. These ventures elicit more jobs to locals and additional output of the economy, as noted by the continuous rise of the services sector of the country.

In 2020, the reported number of BPO full-time employees (FTEs) in the Philippines grew by 23,000 or 1.8% from previous year, registering an overall headcount of 1.32 million. In terms of revenues, the industry garnered USD 26.7 billion, 1.4% higher relative to the year prior. This industry is one of the few industries that managed to grow in the Philippines, despite the pandemic. The growth of the BPO industry is highly attributed to the continued confidence of the different outsourcing firms towards the cost-competitive, English-speaking, and tech-savvy labor force of the country. Aside from that, verticals like healthcare, e-commerce, retail, banking & finance flourished and have been enough to help propel the BPO industry's FTE headcount and revenue growth.

Moreover, the majority of the companies in the industry are very optimistic of growing by 5% to 15% this 2021. This is attributed to the improvement of FTEs and revenue figures from last year. A survey by the IT and Business Process Association of the Philippines (IBPAP) showed that 87% of the IT-BPO firms are expecting to book as much as double-digit growth figures this year while the other 13% are anticipating flat growt h. While in 2022, both the total FTEs and revenues are estimated to grow further up to 1.57 million and USD 32 billion, respectively. These will arise primarily from growth opportunities seen in sectors like healthcare and animation & game development.

Figure 18. Revenues Estimates Philippines (RHS) and BPO Full-time Employees (LHS)



Source: Everest Group; IT & Business Process Association of the Philippines

3. GDP OUTLOOK AND FORECASTS

3.1 Economic Outlook

The Philippines was one of the fastest-growing economies in Southeast Asia driven by a strong domestic consumption and labor force. However, the COVID-19 pandemic resulted in an overall decline in GDP growth in 2020 by 9.6% due to the implementation of lockdowns across the country. Business activity was limited to the essentials while most of the other industries were either temporarily or permanently shut down during the duration of the lockdowns.

As the health situation gradually improved so did the resumption of businesses and normal daily activities. In 2022, the country's economic performance grew by 7.2% during the last quarter, resulting to a 7.6 percent full-year growth in 2022. The optimistic recovery in economic growth is being buoyed by the rising employment, tourism recovery, expanding production and improved retail consumption.

The OFW remittances remained strong in 2022 growing by 5.8% year-on-year. This is attributed to the bullish remittance flows sent by migrant workers ahead of the holiday season. Moreover, overall domestic consumption also expanded during the year. Household Final Consumption Expenditure (HFCE) increased by 8.0% from the 7.1% growth recorded in the same period last year. Consumption of food and non-alcoholic beverages grew by 3.9% which covers 34.9% of the total household spending. However, consumers are still cautious when it comes to their spending due to the increase in the oil prices and other commodities. It is important to note that transport already makes up 20.5% of the household consumption.

The tourism industry saw a revitalization in 2022 and is seen to carry over in 2023. Domestic tourists jumpstarted the industry early on and is expected to continue as the situation improves. The government is also seeing a recovery of the country's tourism industry via the influx of foreign travelers with the borders opening up and continuous easing of travel restrictions. The government has yet to release monthly tourism data, but has recently announced that tourist arrivals as of September 2022 have almost reached its target of 1.7 million.

At present, the major challenge in revitalizing the economy is to restore the confidence of people and businesses by managing the COVID-19 situation and controlling the spread of the disease. Unlike previous crises, the current economy is not structurally weak, and the contraction only reflected the effects of the lockdown. Aside from that, the national economic team remains optimistic that the effects are only temporary, and the economy will gradually bounce back supported by the country's strong macroeconomic fundamentals. These considerable macroeconomic situations can be the start of a steady economic rebound for the Philippines in the foreseeable future. It is helpful to note that the Philippines was one of the fastest-growing economies in Southeast Asia, considering its progress and economic stability for the past years.

3.2 Philippine Economic Outlook Versus Other Economies

The GDP growth forecast for Southeast Asia in 2022 is revised up to 5.5% which was driven by stronger consumption, exports, and services, particularly for tourism, lifted growth forecasts for these economies. However, these growth rates are likely to be affected by high inflation and rising interest rates as the global pandemic and the conflict between Russia and UK remains.

The economic growth forecast for the Philippines is revised up by 7.4% in 2022. Driven by sustained public infrastructure spending and robust private consumption and investment. Aside from these, tourism recovery and expanding production and retail sales, will continue to support this growth. However, the GDP forecast for 2023 is revised down due to monetary tightening, continuing uncertainty arising from the Russian and Ukraine that causes a slowdown in the advanced economies.

Table 6. ADB GDP Growth (%) Forecast for Major Economies in Southeast Asia

COUNTRY	2022	2023F
Singapore	3.3	2.3
Vietnam	7.5	6.3
Malaysia	7.3	4.3
Philippines	**7.4**	**6.0**
Indonesia	5.4	4.8
Thailand	3.2	4.0

Source: Asian Development Bank

4. PROFILE OF THE TRADE AREA

The general trade area of the study is situated in 3 different locations wherein various Residential developments of Ovialand are located. Below is the distribution of properties included in the study.

Figure 19. Geographic Location of Properties

4.1 Geographical Location

The properties under the study are located in Region VI-A (CALABARZON) in the provinces of Laguna, Quezon, Batangas and Bulacan. Below is the breakdown of the localities of the identified residential establishments under study:

Table 7. List of Ovialand Projects in Laguna

PROJECT NAME	DEVELOPER	CITY/MUNICIPALITY	BARANGAY	SIZE (Hectare)	DATE OF LAUNCH
Sannera 1	Ovialand	San Pablo	Brgy. San Antonio II	5.5	May-2017
Sannera 2	Ovialand	San Pablo	Brgy. San Antonio II	4.9	Apr-2019
Savana Phase 1	Ovialand	San Pablo	Brgy. Soledad	4.6	Feb-2019
Savana Phase 2	Ovialand	San Pablo	Brgy. Soledad	2.1	Nov-2022
Santevi	Ovialand	San Pablo	Brgy San Vicente	10	Oct-2022

Table 8. List of Ovialand Projects in Quezon

PROJECT NAME	DEVELOPE R	CITY/MUNICIPALITY	BARANGAY	SIZE (Hectare)	DATE OF LAUNCH
Caliya 1	Ovialand	Candelaria	Brgy. Masin Sur	6.2	Oct-2019
Caliya 2	Ovialand	Candelaria	Brgy. Masin Sur	4.0	Oct-2019

Table 9. List of Ovialand Projects in Batangas

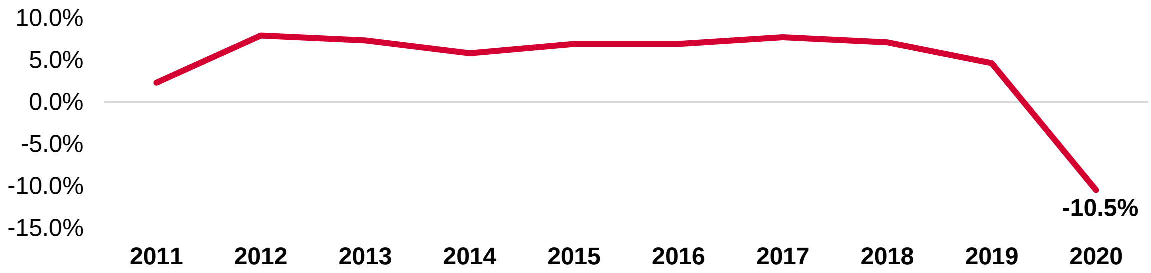
PROJECT NAME	DEVELOPER	CITY/MUNICIPALITY	BARANGAY	SIZE (Hectare)	DATE OF LAUNCH
Terraza de Sto. Tomas	Ovialand	Santo Tomas	Brgy. San Roque	5.8	Jul-2015

4.2 Regional Economy

At present, Region IV-A (CALABARZON) is considered as one of the top investment hubs in the country due to its proximity to the National Capital Region (NCR). It is the hub of the manufacturing industries, with abundant agricultural produce and raw materials, and a large labor force. In 2020, the region recorded the second highest total approved foreign investments amounting to PhP35 billion, next to NCR with PhP40.38 billion.

The COVID-19 pandemic greatly affected the global economy due to the imposition of lockdowns and restrictions that hampered economic output. In line with this, Gross Regional Domestic Product (GRDP) in Region IV-A contracted by 10.5% in 2020, indicating the significant effects of the COVID-19 pandemic and the Taal Volcano Eruption. Of the -9.6% economic performance of the country, Region IV-A ranked third that contributed the most to its decline with -1.5 percentage points while accounting for 14.5% of the total GDP.

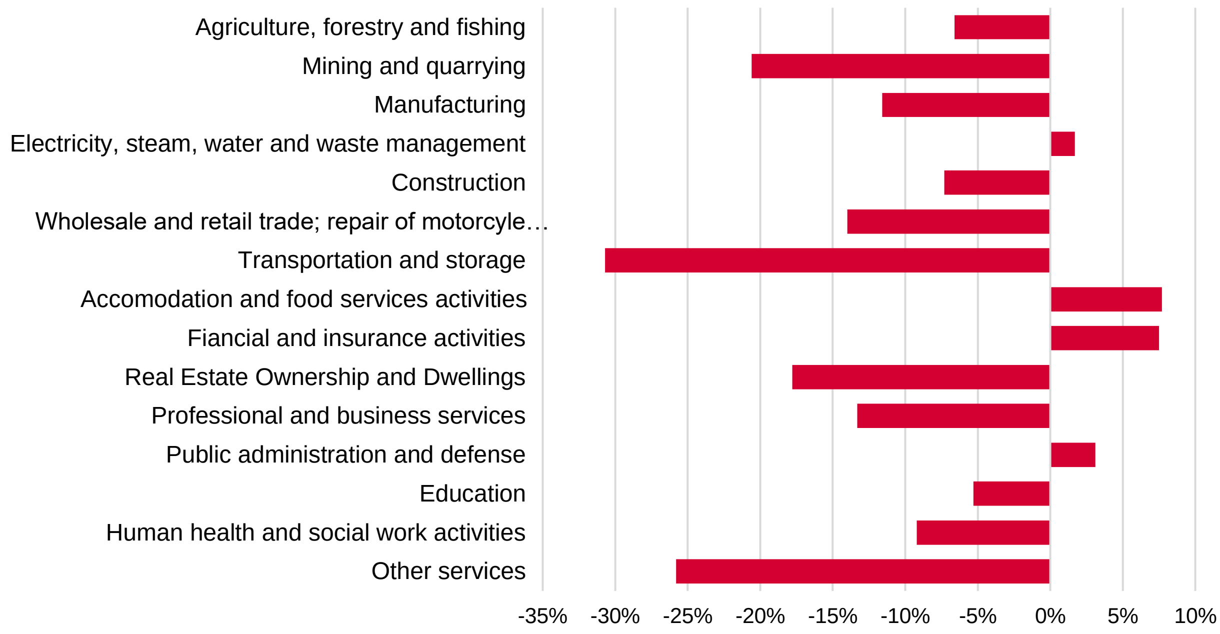
Figure 20. Historical GRDP of Region IV-A (CALABARZON)



Source: Philippine Statistics Authority

This contraction in the Region's economy is a reflection of the contraction of its sectors particularly the industry sector which accounts for 49.4 % of the Region's economic output. The top contributors to the decline were mainly came from manufacturing, which dropped by 11.6%. Followed by construction and Real estate and ownership of dwelling which contracted by 36.0% and 17.8%, respectively.

Figure 21. Region IV-A (CALABARZON) Industry Growth Rates 2020



Source: Philippine Statistics Authority

4.3 Demographic Profile

4.3.1 Population

Region IV-A (CALABARZON) has the largest population among regions in the country. As of 2020, the estimated total population of the region is recorded at 16.2 million and this accounts for about 14.85% of the country's total population. By comparison, the total population of Region IV-A increased by 2.48% annually from 2015 to 2020, much lower than the 2.58% annual growth rate recorded from 2010 to 2015. This current figure is expected to double by 2042 according to the latest data from PSA.

Table 10. Total Population and Annual Population Growth Rate in Region IV-A (CALABARZON)

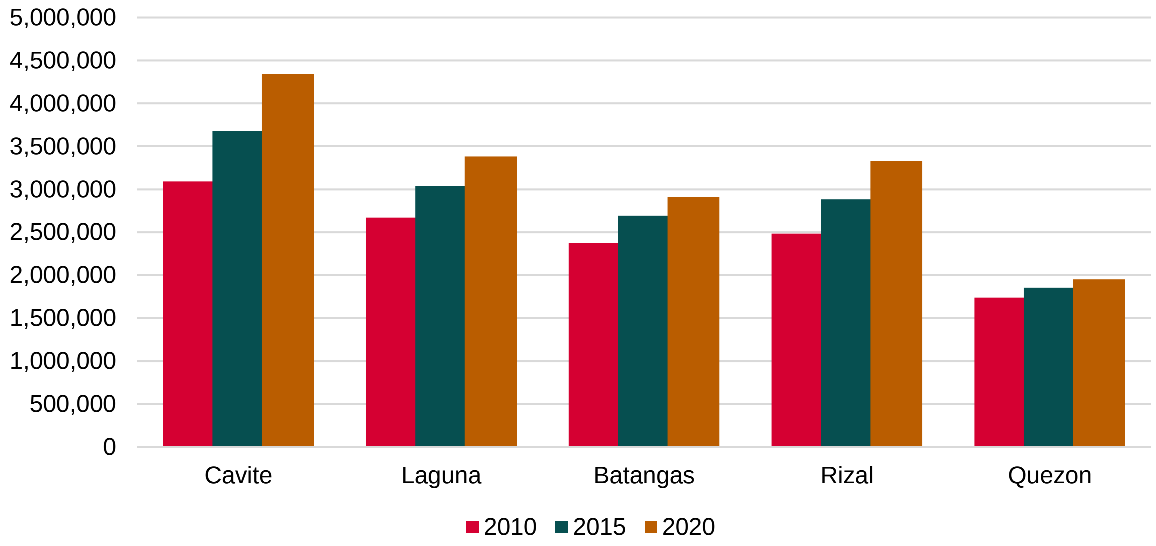
Census Year	Total Population	Population Growth Rate
2010	12,609,803	3.07%
2015	14,414,774	2.58%
2020	16,195,042	2.48%

Source: Philippine Statistics Authority

Among the top five provinces comprising the region, Cavite province had the largest population in 2020 amounting to 4.3 million households. This was followed by the provinces of Laguna, Rizal and Batangas with an estimated total population of 3.4 million, 2.3 million and 2.9 million, respectively. Meanwhile, Quezon had the smallest population among the provinces in the region amounting to 1.9 million households.

When it comes to growth rate, Cavite also dominated the region with an annual population growth rate (PGR) of 3.57% from 2015 to 2020. This was followed Rizal with a PGR of 3.07%, Laguna and Batangas with a PGR of 2.30% and 1.62%, respectively. Moreover, Quezon remains the lowest among the provinces with 1.04 PGR.

Figure 22. Total Population by Province in Region IV-A (CALABARZON)

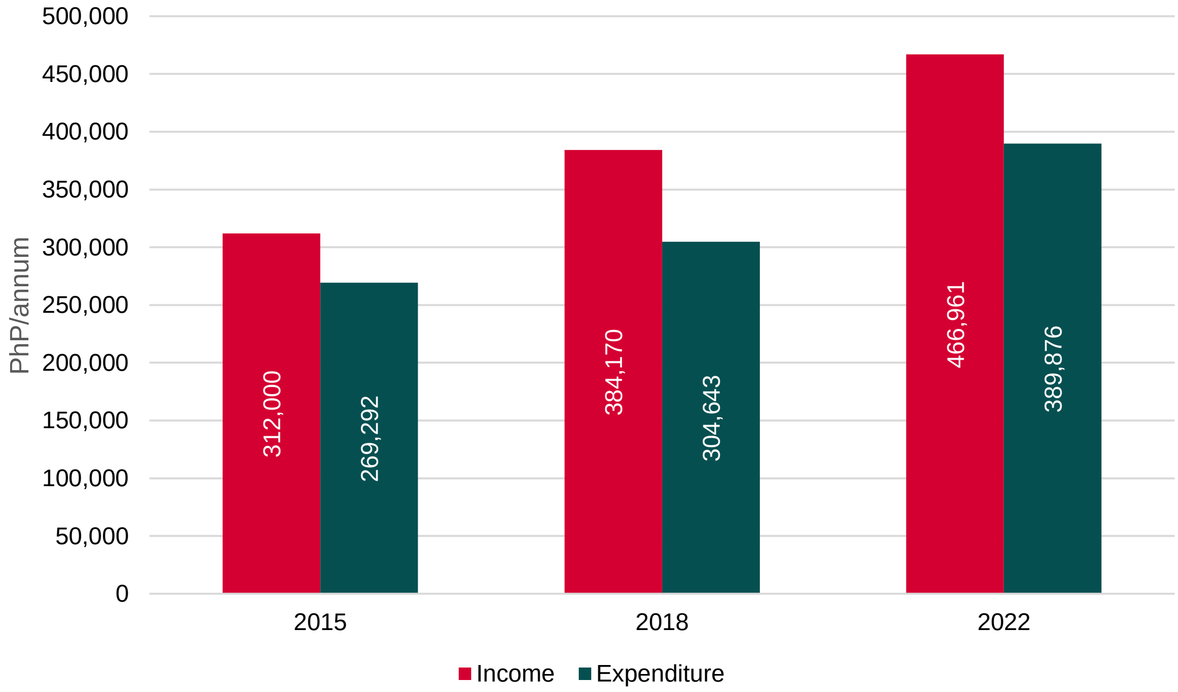


Source: Philippine Statistics Authority

4.3.2 Income & Expenditure

In Region IV-A (CALABARZON), the average household income grew by 7.18% per annum versus expenditure's 4.20% from 2015 to 2018. With income moving faster as compared to expenses, this indicates that the general population in the region are more inclined in saving up their money. Employing a more conservative growth rate of 5% for the average income and retaining the trend for the expenditure, it can be seen that annual family savings would reach to about PhP77,000, on average.

Figure 23. Average Family Income & Expenditure



Source: Philippine Statistics Authority

4.4 Existing and Upcoming Investment Activities

Region IV-A (CALABARZON) proves to be a good alternative for investors due to its enormous hub of manufacturing industries, vast land of agricultural produce and raw materials, and mainly the region's proximity to NCR that serves as gateway from the south. Hence, it was observed that multiple project developments are anticipated to become operational in the region in next few years these include multi-national companies, who would like to locate outside but near the NCR.

Table 11. List of Upcoming Developments in Region IV-A (CALABARZON)

Mixed-Use Developments (Laguna)	
Sevina Park	
	Location: Binan, Laguna Developer: Arthaland Land Area: 8.1 hectares Components: 170 Residential Units (Dorms, Villas and Low-rise condominiums) & Commercial Completion: Q2 2021 (Villa Component) LEED-Certified
Broadfield	
	Location: Binan, Laguna Developer: Alveo Land Land Area: 120 hectares Commercial: 80 hectares Residential: 40 hectares Components: Commercial & Residential Completion: 2023 (Phase 1)
Greenfield City	
	Location: Santa Rosa, Laguna Developer: Greenfield Development Corporation Land Area: 400 hectares Components: Commercial, Residential & Industrial Completion: TBD
Eton City	

Location: Sta. Rosa, Laguna
Developer: Eton Properties
Land Area: 1,00 hectares
Components: Commercial, Residential & Recreational
Completion: TBD

Nuvali

Location: Sta. Rosa, Calamba & Cabuyao
Developer: Ayala Land Corporation
Land Area:
Components: Retail, Residential, Church, Hospital & School
Completion: TBD

Mixed-Use Developments (Batangas)

Tierra Lorenzo Lipa

Location: Lipa City, Batangas
Developer: Torre Lorenzo Development Corp.
Components: Residential: Tower 1 (2021) Tower 2 (TBA)
Hospitality: Condotel 152 rooms (Dusit)

LIMA Technology Park Expansion Full Built Out

Location: Malvar & Lipa City, Batangas
Developer: Aboitiz Land
Land Area: Current: 485 hectares
Full Built Out: 600 hectares
Components: Residential, Offices, Dormitories, Hospitals, Schools, & Churces
Completion: 2022 (Residential Component)
TBA (Other Components)

Industrial

Light Industry & Science Park IV

Location: Malvar, Batangas
Developer: Science Park of the Philippines Inc. by ICCP Group
Land Area: 220 hectares
Components: Industrial, Retail, Residential, Office, Recreational, Institutional
Year of Completion: TBD

Sinisan Port & Industrial Park

SINISIAN LEMERY BATANGAS PORT & INDUSTRIAL PARK CORP.

Location: Lemery, Batangas
Developer: Cohaco Merchandising & Development Corp.
Land Area: 6 hectares
Project Cost: PhP 1 Billion
Components:
Port: 4.3 has.
Warehouse Area: 2 has.
Year of Completion: TBD

Energy

Batangas Energy Complex

Location: Brgy. Simlong, Batangas City
Developer: Simlong Energy Development Corp & Chinese state-owned firms
Project Cost: PhP 155 billion
Land Area: 102 has.
Facilities: Refinery, Storage Tanks, & Energy port for oil, natural gas, & liquified natural gas
Capacity: 1,560-megawatt power plant
Completion: 2Q 2022

Mixed-Use Development (QUEZON)

Quezon Techno-Industrial Special Economic Zone (QTISEZ)

Location: Barangays Rosario and San Jose, Mauban, Quezon
Developer: Achievement Realty Corp. (ARC)
Total Area: 1, 836 hectares
Components: International airport, seaport, manufacturing Industrial Zone and parks. (200 hectares will be allotted for Govt. offices, residential, commercial & other sectors)
Project Cost: Php125-billion
Est. Turnover: TBD

Andro Plus Residences -Quezon

Location: Lucena, Quezon
Developer: VornHomland Management and Development Inc.
Components: 14 Storey Mixed Use Building (1st and 4th Floor Mall and Commercial) (5th and 14th Floor Residences)
Est. Turnover: TBD

Tiaong Convention Center

Location: Tiaong, Quezon

Implemented by: DPWH Quezon Second District Engineering Office

Components: size of 48 meters by 83 meters approximate capacity 3,000-seater.

Est. Turnover: June 2021 almost complete

Completion Date: TBD

Lucena Convention Center

Location: Lucena City Government Complex, Quezon

Developer: Lucena Government

Components: 4,000-seater for future Meetings, Incentives, Conventions and Exhibitions (M.I.C.E) events in Lucena

Est. Turnover: 2022

URC

Location: Sariaya, Quezon

Developer: Universal Robina Corporation

Components: URC Flour Mill

Est. Turnover: TBD

Ground Breaking Ceremony – November 18, 2021

Potential Investments Megaworld

Location: Lucena City, Quezon

Developer: Mega World Corporation

Est. Turnover: TBA

Source from (SOCA) State of the City Address 2021 of Mayor Roderick A. Alcala

Potential Investments

	Location: Quezon Developer: Robinsons Land Corporation Est. Turnover: TBD Source from (SOCA) State of the City Address 2021 of Mayor Roderick A. Alcala
Potential Investments	
	Location: Quezon Developer: Costco Capital Inc., Components: Supermarket Est. Turnover: TBA CEO – Mr Lucio Co Source from (SOCA) State of the City Address 2021 of Mayor Roderick A. Alcala
Potential Investments	
	Location: Quezon Developer: Double Dragon Properties at Merry Mart Consumers Components: Grocery Est. Turnover: TBD CEO: Mr Edgar “Injap” Jaruda Sia II Source from (SOCA) State of the City Address 2021 of Mayor Roderick A. Alcala
New PFDA Fish Port Complex	
	Location: Dalahican Rd, Lucena Quezon Developer: Philippine Fisheries Development Authority (PFDA) Components: Fish Port Complex Main Building West Wing, Old build demolished for the East Wing Est. Turnover: TBD

Source: Santos Knight Frank, Inc.

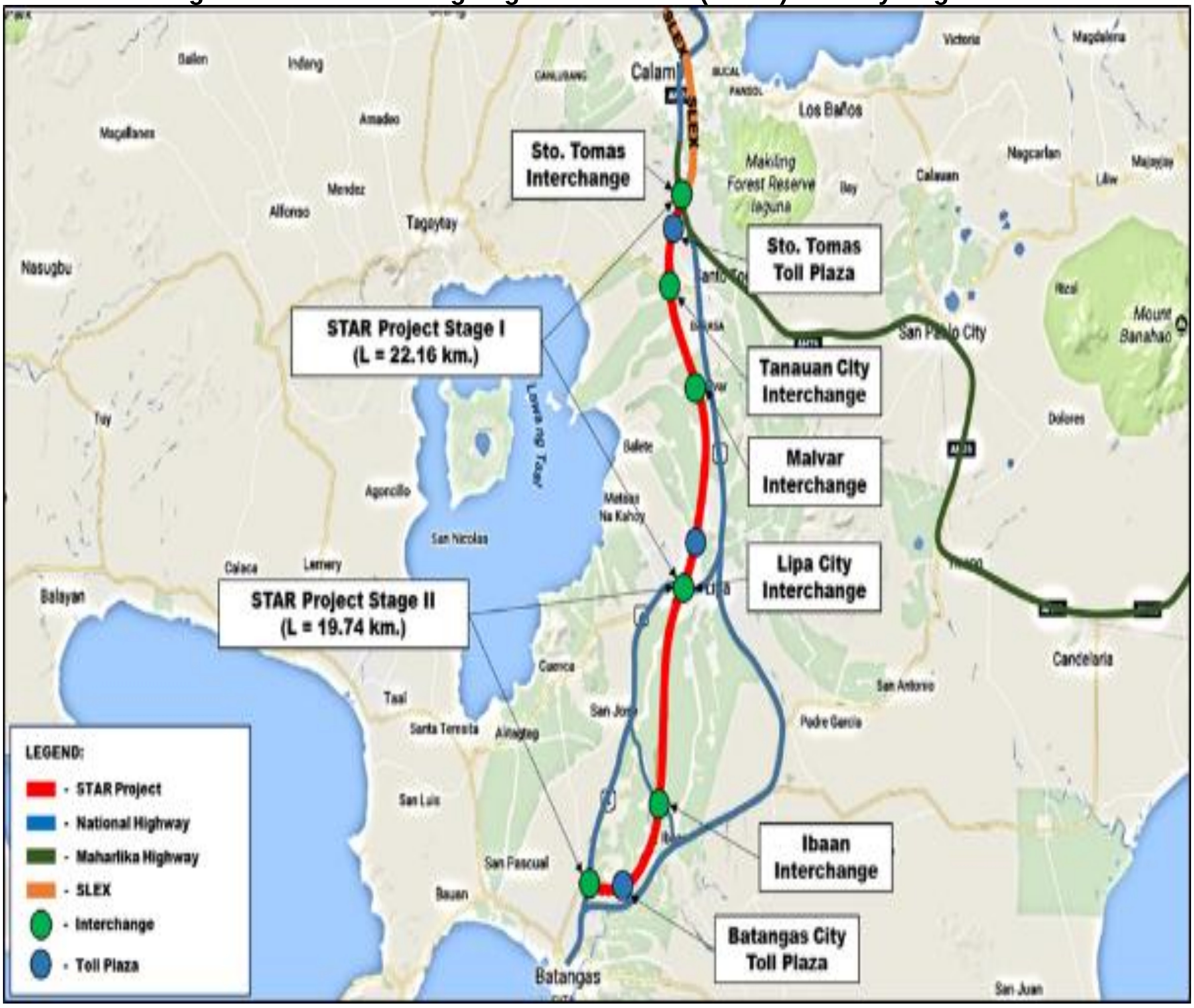
4.5 Infrastructure Developments

Infrastructure developments are one of the key investment drivers in the Philippines. Modernization and the introduction of infrastructure routes increase connectivity in the key areas of the country that is seen to be beneficial for the real estate sector. Recently, there were increased efforts by the national government to improve the infrastructure network in Metro Manila to reduce congestion and increase connectivity among key cities in and out of the nation’s economic center. The real estate sector capitalized on the upbeat infrastructure activity in the metro through the introduction of new projects that will drive growth in key areas. Listed below are the key existing and upcoming infrastructure projects that are particularly beneficial to the identified trade areas

Southern Tagalog Arterial Road (STAR) Tollway

The Southern Tagalog Arterial Road (STAR) Tollway is approximately a 42-kilometer thoroughfare that mainly connects the South Luzon Expressway (SLEX) to greater Batangas province and is operated by the STAR Infrastructure Development Corporation (SIDC). STAR Tollway is divided into two major stage: SantoTomas-Lipa City and Lipa City to Batangas City. The first phase has a total length of 22.16 kilometers while the second phase has 19.74 kilometers long. It essentially serves as an additional main passage to connect Batangas, and CALABARZON in general, to South Luzon Expressway (SLEX) going to Metro Manila or vice-versa. It enhances the economy of the Region 4A considering that it benefits the industrial flow of goods and create new opportunity because of major access roads provided to public.

Figure 24. Southern Tagalog Arterial Road (STAR) Tollway Alignment



Source: Santos Knight Frank, Inc.

South Luzon Expressway (SLEX) Toll Road 4 (TR-4)

The South Luzon Expressway (SLEX) Toll Road 4 (TR-4) is an upcoming extension plan to the existing SLEX and it has an estimated distance of 56.67 kilometers. This upcoming infrastructure development starts at Santo Tomas Municipality in Batangas Province and it will traverse the places of Makban Municipality and San Pablo City in Laguna Province as well as Municipalities of Tiaong, Candelaria, Sariaya up until Tayabas in Quezon Province. The said project aims to improve the transport of goods and service from the south of Luzon to Metro

Manila as well as to decongest and, hence, lessen the travel time of passengers plying Pan Philippine Highway. The SLEX TR-4 will approximately lessen the travel time from Lucena City to Santo Tomas Municipality stretch from four hours to only an hour. Also, it is also a way to further connect the Quezon Province to its neighbors and enhance the already rising economy of the said province by linking through a major thoroughfare.

The SLEX TR-4 will have five (5) phases: from Calamba City to Makban Municipality; from Makban Municipality to San Pablo City of Laguna Province; San Pablo City to Tiaong Municipality of Quezon Province; Tiaong Municipality to Candelaria Municipality of Quezon Province; and from Candelaria Municipality to Tayabas Municipality of Quezon Province. The project concessionaire of the upcoming infrastructure development is the South Luzon Tollways Corporation (SLTC) and it will entail an estimated cost of PhP13.10 billion. The said project already started its construction last June 2017 and is set to be operational 2024.

Figure 25. South Luzon Expressway (SLEX) Toll Road 4 (TR-4) Alignment

Source: Department of Public Works and Highways

4.6 Outlook

The outlook for the CALABARZON Region looks very promising. The key infrastructure developments, both existing and upcoming, will effectively complement the upcoming real estate developments once all are completed. The success of these new developments will initially feed off from the growing population within the region and will eventually draw interests and patrons from the nearby areas.

With the congestion in Metro Manila seen to worsen, the CALABARZON Region is well positioned to pick up the spill over with these new developments. Its proximity and improved connectivity will give it an advantage in picking up these spill overs as well as in attracting new businesses and future residents.

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5. OVERVIEW OF POTENTIAL EXPANSION SITES

5.1 Region III (Central Luzon)

5.1.1 Geographical Location

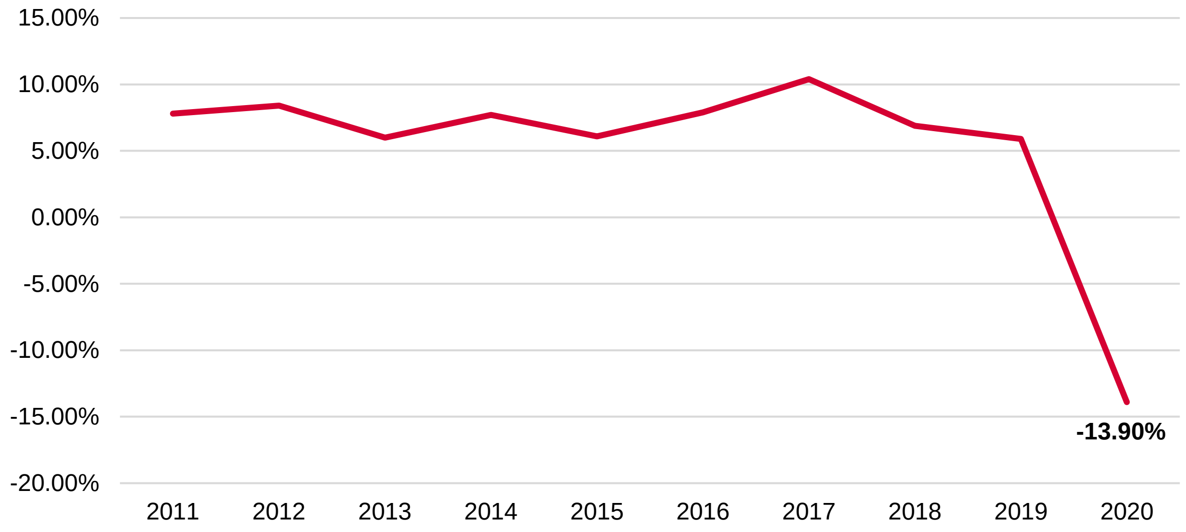
Region III (Central Luzon), tagged as the "Rice Granary of the Philippines" occupies the vast central plain island of Luzon and strategically located between National Capital Region (NCR) and Northern Luzon. Primarily composed of the provinces of Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac, Zambales. It is bounded by Nueva Vizcaya and Pangasinan on the northern portion, NCR, Rizal on the southern part, Quezon on the east and Subic Bay on the western part.

Figure 26. Map of Region III (Central Luzon)

5.1.2 Regional Economy

Central Luzon's economy grew by 5.6 percent in 2019, slower from its 6.9 percent growth in 2018. In terms of level, it grew to PhP2.17 trillion in 2019 compared with PhP2.06 trillion in 2018. But in 2020, the region's economy contracted by 13.9%, considered as the highest decline for past ten years. This is attributed to stringent lockdowns in Luzon and resurgence of COVID-19 pandemic in the latter of the year.

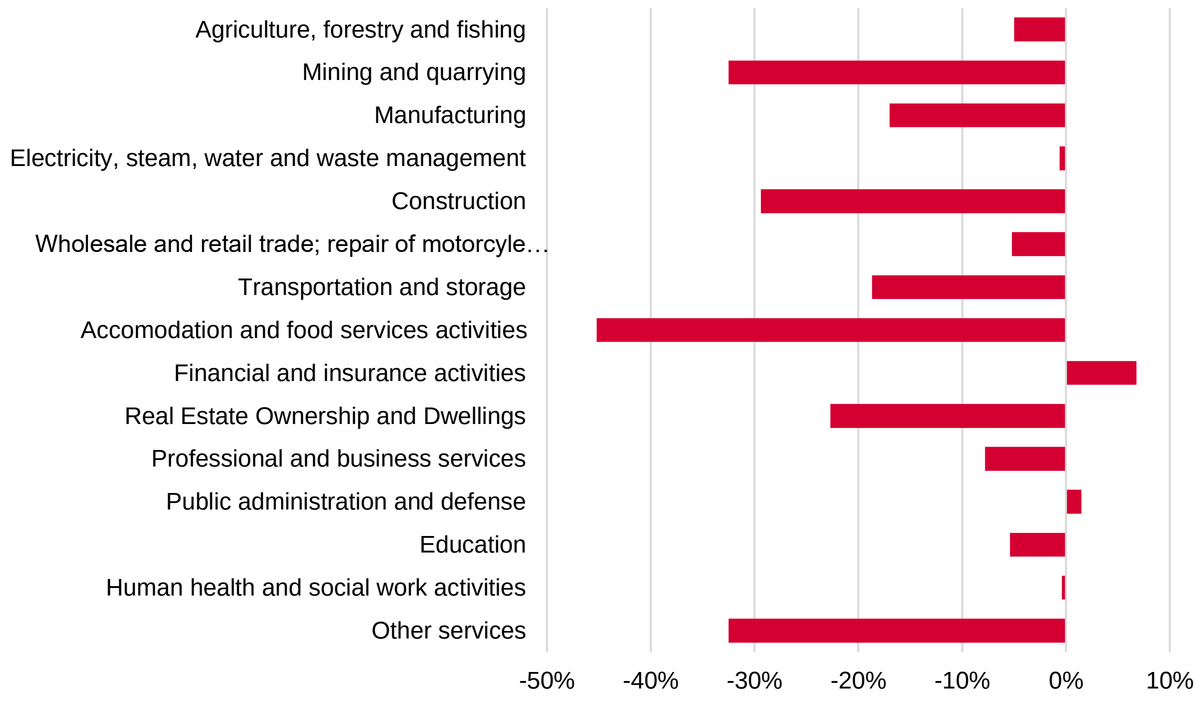
Figure 27. Historical GRDP of Region III (Central Luzon)



Source: Philippine Statistics Authority

The main drivers for the decline are Accommodation and food service activities with 45.2% decline. This was followed by Mining and quarrying, and other services both with 32.5% and Construction with 29.4% decline. Moreover, services accounted 46.6% of the region's total GRDP in 2020, followed by Industry with 39.9% and Agriculture, forestry, and fishing with 13.5%. Of the 9.6% economic drop in the country, Central Luzon was the second largest contributor to the decline with 1.6 percentage points, accounting for 10.7% of the total GDP.

Figure 28. Region III (Central Luzon) Industry Growth Rates 2020



Source: Philippine Statistics Authority

5.1.3 Demographic Profile

5.1.3.1 Population

Based on the latest CENSUS conducted by PSA, Region III posted a total population of 12.42 million persons. This figure 1.2 million higher from the 11.2 million estimated population in 2015 and accounts for about 11.39% of the country's overall population. On annual basis, the population of the region grew by 2.17% from 2015 to 2020.

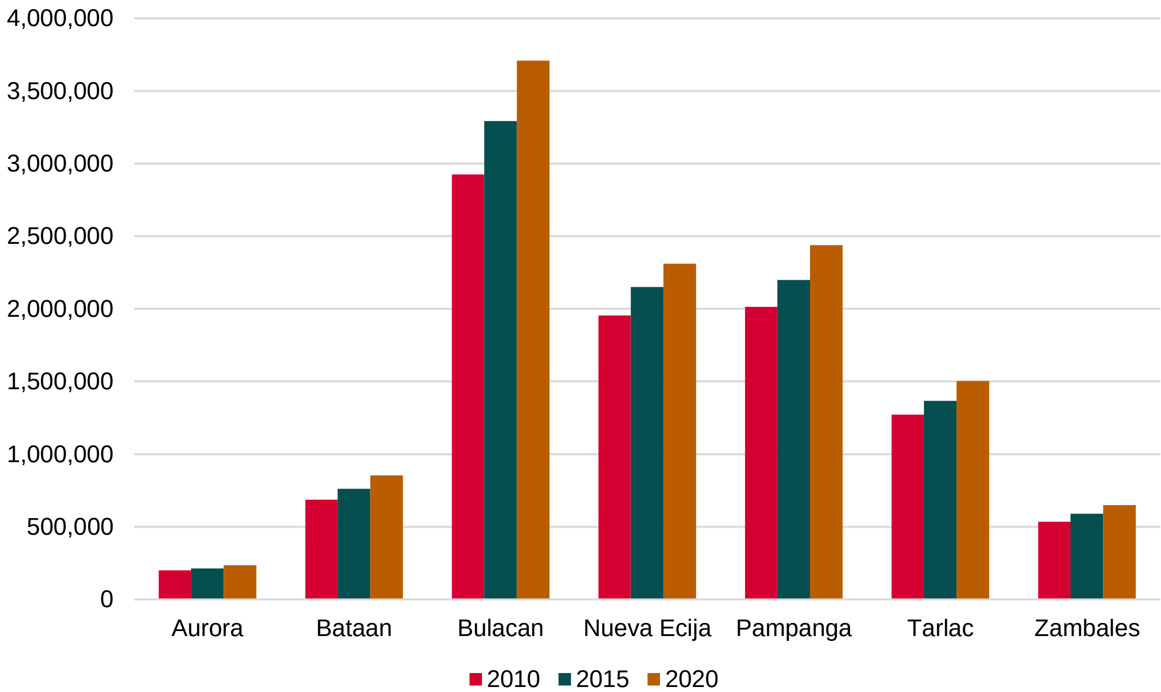
Table 12. Total Population and Annual Population Growth Rate in Region III (Central Luzon)

Census Year	Total Population	Population Growth Rate
2010	10,137,737	1.95%
2015	11,218,177	2.17%
2020	12,422,172	2.05%

Source: Philippine Statistics Authority

Among the provinces in the region, Bulacan recorded the highest population among other province in the region with 3.70 million persons. This was followed by Pampanga, Nueva Ecija, Tarlac with 2.4 million, 2.3 million and 1.5 million recorded population, respectively. Meanwhile, Bataan, Zambales and Aurora are the provinces that posted the lowest population. The highly-urbanized cities of Angeles in Pampanga and Olongapo in Zambales recorded 462,928 and 260,317 total populations, respectively.

Figure 29. Total Population by Provinces in Region III (Central Luzon)



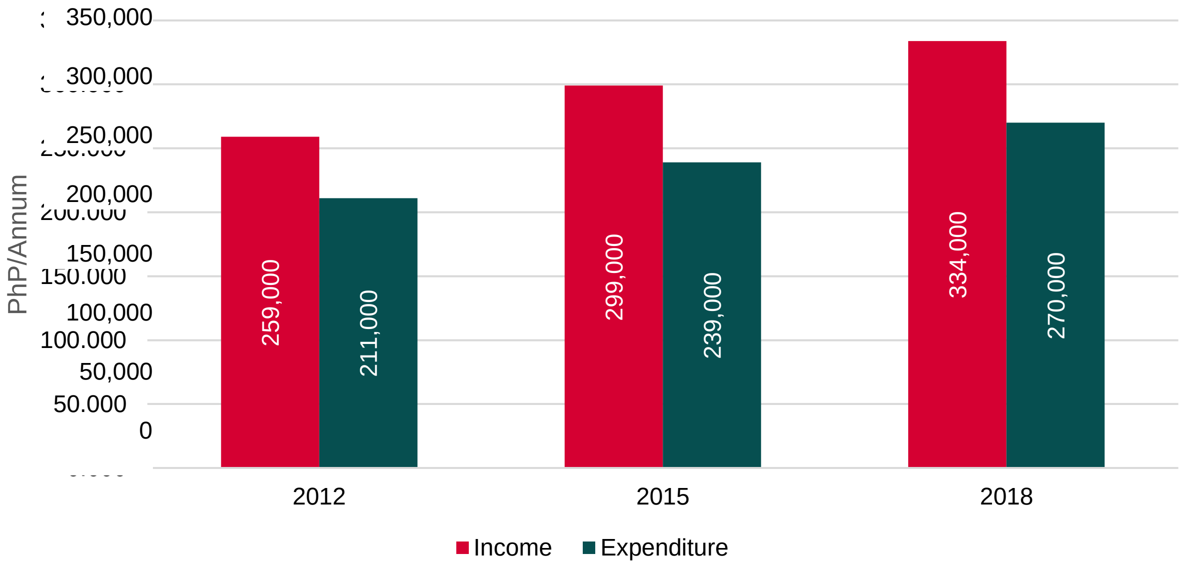
Source: Philippine Statistics Authority

Aside from this, Bulacan was considered as the fastest growing province in the region with an annual population growth rate (PGR) of 2.54% from 2015 to 2020. This was followed by Bataan with 2.45%, Pampanga with 2.20%, Tarlac 2.04%, Aurora with 2.02 percent%, and Zambales 2.01%. Nueva Ecija posted the lowest PGR of 1.51 % among the provinces. Meanwhile, The City of Angeles posted a PGR of 2.50%, while the City of Olongapo had a PGR of 2.36%.

5.1.3.2 Income and Expenditure

Based on the latest Family Income and Expenditure, Region III (Central Luzon) average income grew from PhP299,000 in 2015 to PhP334,000 in 2018. Similarly, average annual family expenditure of families increased from PhP239,000 to PhP270,000 in 2018. Registered growth of average family income is at 17% while expenditure resulted in an 11% increase between those periods. Hence, this implies more savings to the general populace in the region.

Figure 30. Average Family Income and Expenditure in Region III (Central Luzon)



Source: Philippine Statistics Authority

5.1.4 Investment Activities and Infrastructure Development

5.1.4.1 Existing and Upcoming Investment Activities

The upcoming developments and the increase in road connectivity in Region III is anticipated to improve the net profit to cost ratio of agricultural products and transform the regional economies of Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac and Zambales.

Table 13. List of Upcoming Investment Activities in Region III (Central Luzon)

Mixed Used Development
La Rose Noire Clark (Expansion)

Developer: La Rose Noire
Location: CFZ
Project Cost: P2 Billion
Est. Gross Leasable Area: TB
Completion Year: TBD

Office

I-Land Clark

Developer: Isoc Holdings
Location: Clark Freeport Zone (CFZ)
Project Cost: P6 Billion
Lot Area: 7 hectares
Components: Hotels, Serviced Apartments, Casino, Retail, Residential, Office

Filinvest Mimosa

Developer: Filinvest Land Inc.
Location: CFZ
Lot Area: 201 hectares
Project Cost: P6 Billion
Components: Offices, Golf Course, Conference Center, Residential, Casino
Completion Year: 2020 (2 Offices); 2023 (4 Offices)

Clark City Front

Developer: Megaworld Corp.
Location: CFZ
Lot Area: 35.6 hectare
Project Cost: P7 Billion
Mixed Use: Office, Retail, Hotel, Residential, and Leisure
Completion Year: TBD

Mont Clair Robinsons (Outside CFZ)

ROBINSONS LAND CORPORATION

Developer: Robinsons Land Corp.
Location: Angeles, Pampanga
Lot Area: 200 hectares
Components: Residential, Commercial, Retail, Hotel, Industrial
Completion Year

Hospitality

Royce Hotel & Casino Expansion

Developer: Eight Integrated Development Corporation
Project Cost: P5 Billion
Location: CFZ
Est. Number of Rooms: 700 rooms
Completion Year: TBD

Hilton Clark

Developer: Donggwang
Location: CFZ
Hotel Rooms: 268 rooms
Completion Year: TBD

Mirej Resort Hotel Clark

Developer: Medal Consortium Inc.
Location: CFZ
Est. Number of Rooms: 200 rooms
Future Expansion: 200 rooms
Completion Year: TBD

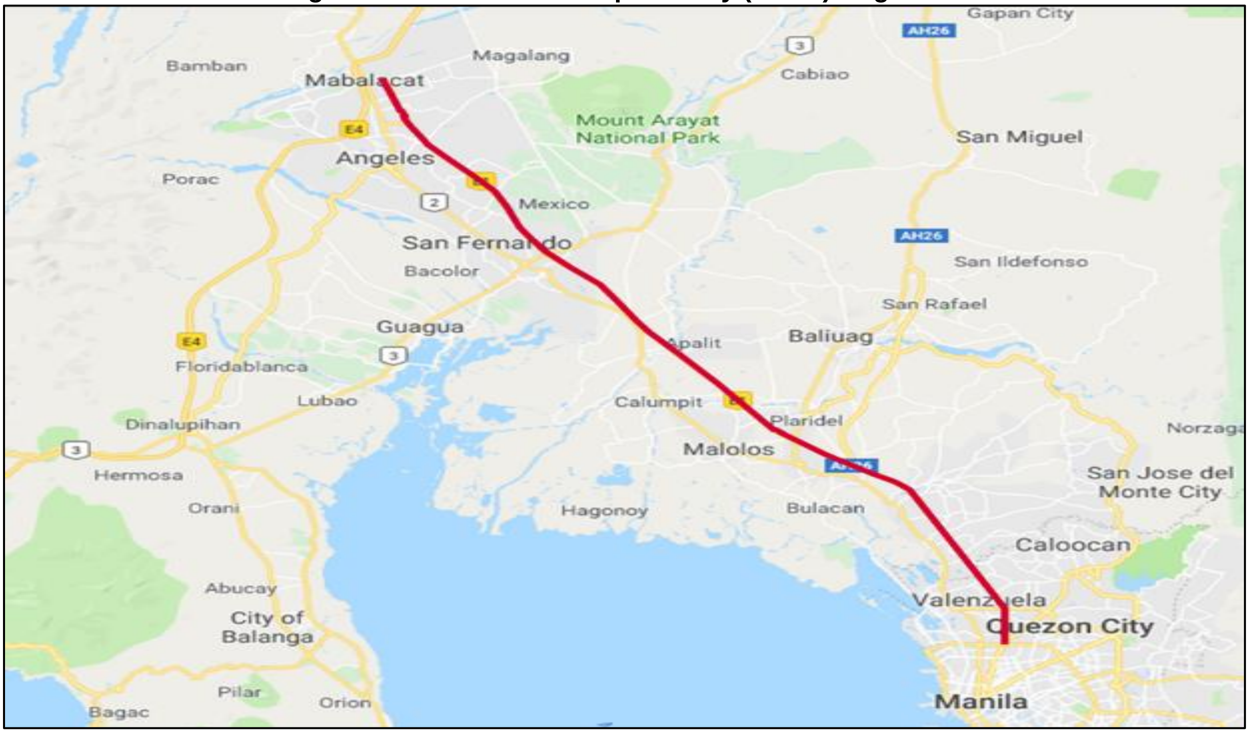
Source: Santos Knight Frank, Inc.

5.1.4.2 Infrastructure Developments

North Luzon Expressway (NLEX)

The North Luzon Expressway (NLEX) is operated by the Tollways Management Corporation (TMC), a subsidiary of Metro Pacific Investments Corporation. It is an 83.7-kilometer freeway connecting Metro Manila to the northern provinces of Bulacan and Pampanga. NLEX is connected to EDSA through the Balintawak Toll Plaza, Quezon City. It also has an alternative entry/exit at the Mindanao Toll Plaza and currently ends at the Sta. Ines Toll Plaza in Mabalacat, Pampanga. Before heading towards the Sta. Ines exit, there is an exit leading west to the Subic-Clark-Tarlac Expressway (SCTEX) which would connect you further north.

Figure 31. North Luzon Expressway (NLEX) Alignment



Source: North Luzon Expressway Corporation
Illustration: Santos Knight Frank, Inc.

North Luzon Expressway Phase 3

This project is an extension of the existing North Luzon Expressway under the concession of Metro Pacific Investments Corporation. It aims to connect NLEX to Dinalupihan, Bataan. It would span 40-kilometers and would cost more than PhP20-billion. In the last quarter of 2019, MPIC reaffirmed their willingness to push through with the project. Currently, MPIC is still finalizing the alignment for the project since it has revised its initial alignment with its original concession due to Right-of-Way issues and overlap with SCTEX. However, according to DPWH, the planned highway will be aligned north of Jose Abad Santos Avenue.

This project will be more beneficial to industrial estates and warehouses situated in the area of San Simon and Sto. Tomas in terms of delivering goods and services. They will have an opportunity to have better connectivity with the Subic Bay Port Area. Aside from logistics concerns, the NLEX Phase 3 will open the corridors of the vicinity of the subject property to likelihood of more foot and vehicular traffic as vehicles coming from the western segments of Central Luzon will have the said project as an alternative and faster route going in and out of Pampanga, Bulacan, and Metro Manila. It is an opportunity to possibly gain more business activity and opportunities due to addition in influx of commuters and passengers, assuming the completion. The most recent update was in February 2020 where MPTC announced intent to pursue the project but planning of alignment and other details are still under study.

North Luzon East Expressway Project, Stage 1 (La Mesa Parkways Project)

The North Luzon East Expressway Project's first stage is a proposed infrastructure in which will have Commonwealth Avenue in La Mesa area and Bigte, Norzagaray, Bulacan as its endpoints. It will cover a total distance of around 19 kilometers and will essentially maximize the right-of-way of Metropolitan Waterworks and Sewerage System (MWSS) in La Mesa, Quezon City area going to province of Bulacan.

The projected cost of the said project is PhP7.8 billion and further details will be publicized soon as the project is still under evaluation of NEDA-ICC. DPWH is waiting for the remaining documents to be submitted by MWSS in compliance with NEDA's instructions.

Figure 32. North Luzon East Expressway Project, Stage 1 (La Mesa Parkways Project) Alignment

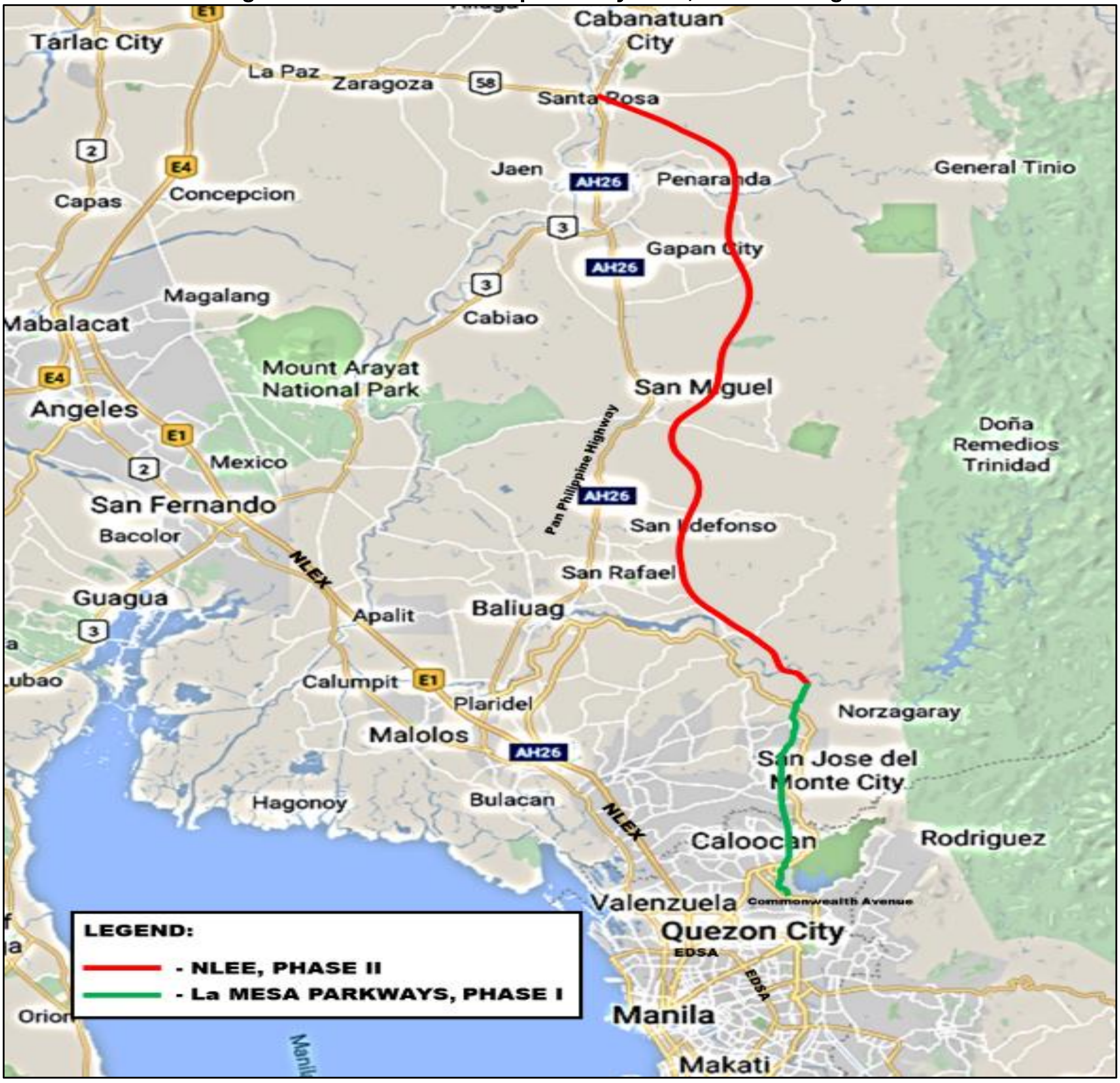
Source: Department of Public Works and Highways

North Luzon Expressway East, Phase II

The North Luzon Expressway East, Phase (Stage) II is the subsequent proposed project to the North Luzon East Expressway Stage I in which it aims for more accessibility between municipalities and cities in northern Luzon to Metro Manila. The said upcoming infrastructure consist of four segments that will comprise an aggregate distance of around 91.1 kilometers. The first section is approximately 30.9 kilometers long and will start at Bigte in Norzagaray, Bulacan up to San Miguel-Junction Biak na Bato Road in San Miguel, Bulacan. It will be followed by about 30.5-kilometer access road from San Miguel-Junction Biak na Bato Road to Gapan City-Junction Fort Magsaysay Road. The third section is from Gapan City-Junction Fort Magsaysay Road to Cabanatuan City-Junction Palayan City Road and will be around 17.6 kilometers. From Cabanatuan City-Junction Palayan City Road, it will continue to traverse up until Central Luzon Link Expressway (CLLEX Ph 2) and will cover an estimated distance of 12 kilometers.

As for the projected cost of the proposal, it will be at PhP44.6 billion with about PhP3.4 billion will be funded by the government. Further details will be released soon as the current status of the project is still under evaluation.

Figure 33. North Luzon Expressway East, Phase II Alignment



Source: Department of Public Works and Highways

Lubao-Guagua-Minalin-Sto.Tomas (LGMST) Road Project

This road project intends to bypass Jose Abad Santos Avenue and connect Lubao to Sto. Tomas then link to NLEX. It will have a total estimated length of 28.83-kilometers and will cost PhP43.669-billion wherein PhP16.17-billion of which is allocated for a planned 7-kilometer viaduct. The target completion for the entire project is 2025.

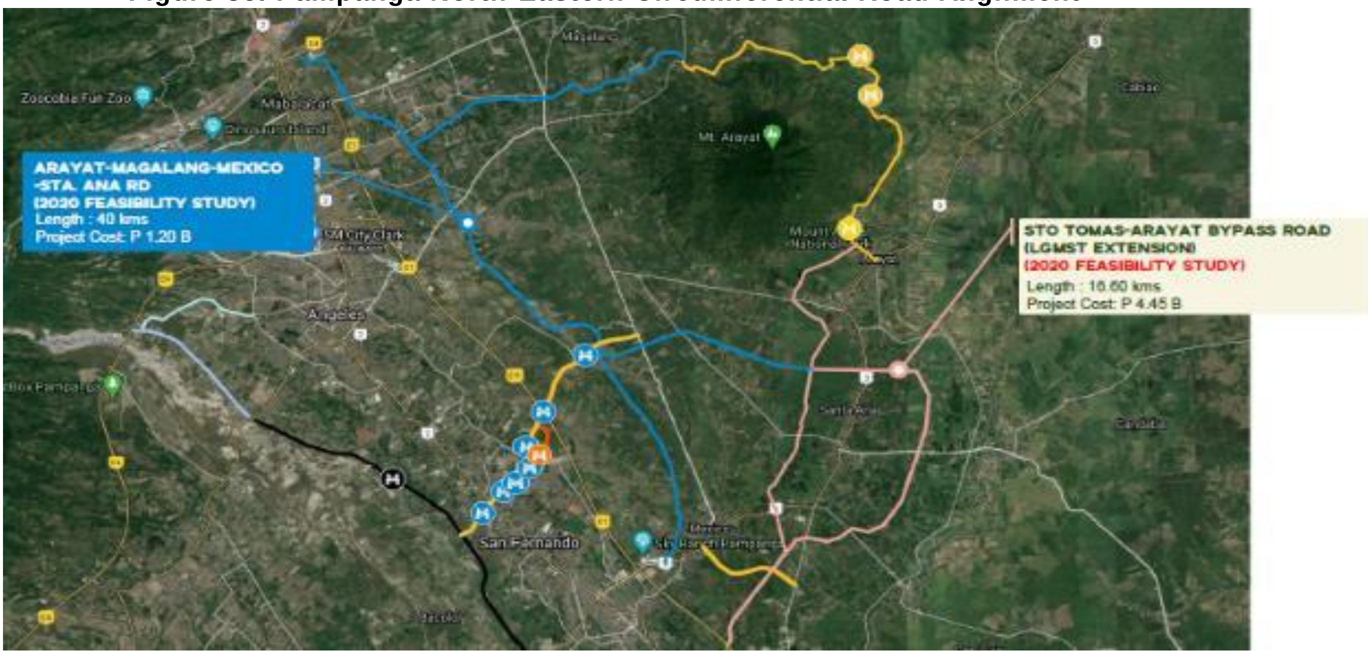
Figure 34. LGMST Road Project Alignment

Source: Department of Public Works and Highways

Sto. Tomas-Arayat Bypass Road

This proposed road project will be an extension of the LGMST Road Project at the eastern portion of NLEX towards the Municipality of Arayat, Pampanga. It will have a total estimated length of 16.60-kilometers and would cost around PhP4.45-billion. Currently, the project is undergoing the Feasibility Study Phase.

Figure 35. Pampanga North-Eastern Circumferential Road Alignment



Source: Department of Public Works and Highways

This proposed road project will be an extension of the LGMST Road Project at the eastern portion of NLEX towards the Municipality of Arayat, Pampanga. It will have a total estimated length of 16.60-kilometers and would cost around PhP4.45-billion. Currently, the project is undergoing the Feasibility Study Phase.

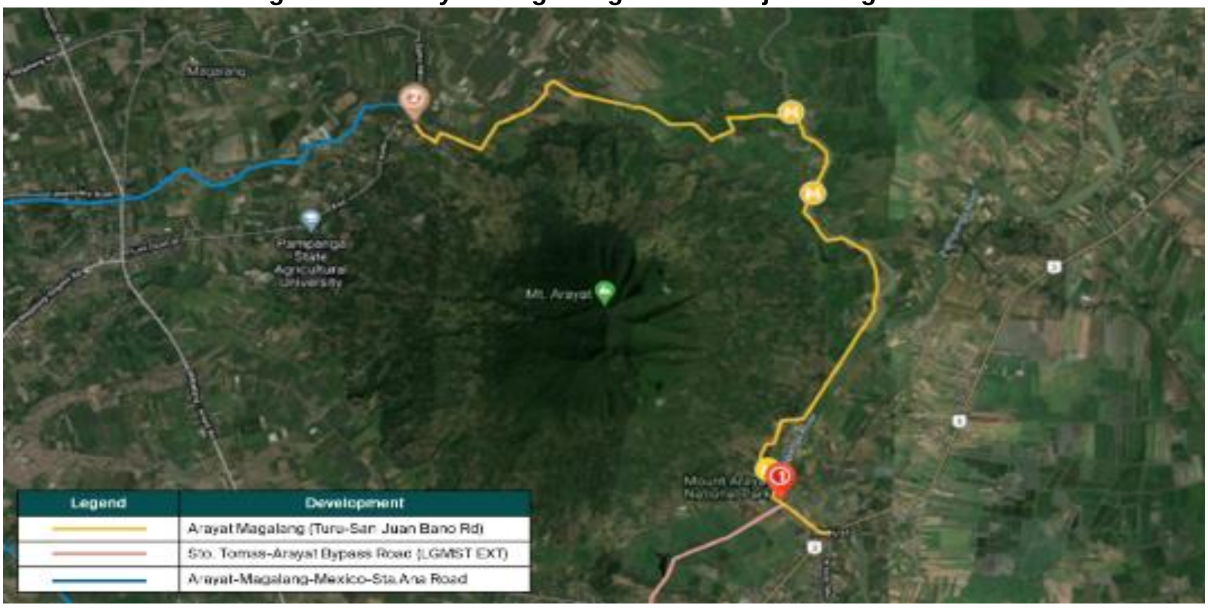
Arayat-Magalang-Mexico-Sta. Ana Road

Complementing the aforementioned road project, this further extends it connecting the Municipalities of Arayat to Magalang, Mexico, and Sta. Ana. Hence, providing more accessibility to the eastern portions of Pampanga by connecting them to NLEX. This road project will have a total estimated length of 40-kilometers and would cost around PhP 1.20-billion. It is also currently undergoing the Feasibility Study Phase.

Arayat-Magalang (Turu-San Juan Bano Road)

This road project is the northern portion of the proposed circumferential road and will be closing the loop for the eastern portions of Pampanga. Moreover, it would likely be connected to various access roads from Tarlac and Nueva Ecija. This road project would have a total estimated length of 19-kilometers and would cost around PhP589-million. It is also currently undergoing the Feasibility Study Phase together with the other circumferential road projects.

Figure 36. Arayat-Magalang Road Project Alignment



Source: Department of Public Works and Highways

Subic-Clark-Tarlac Expressway (SCTEX)

The Subic-Clark-Tarlac Expressway (SCTEX) is a 2-segment freeway consisting of 11 exits with a length of 93.77 kilometers. It is also operated by Tollways Management Corporation (TMC). Segment 1 has a length of 56.8 kilometers and starts from the Tipo Toll Plaza which exits to the Subic Freeport Expressway until the Mabiga Interchange, Mabalacat, Pampanga which links SCTEX and NLEX leading to Metro Manila. In 2015, the SCTEX-NLEX Integration Project was implemented to reduce travel time from end to end by merging the two expressways. Instead of passing by five (5) tollways when crossing over in between NLEX and SCTEX, motorists will now only pass by two (2), thus, reducing the travel time by 40 minutes.

Before reaching Mabiga Interchange, the Clark South Interchange provides access to the Clark Special Economic Zone via the Clark International Airport Gateway. Segment 2 spans at 36.97 kilometers and starts from Mabiga Interchange leading to the agricultural land of Tarlac City.

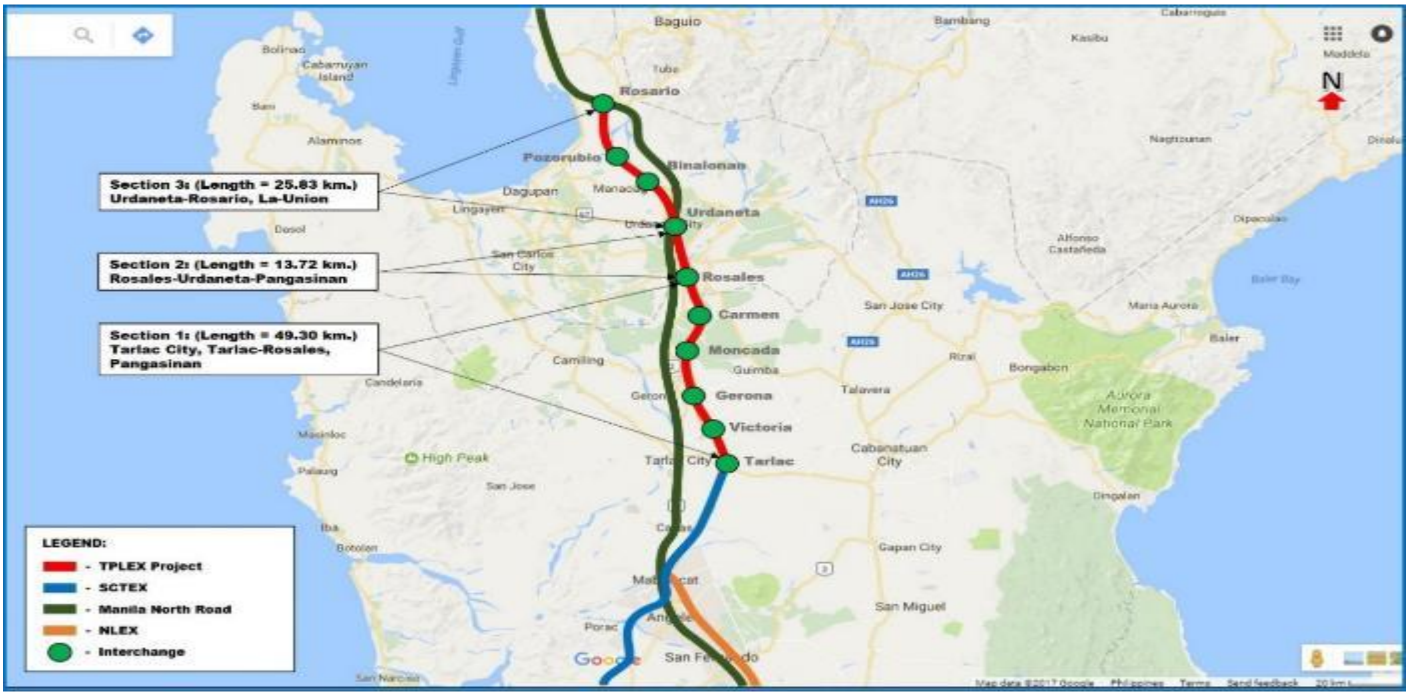
Figure 37. Subic-Clark-Tarlac Expressway Alignment

Source: Manila North Tollways Corporation

Tarlac-Pangasinan-La Union Expressway (TPLEX)

Tarlac-Pangasinan-La Union Expressway (TPLEX) is a 3-section freeway spanning 89.31 kilometers with 4 lanes (2 lanes, both directions). Construction by San Miguel Infrastructure began in 2010. As of 15 July 2020, together with DPWH, they have formally opened the last 11-kilometer segment of TPLEX.

Figure 38. Tarlac-Pangasinan-La Union Expressway Alignment



Source: Department of Public Works and Highways

TPLEX Extension

TPLEX is proposed to be extended from its current endpoint in Rosario to San Juan, La Union to further decongest McArthur Highway. The extension will span 54-kilometers and will cost around PhP24 billion. Start of construction and target completion is yet to be disclosed but the project has already been endorsed by NEDA-ICC.

Figure 39. TPLEX Extension Alignment

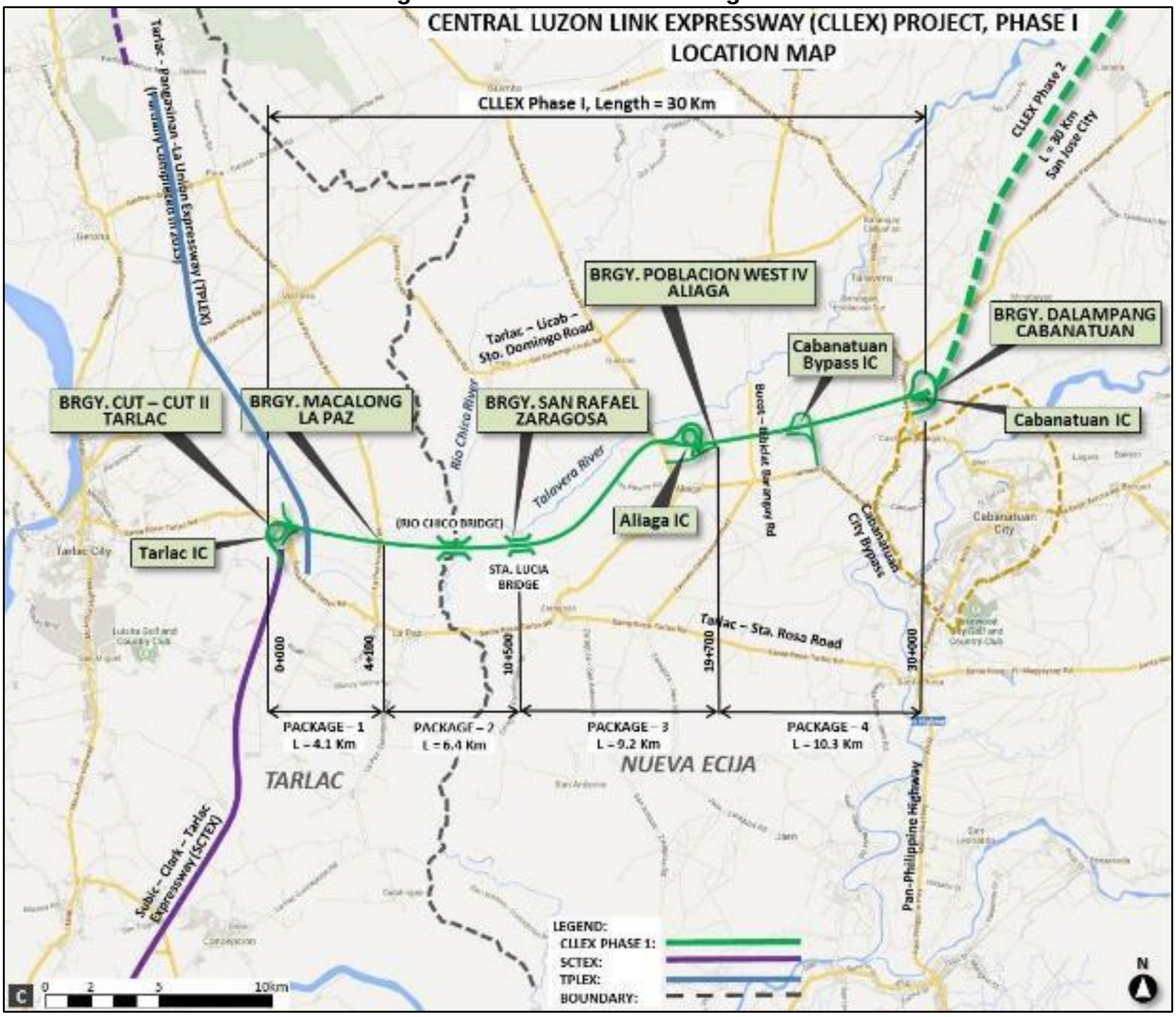
Source: Department of Public Works and Highways

Central Luzon Link Expressway (CLLEX) Phase 1

The CLLEX is the first of two phases infrastructure development that will link the province of Tarlac to the city of Cabanatuan in Nueva Ecija. The proposed project is a 30.7-kilometer thoroughfare that will have five (5) interchanges, seven (7) bridges, 38 overpass and underpass, and four (4) lanes. Moreover, it will be done in five segments, namely: Tarlac Section (4.1 kilometers); Rio Chico River Bridge, Tarlac and Nueva Ecija Section (6.4 kilometers); Aliaga, Nueva Ecija Section (9.2 kilometers); Cabanatuan Section (10.3 kilometers) and; Zaragosa Interchange together with a 4.8-kilometer access road.

The assessed cost for the CLLEX valued at around PhP14.9 billion and it will be financed through Official Development Assistance (ODA) while its operation and maintenance will be under Public Private Partnership (PPP). As of July 2021, the first 18-kilometers of Phase 1 has been accessible to the public after delays caused by the COVID-19 pandemic. This was originally set to be open by April of 2021. Overall, Phase 1 was 94% complete from the said date.

Figure 40. CLLEX Phase 1 Alignment



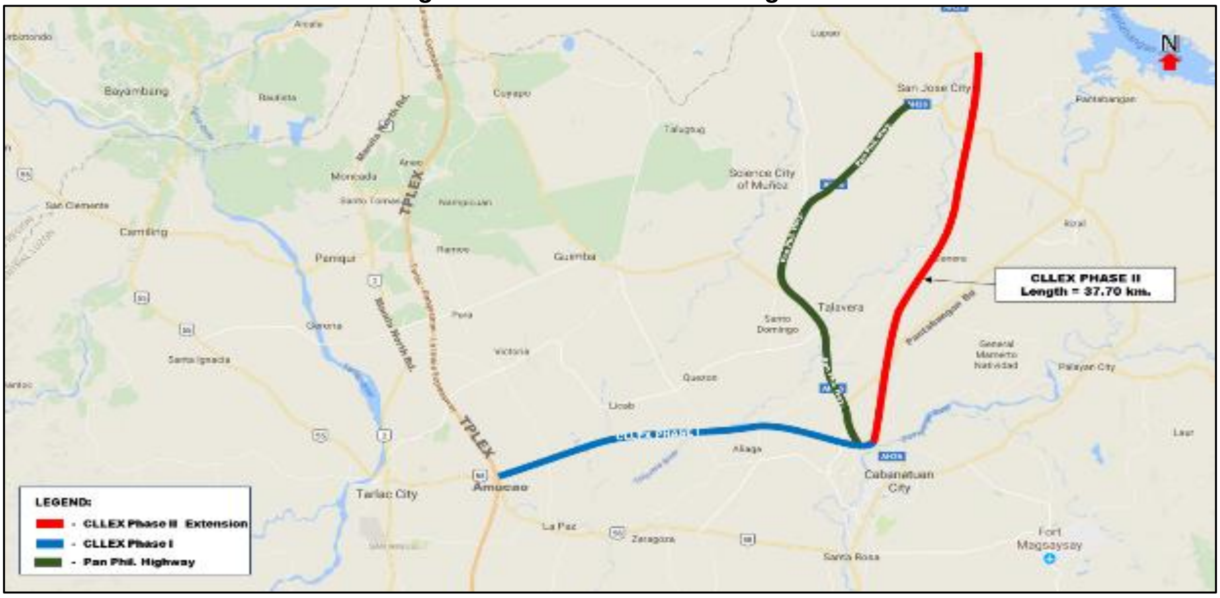
Source: Department of Public Works and Highways

Central Luzon Link Expressway (CLLEX) Phase 2

This extension thoroughfare project is about 35.7 kilometers long and will serve as an alternative to Pan Philippine Highway situated along the province of Nueva Ecija and the municipality of Plaridel in Bulacan. It will be a four-lane access road that will traverse different places in Nueva Ecija such as the municipalities of Talavera and Llanera.

The initial estimated cost of the project will be at PhP12 billion. Further details will be released soon as the Contract Agreement is still pending for approval. There is still ongoing coordination with JICA relative to their initial comments on the Contract Agreement.

Figure 41. CLLEX Phase 2 Alignment



Source: Department of Public Works and Highways

Airports and Railways

New Manila International Airport (Bulacan International Airport) Project

The upcoming New Manila International Airport is a proposed project of San Miguel Corporation (SMC) that spans to more than 12,000 hectares of land area along the coastline of Bulakan, Bulacan. The proposal includes a modern airport with a design capacity of 100 million passengers per year, consisting of 4 to 6 runways and other needed developments such as expressways. The project has an indicative cost of PhP735.63-billion. As of November 2021, progress of land development activities for access channel is at 92.90%. Procurement process, detailed engineering design, Right-of-Way acquisitions, and other permitting requirements are still ongoing.

Figure 42. New Manila International Airport

Source: San Miguel Corporation

Clark International Airport Expansion Project

Clark International Airport is another international gateway to the Philippines outside the National Capital Region. It is located within Clark Freeport Zone in Angeles and Mabalacat, Pampanga which can be accessed through Subic-Clark-Tarlac Expressway (SCTEX) connected to North Luzon Expressway (NLEX). This project aims to construct a new 8.2-hectare passenger terminal to serve as an alternative passageway for easing the traffic in Ninoy Aquino International Airport. It has a total land area of approximately 2,300 hectares. As of January 2021, the new passenger terminal building has officially been turned over to the Department of Transportation.

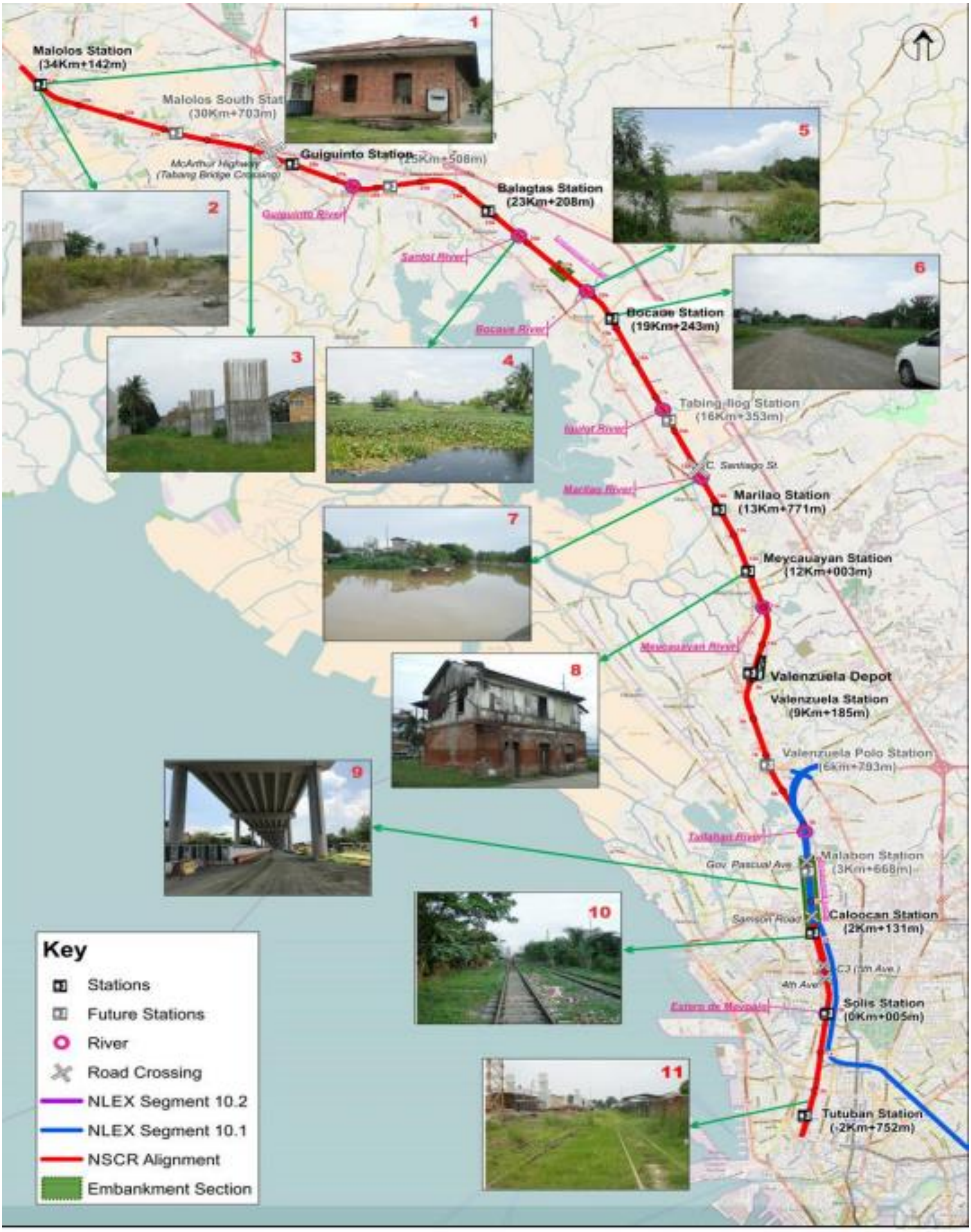
Figure 43. New Terminal for Clark International Airport

Source: Bases and Conversion Development Authority

North Commuter Railway Project Phase 1 (Tutuban-Malolos Railway)

Phase 1 of the North line of the PNR North-South Commuter Railway aims to connect Tutuban, Manila to Malolos, Bulacan. It will span 38-kilometers with ten (10) stations: Tutuban, Solis, Caloocan, Valenzuela, Meycauayan, Marilao, Bocaue, Balagtas, Guiguinto, and Malolos. The project is expected to serve 300,000 passengers per day which will cut their travel time to 35 minutes from end to end. The railway will be supplied with 104 train cars under a joint venture between Japan Transport Engineering Company (J-TREC) and Sumitomo. Overall, estimated project cost is PhP105 billion and will be funded by ODA-Japan. Construction has begun as of February 2019. As of December 2021, Bocaue Station is at 23.18% while Balagtas Station is at 23.97%. Construction is ongoing for all stations.

Figure 44. North Commuter Railway Phase 1 Alignment



Source: Department of Transportation

North Commuter Railway Project Phase 2 (Malolos-Clark Railway)

Phase 2 of the North Line will extend the end of Phase 1 in Malolos, Bulacan to New Clark City adding seven (7) stations: Calumpit, Apalit, San Fernando, Angeles, Clark, Clark International Airport, and New Clark City. It will span 69-kilometers and is estimated to cost PhP211 billion funded by ODA-Japan and ADB. As of November 2021, DOTr and the NLEX Corp. has signed a memorandum of agreement (MOA) for the construction of columns for the PNR Clark project. Overall status of the project is at 32.21%.

Figure 45. North Commuter Railway Phase 2 Alignment

Source: Department of Transportation

Subic-Clark Commuter Railway

This project is part of the North Commuter Railway Project. It aims to connect a 71.13-kilometer railway capable of freight services from the Subic Bay Freeport Zone to the Clark Freeport and Special Economic Zone. Thus, this will also be connecting the Subic Port to the Clark International Airport and other major economic hubs in Central Luzon. The project will be running parallel to SCTEX and will be divided into two (2) sections – Mainline and Spur Line. The Mainline will be running from the Subic Logistics Terminal across Dinalupihan (Bataan), Floridablanca (Pampanga), and Porac (Pampanga), to the Clark Logistics Terminal. The project has an estimated cost of PhP45-billion and will be funded by loans from China. Latest news about the project show that it is at project procurement stage.

Figure 46. Subic-Clark Railway Project Alignment

Source: Bases Conversion and Development Authority

5.1.5 Outlook

Similar to the CALABARZON Region, Central Luzon is likewise poised to benefit from the upcoming infrastructure developments. Aside from the new road developments, new transportation facilities such as the North Commuter Rail project is seen to improve accessibility between the NCR and the provinces of Bulacan and Pampanga. A large number of commuters can be transported to and from these areas at much shorter periods of time. There are also plans to integrate the railway upgrades to accommodate freight deliveries and may reduce the number of trucks plying the roads if proven to be successful. This is seen to ease overall traffic conditions due to the reduction of light and heavy vehicles plying these roads which in turn will also reduce air pollution.

The New Manila International Airport (Bulacan International Airport), once completed, will open up the area for new developments with the foreseen increase in activity and the number of people congregating in the area. Ancillary services from the operation of the airport will likewise emerge and provide opportunities for employment within the locality.

5.2 National Capital Region (NCR)

5.2.1 Geographical Location

National Capital Region (NCR) is considered as the capital region main center of economic hub of the country. It is located in the southwestern part of Luzon and directly below the Central Luzon. Generally, it is consisted of 17 municipalities namely: Valenzuela, Caloocan, Malabon and Navotas in northern part, Quezon City, Marikina, San Juan, Mandaluyong and Pasig in eastern portion and Makati, Pasay, Pateros, Taguig, Parañaque, Las Piñas and Muntinlupa in the southern part. Meanwhile, Manila which is also located on the eastern part is considered as the capital of NCR.

Figure 47. Map of National Capital Region (NCR)

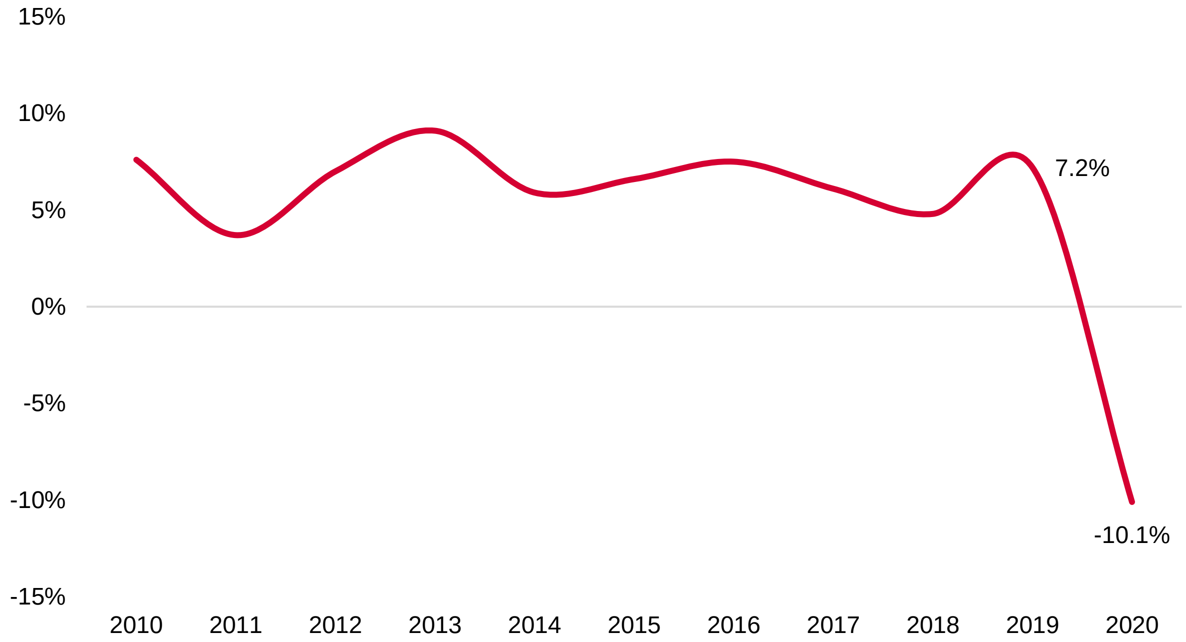
5.2.2 Regional Economy

NCR is considered to be the economic center of the Philippines, as the region is the core of the country's trade, commerce, finance, technology, education, entertainment, and culture both locally and internationally. NCR plays a perennial role in the national economy as most business activities in the country take place in the said region. As of 2020, NCR is the largest contributor to the Philippine economy, accounting for 31.9% of the country's GDP.

The COVID-19 pandemic greatly affected the global economy due to the imposition of lockdowns and restrictions that hampered economic output. In line with this, Gross Regional Domestic Product (GRDP) in all 17 regions of the country recorded a contraction that contributed to the overall decline of the country's economic output by 9.6%. NCR showcased double-digit contraction of 10.1% in its regional economic output in 2020, far from its previously recorded growth of 7% in 2019.

Historically, the decline in the regional economic output of NCR was recorded for the first time in ten years. Consistent growth in economic output was observed as high concentration of business activity occurred in the region. The decline was attributed to the consequent lockdowns that restricted mobility, resulting to income and job losses, stemming from limited business operations.

Figure 48. Historical GRDP of National Capital Region (NCR)

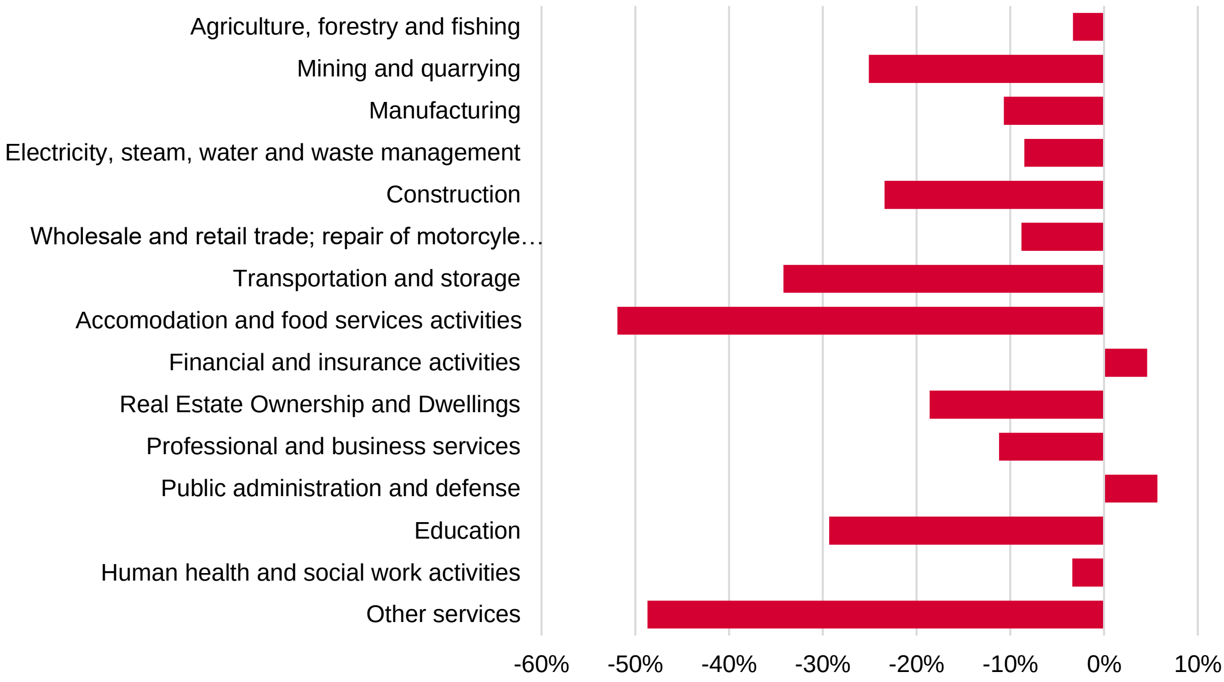


Source: Philippine Statistics Authority

As of 2020, on a per-industry sector basis, NCR had the highest contribution among 17 regions in the Services Sector with a market share of 42.6%. NCR is a service-centric region, with most of its businesses are centered on producing intangible goods concentrated around information, finance, trade, transportation, and other professional services. The different business districts established in the capital region have been crucial in bolstering the performance of the services sector. One of which is BGC that houses several outsourcing firms and have consistently buoyed the market.

In the same year Industry Sector, NCR placed second following CALABARZON (Region IV-A) with a market contribution of 20.8% to the national economy. CALABARZON (Region IV-A), NCR, and Central Luzon (Region III) are considered as industrial hotspots of the country, with most businesses inclined towards the production and warehousing of tangible goods.

Figure 49. Industry Growth Rates in NCR



Source: Philippine Statistics Authority

5.2.3 Demographic Profile

5.2.3.1 Population

As per the official census in the country, NCR has an estimated total population of 13.5 million. This figure accounts for about 12.37% of total population of the Philippines. By comparison, the 2020 actual figure is higher by 607,000 from the estimated population in 2015, and 1.62 million higher than 2010 estimates. Moreover, the annual growth rate in NCR also grew by 0.97% from 2015 to 2020, much lower than annual growth rate recorded from 2010 to 2015 which is at 1.58%. This figure is also expected to further nourish in upcoming years.

Table 14. Total Population and Annual Growth Rates in NCR

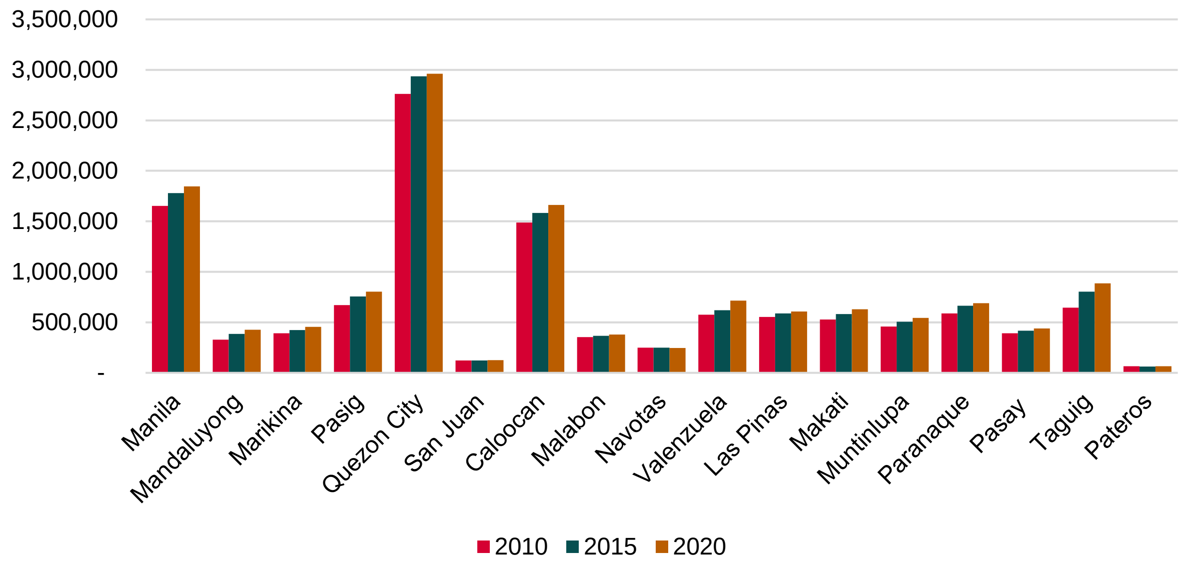
Census Year	Total Population	Population Growth Rate
2010	11,855,975	1.78%
2015	12,877,253	1.58%
2020	13,484,462	0.97%

Source: Philippine Statistics Authority

Among the highly urbanized cities in NCR, Quezon City recorded the highest population among other cities with 2.9 million. This was followed by Manila and Caloocan with an estimated total population of 1.84 million and 1.66 million, respectively. By comparison, the City of San Juan exhibited the smallest population among other cities with 126,000 persons. Meanwhile, Pateros which is considered as the only municipality in NCR recorded a population of 65,000 persons.

In terms of annual growth by cities, Valenzuela was the fastest growing highly urbanized city in NCR, with an annual population growth rate (PGR) of 3.0% from year 2015 to 2020. This was followed by Mandaluyong and Taguig with a PGR of 2.07% and 2.06%, respectively. Navotas City posted the lowest among other cities with -0.16% PGR.

Figure 50. Total Population by City in NCR

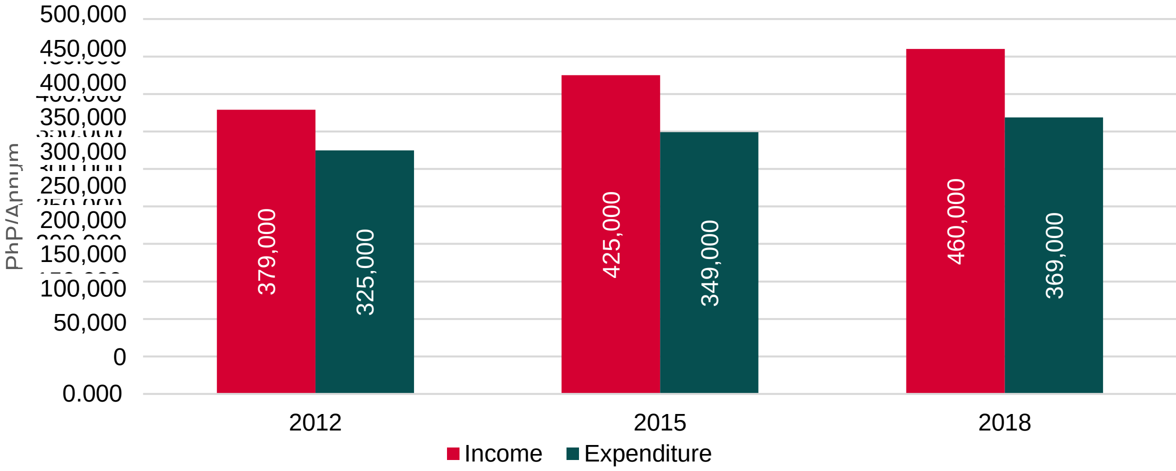


Source: Philippine Statistics Authority

5.2.3.2 Income and Expenditure

From the Family Income and Expenditure Survey of 2018, it is shown that the annual average household income for residents of the National Capital Region was around PhP460,000 which is an increase of 8.2% from 2015. This was the highest among all the regions in the country. Around 80% of the total income was spent in 2018 compared to 82% in 2015. The increase in income likewise translated to an increase in household savings in 2018. This gives an indication that households, in general, have not significantly deviated from their normal spending despite the increase in overall income.

Figure 51. Family Income and Expenditure in NCR



5.2.4 Investment Activities and Infrastructure Development

5.2.4.1 Existing and Upcoming Investment Activities

The competitive environment in NCR has been beneficial to its property market as it remained the sought-after address by both multinational and local companies. Seeing this opportunity, a huge amount of upcoming property developments can be expected in the NCR in the upcoming years.

Table 15. List of Upcoming Developments in NCR

Mixed-Use Developments	
Veritown Fort	
	Location: Bonifacio Global City, Taguig Developer: Federal Land Components: Office Buildings, Residential Condominiums, Retail Malls and Strips, Global Department Store Brand Residential Supply Floated: 4,090 units Land Area: 11 Hectares
ARCA South	
	Location: East Service Road, Taguig City Developer: Ayala Land Inc. Components: Office Buildings, Residential condominiums, Regional Mall, Transport Hub, Hospital, Hotel Land Area: 74 Hectares Residential Supply Floated: 5,400 units

Greenfield District

	Location: EDSA cor. Shaw Blvd., Mandaluyong City Developer: Greenfield Development Corp. Components: Office Buildings, Residential condominiums, Retail Mall Land Area: 15 Hectares Residential Supply Floated: 2,100 units

Capitol Commons

	Location: Shaw Blvd. cor. Meralco Ave. Pasig City Developer: Ortigas Land Components: Office Buildings, Residential condominiums, Retail Mall, Hospitality Land Area: 10 Hectares Residential Supply Floated: 2,900 units

Green Hills

	Location: Ortigas Avenue, San Juan City Developer: Ortigas Land Components: Office Buildings, Residential condominiums, Redeveloped Regional Mall, Hospitality Land Area: 16 Hectares Residential Supply Floated: 1,600 units

Ortigas East

Location: C-5 cor. Ortigas Ave. Pasig City

Developer: Ortigas Land
Components: Office Buildings, Residential condominiums, Retail Mall, Recreational Facilities

Land Area: 16 Hectares

Residential Supply Floated: 800 units

ArcoVia City

Location: C-5 Pasig City

Developer: Megaworld Corp.
Components: Office Buildings, Residential condominiums, Retail Strip, Supermarket

Land Area: 12.3 Hectares

Residential Supply Floated: 1,000 units

Parklinks

Location: C-5, Quezon City and Pasig City

Developer: Ayala Land Inc. and Eton Properties Phils. Inc.
Components: Office Buildings, Retail Mall, Residential Condominiums

Land Area: 35 Hectares

Residential Supply Floated: 1,100 units

Bridge Town

Location: C-5, Quezon City and Pasig City

Developer: Robinsons Land Corp.

DoubleDragon (For the Retail Mall)

Components: Office Buildings, Retail Mall, Residential Condominiums, Events Center

Land Area: 30.61 Hectares

Residential Supply Floated: 460 units

Eton Centris

Location: EDSA cor. Quezon Ave., Quezon City

Developer: Eton Properties Phils. Inc.

Components: Office Buildngs, Retail Mall and Strip

Land Area: 12Hectares

Notable Completed Project: Cyberpod Centris BPO Building

No Launched Residential buildings

Vertis North

Location: EDSA Quezon City

Developer: Ayala Land Inc.

Components: Office Buildngs, Regional Mall, Residential Condominiums, Hotel and Casino

Land Area: 29 Hectares

Residential Supply Floated: 6,900 units

Cloverleaf Balintawak

Location: EDSA cor. A. Bonifacio, Quezon City

Developer: Ayala Land Inc.

Components: Retail Mall, Residential Condominiums, Hospital

Land Area: 11 Hectares

Notable Completed Project: Ayala Malls Cloverleaf

Residential Supply Floated: 1,200 units

The Junction Place

Location: Quirino Higway, Quezon City

Developer: Ayala Land Inc.

Components: Retail Mall, Residential Condominiums, Recreational Facilities, Transport Hub

Land Area: 11 Hectares

Residential Supply Floated: 200 units

Gold City

Location: Pascor Drive, Paranque City

Developer: SM Development Corp.

Components: Offiice Buildings, Residential Condominiums

Land Area: 11 .6 Hectares

Residential Supply Floated: 6, 700 units

Aseana City

Location: Bay Area Pasay City and Paranque City

Developer: Aseana Holdings Corp.

Components: Offiice Buildings, Residential Condominiums, Retail Malls, Hotels, Institution

Land Area: 107 Hectares

Residential Supply Floated: 680 units

Westside City

Location: Bay Area, Paranque City

Developer: Megaworld Corp.

Components: Offiice Buildings, Residential Condominiums, Hotels and Casino

Land Area: 31 Hectares

Residential Supply Floated: 1, 400 units

Alabang Global City

Location: Daang - Hari Road, Las Piñas City

Developer: State Properties Corp.

Components: Office Buildings, Residential Developments, Retail Mall

Land Area: 45 Hectares

No Launched residential Building

Reclamation Developments

Manila Waterfront City

Developer: Waterfront Manila Inc. (Gatchalian Group) and Manila City Government

Area: 318 Hectares (2 Islands)

Solar City Manila

Developer: Manila Goldcoast Development Corp.

Area: 148 Hectares (Islands)

Pasay Harbor City

Developer: Udenna Development Corp.

Area: 265 Hectares (Islands)

Connected to the mainland via Solar City or Future City

Future City

Developer: SM Prime Holdings

Area: Phase 1 (Pasay City): 360 Hectares (3 Islands)

Phase 2: Paranaque City -300 Hectares

Horizon Manila

Developer: JBros Construction Corp. and Manila City Government

Area: 419 Hectares (3 Islands)

Completion Date : 2027-2029

Connected to the mainland via Manila Waterfront City

Source: Santos Knight Frank, Inc.

5.2.4.2 Infrastructure Developments

Metro Manila

The prevalence of heavy volume of vehicular traffic and limited developable land also gave merit to ramping up transportation projects in Metro Manila. Different transportation infrastructures (such as trains and toll roads) in the NCR are seen to improve linkages between cities and municipalities. These will also open opportunities for redevelopment of lands in the region's fringe areas. Once materialized, these projects are perceived to not only give straightforward travel but will also augment real estate activities. Summarized below are some of the upcoming infrastructure projects specific to Metro Manila.

Figure 52. Upcoming Infrastructure Projects in Metro Manila

Source: Department of Public Works and Highways, Department of Transportation
Illustration: Santos Knight Frank, Inc.

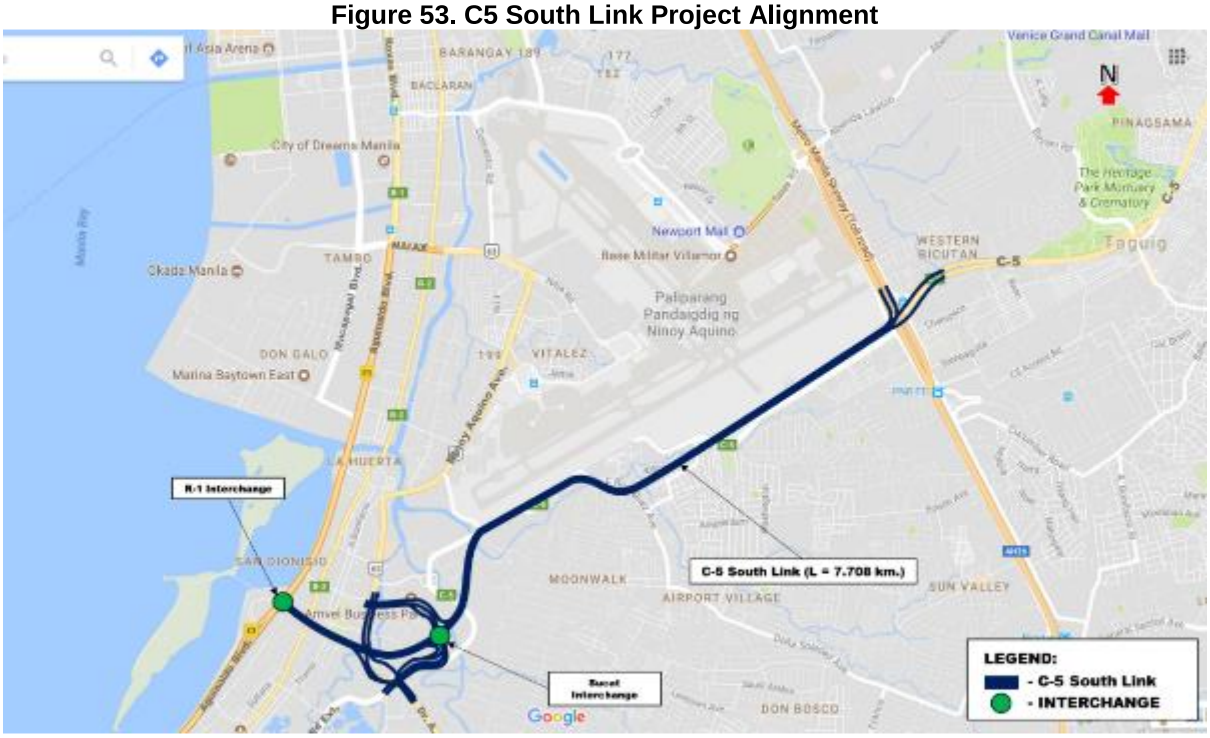
C-5 South Link Project

The C-5 South Link Project is another toll road project on the rise in Metro Manila expected to provide faster travel for commuters. It has a total length of around 7.70 kilometers with two by three lanes, spanning from the segment of Radial Road 1 (R-1) expressway, or the CAVITEX area, to C-5/South Luzon Expressway (SLEX) vicinity in C.P. Garcia Avenue, Taguig City. The construction of the C5 South Link Project is divided into two (2) segments: R-1 Interchange – Sucat Interchange and Sucat Interchange to C-5/SLEX. The latter portion is further segmented into three (3) parts: Merville – C-5/SLEX, E. Rodriguez – Merville, and Sucat Interchange – E. Rodriguez.

The overall appraised cost for the said toll road project is at PhP12.65 billion and it is under Cavitex Infrastructure Corporation, a unit of Metro Pacific Tollways Corporation. And at the end of construction, the C-5 South Link Project is mainly projected to reduce travel time from R-1 Expressway to C-5 Road to just 10 minutes. Also, the full operation of the toll road project is expected to cater about 50,000 passengers daily.

In terms of project status, the segment from Merville – C-5/SLEX opened to the public last July 2019. Other segments like R-1 Interchange – Sucat Interchange and E. Rodriguez – Merville inaugurated groundbreaking ceremonies last July 2020 and right-of-way acquisition activities in those portions are almost complete. Right-of-way acquisitions in Sucat Interchange – E. Rodriguez also still on-going with around 36.90% completion rate as of the latest reporting.

Figure 53. C5 South Link Project Alignment



Source: Department of Public Works and Highways

Metro Manila Subway Project (Phase 1)

The Metro Manila Subway Project (MMSP) Phase 1 is a 36-kilometer upcoming underground railway system that is deemed as one of the vital projects a for better and more efficient transportation system in the Philippines. The initial alignment for the subway project involves 14 stations: Quirino Highway, Tandang Sora, North Avenue, Quezon Avenue, East Avenue, Katipunan, Ortigas North, Ortigas South, Kalayaan Avenue, Bonifacio Global City, Cayetano Boulevard, FTI, and Ninoy Aquino International Airport. Meanwhile, the train depot and training facility of MMSP set at Barangay Ugong, Valenzuela City.

The total cost of the upcoming subway development is estimated to be at PhP356.81 billion and will be funded through an ODA loan from Japan International Cooperation Agency (JICA). The contractor for the first three (3) stations of MMSP (Quirino Highway, Tandang Sora, North Avenue), tunnel structures, depot, and building and facilities for the planned Philippine Railways Institute is a Filipino – Japanese consortium composed of companies like Shimizu Corporation, Fujita Corporation, Takenaka Civil Engineering Co. Ltd., and EEI Corporation. Partial subway operations targeted at 2022 and full operation by 2025. At the end of construction, the MMSP is expected to cater an average of 370,000 daily passengers by 2025 to about 973,000 daily passengers by 2035, with a maximum passenger capacity of up to 1.5 million individuals daily. In terms of train speed, the initially scheduled speed is fixed at a range of 35.6 – 48.5 kilometers per hour that can go up to 80.0 kilometers per hour. The said train speed for the subway project anticipated to make travel time from Quezon City to NAIA terminal complex to be reduced to around 40 minutes from almost two (2) hours at present.

In terms of project status, groundbreaking activities for MMSP were already held last February 2019. Underground laying for the subway development started in 2021 as six (6) of the 25 total tunnel boring machines (TBMs) from Japan was shipped to the country. As of September 2021, project status is already at 26%.

There is a suggested change to the proposed alignment to the MMSP. The former 14 subway stations, excluding the depot area, is planned to be increased to 17 stations. The possible changes will include the exclusion of Cayetano Boulevard station and the addition of new stations such as East Valenzuela, Lawton, Senate, and Bicutan. However, the updated version of the alignment, design, and configuration of the upcoming subway project will be subject to the approval of NEDA-ICC, one of overseeing bodies regarding big ticket infrastructure projects in the country.

Figure 54. Metro Manila Subway Project Initial Alignment

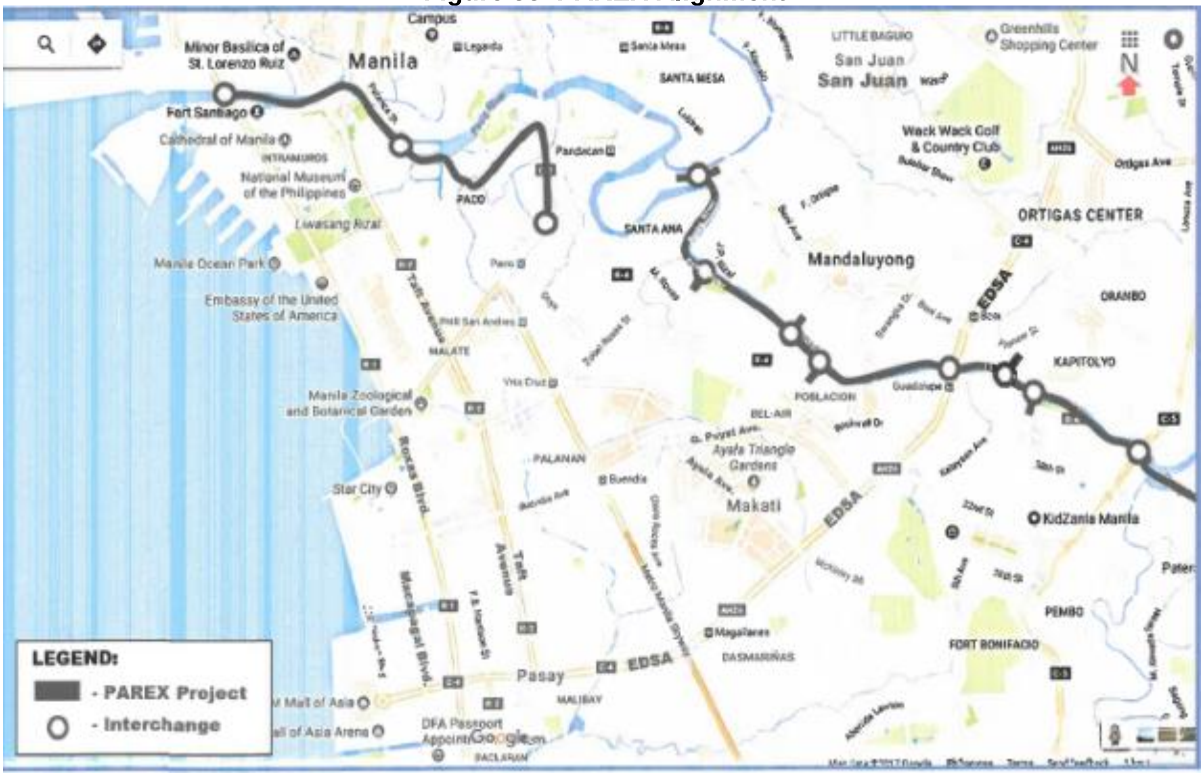
Source: Japan International Cooperation Agency, Department of Transportation

Pasig River Expressway (PAREX)

PAREX is a 19.37-kilometer six-lane elevated expressway that will traverse along the banks of the Pasig River. The project aims to decongest traffic, establish a direct link between eastern and western cities of Metro Manila, and rehabilitate the historic Pasig River. The project consists of three (3) segments, starting from the City of Manila to Skyway Stage 3, Skyway Stage 3 to C-5 Expressway, and ending at the SEMME (C-6) project in Rizal Province.

Currently, the project is ongoing harmonization planning with other government projects, specifically DPWH Bridge Projects along Pasig River. On 23 September, 2021, SMHC broke ground for PAREX.

Figure 55. PAREX Alignment



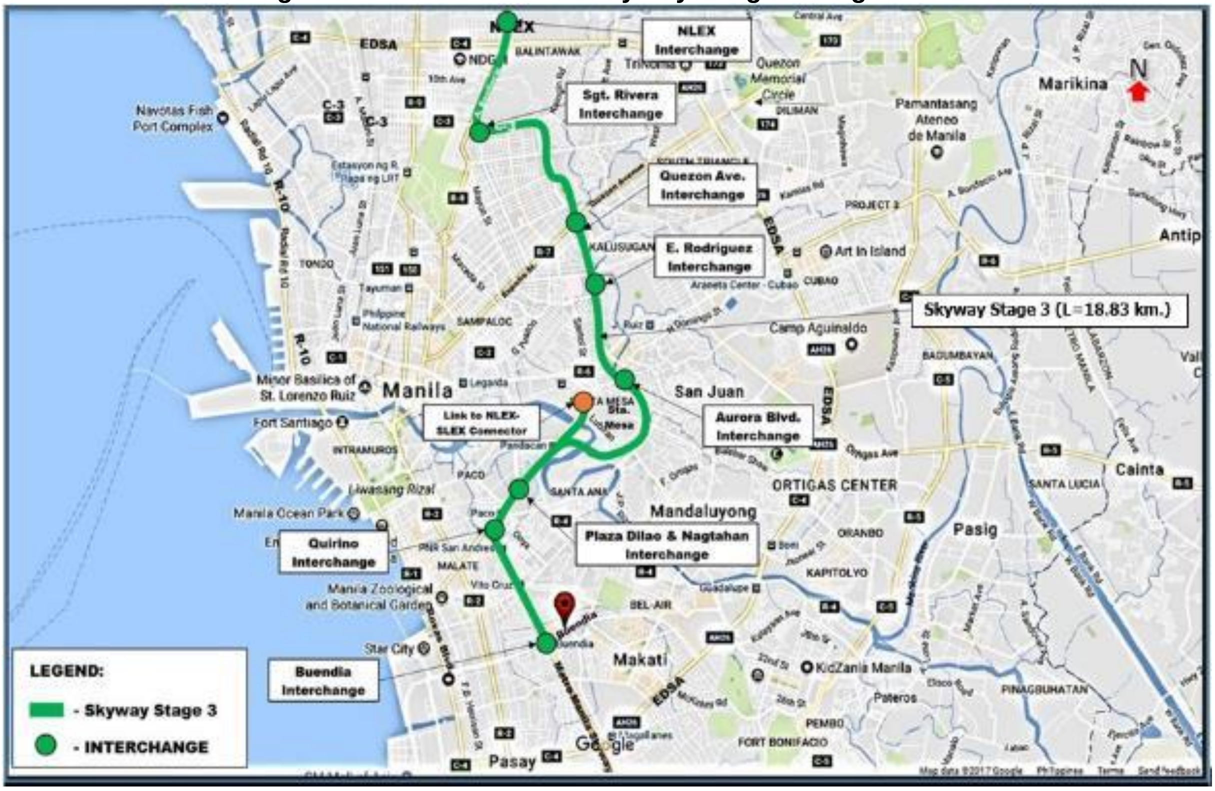
Source: Department of Public Works and Highways

Metro Manila Skyway Stage 3

The Metro Manila Skyway Stage 3 is a 19-kilometer 6-lane elevated toll road project connecting SLEX to Balintawak, Quezon City and NLEX. It will have 8 access ramps: Buendia Ave., Pres. Quirino Ave., Plaza Dilao, Nagtahan/Aurora Blvd., E. Rodriguez Ave., Quezon Ave., Sgt. River St., and NLEX. The project proponent is San Miguel Infrastructure. They started construction in April 2014 and is now partially operational with around 83% complete. Its target completion is at December 2020.

The Metro Manila skyway Stage 3 is expected to help to decongest the prevailing heavy traffic that occurs in EDSA with around 400,000 vehicles navigate daily. According to the DPWH, around 55,000 vehicles a day is anticipated to switch from traversing EDSA to Skyway Stage 3. Moreover, the travel time from Buendia, Makati to Balintawak, Quezon City will be significantly reduced to just 20 minutes (from the usual two (2) hours travel time). Once completed, the travel from the southern segments of Luzon going to Metro Manila, or even going to North Luzon, will be faster and easier. The delivery of goods and services will be faster as different logistic hubs and industrial estates will have more alternative access roads. It will also address logistic concerns between the industrial hubs in Southern Luzon (Cavite, Laguna, Batangas) and the Port Area of Manila as the Metro Manila Skyway Stage 3 is planned to be subsequently connected to other infrastructure projects that have linkages directly to the port (i.e. NLEX-SLEX Connector Road Project, NLEX Segment 10)

Figure 56. Metro Manila Skyway Stage 3 Alignment



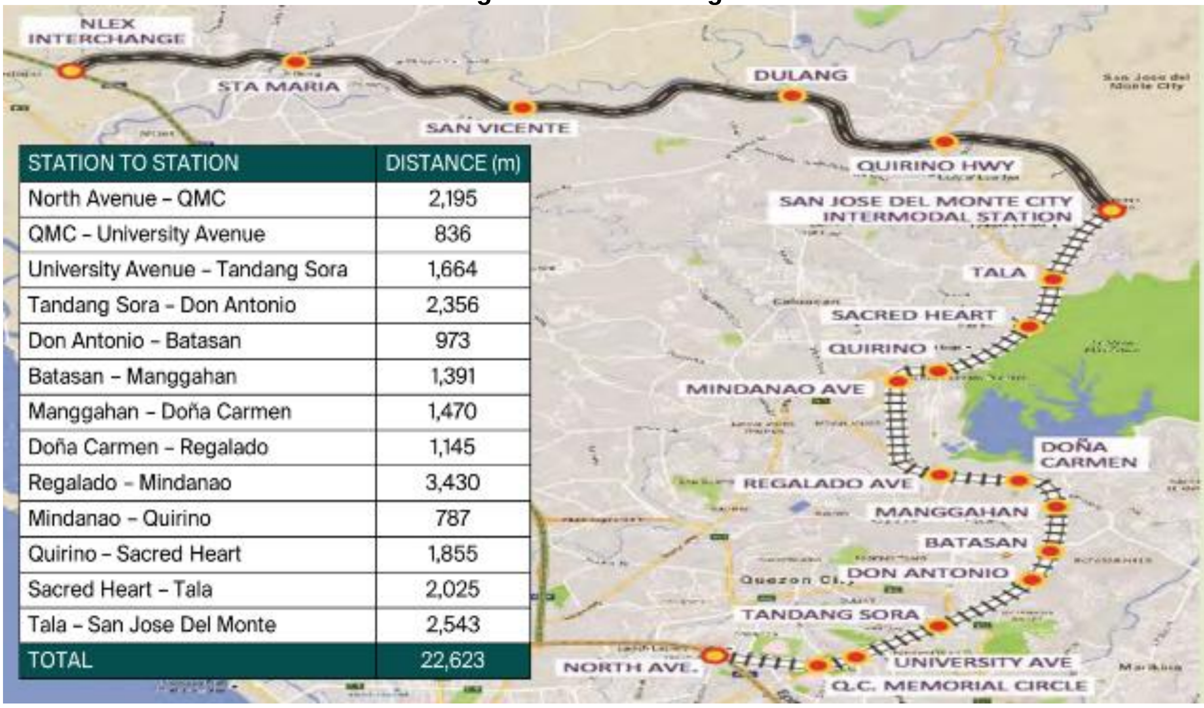
Source: Department of Public Works and Highways

Metro Rail Transit 7 (MRT 7) Project

The Metro Rail Transit 7 (MRT 7) Project is an upcoming railway and highway that will connect North Avenue in Quezon City to San Jose Del Monte City in Bulacan. The rail track component will be composed of 14 stations spanning to about 23 kilometers while the thoroughfare part will be approximately 22 kilometers. The highway portion will have Intermodal Transport Terminal (ITT) in San Jose Del Monte City, Bulacan and Bocaue Interchange of NLEX as its endpoint. It is projected that MRT 7 will cut the travel time from San Jose Del Monte to North Avenue, or vis-à-vis, from 3.5 hours to just one hour and can accommodate 350,000 commuters daily.

The valued cost for the upcoming infrastructure will be at PhP62.7 billion, funded under Build-Gradual Transfer-Operate and Maintain (BGTOM) Public Private Partnership (PPP) scheme. As of December 2021, overall progress of the project is at 62%. It is on track to begin passenger operations by end of 2022.

Figure 57. MRT 7 Alignment



STATION TO STATION	DISTANCE (m)
North Avenue – QMC	2,195
QMC – University Avenue	836
University Avenue – Tandang Sora	1,664
Tandang Sora – Don Antonio	2,356
Don Antonio – Batasan	973
Batasan – Manggahan	1,391
Manggahan – Doña Carmen	1,470
Doña Carmen – Regalado	1,145
Regalado – Mindanao	3,430
Mindanao – Quirino	787
Quirino – Sacred Heart	1,855
Sacred Heart – Tala	2,025
Tala – San Jose Del Monte	2,543
TOTAL	22,623

Source: Department of Transportation

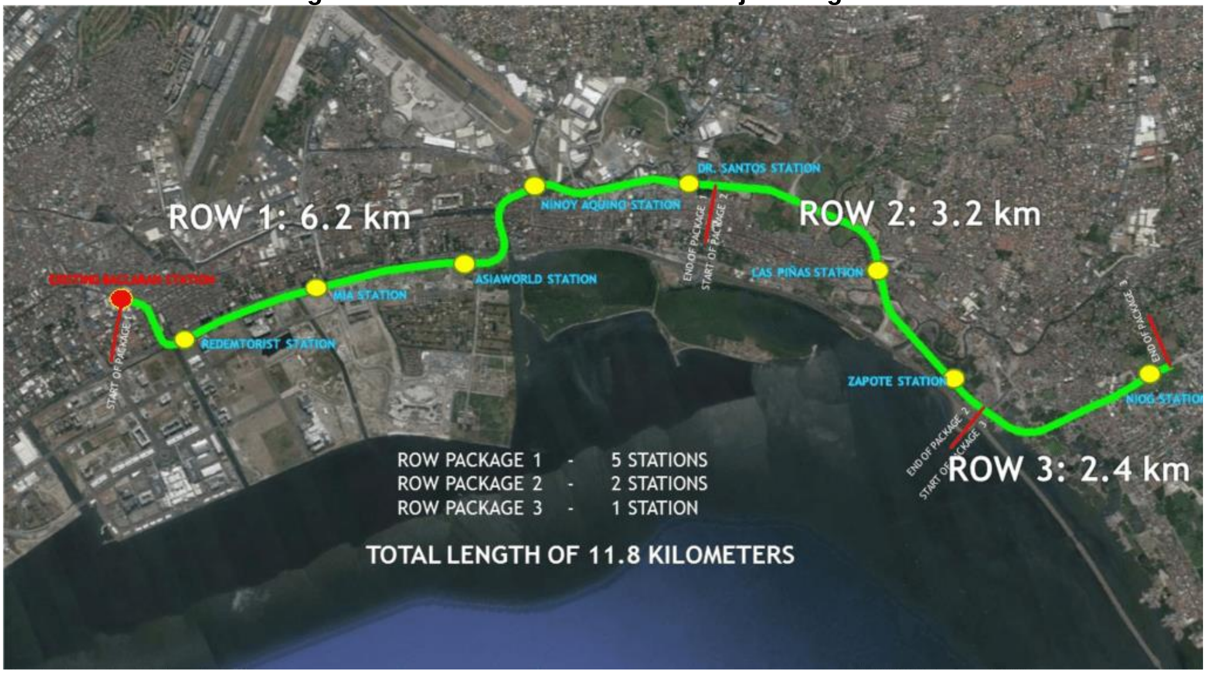
LRT Line 1 Cavite Extension Project

The project is an 11.7-kilometer extension of the current railway of LRT Line 1 from Baclaran station up to Niog in Bacoor City, Cavite. It will be composed of eight (8) additional stations that will be divided into three (3) packages. The first package includes the proposed stations of Redemptorist, MIA, Asiaworld, Ninoy Aquino, and Dr. Santos. Moreover, the second package covers Las Piñas and Zapote stations, while the third and last package is the mentioned Niog Station in the City of Bacoor in Cavite. The said railway expansion project comes with the construction of a new train depot that will be situated in the vicinity of Zapote Station.

The completion of the extension railway project is expected to reduce the travel time from Baclaran to Bacoor, Cavite to 25 minutes, from the current 1 hour and 10-minute travel time. It will also cater additional 300,000 passengers daily on top of the current 500,000 daily passengers. In terms of overall project cost, it is currently projected at around PhP64.9 billion, including the ODA loan of PhP19.8 billion.

The status of the railway construction is at 58.03% complete as of August 2021. The project's concessionaire that will handle the operation and maintenance of the railway is the Light Rail Manila Corporation (LRMC) – a consortium of Ayala Corporation, Metro Pacific Light Rail Corporation, and Macquarie Infrastructure Holdings.

Figure 58. LRT Line 1 Extension Project Alignment



Source: Light Rail Manila Corporation

Light Rail Transit (LRT) Line 2 East and West Extension Projects

The currently-operated Metro Light Rail Transit (LRT) Line 2 has plans of extension to both east and west bounds. The expansion on the east side of the said train system covers an additional distance of around four (4) kilometers through two (2) stations, namely: Emerald and Masinag. The supplementary stations expected to bring about 80,000 extra passengers by the time it becomes operational and decrease the travel duration from Recto to Masinag to just 40 minutes. LRT 2 East Extension Project set to be done by the end of 2020 and start its operations the following year.

On the other hand, the west extension project sets to commence its construction in the second quarter of 2020. Three stations comprise the west section annex stations: Tutuban, Divisoria, and Pier 4. These sites projected to draw about 16,000 additional passengers and lessen the travel time from Recto to Pier Area by just five (5) minutes. The west line project of LRT 2 expected to be done by the year 2023.

Metro Rail Transit (MRT) Line 4 Project

The Metro Rail Transit (MRT) Line 4 Project is a 15.56-kilometer elevated railway system that aims to address a better transportation connection between the eastern section of Metro Manila to Rizal province. The said upcoming train system comprises of 11 stations, in which it starts at N. Domingo in Quezon City and ends at Taytay Diversion Road in Taytay, Rizal. Further, the projected daily number of passengers set at around 200,000 persons, coming from densely populated cities of Quezon, San Juan, Mandaluyong, and Pasig. The starting date of construction for the MRT Line 4 initially set in the year 2021 and operational by 2025. In terms of project cost, the upcoming train line projected to be about PhP57.01 billion through official financing assistance by the Asian Development Bank. The MRT Line 4 project already got the final approval from the Investment Coordination Committee-Cabinet Committee (ICC-CabComm). DOTr expects commencement of the railway to begin in 2023.

South East Metro Manila Expressway

The Southeast Metro Manila Expressway (SEMME) Project is an upcoming toll road project that has a total distance of around 32.66 kilometers. It primarily aims to decongest main roads in Metro Manila, such as Epifanio de los Santos Avenue (EDSA) and Circumferential Road 5 (C5). Moreover, this will connect the South Luzon Expressway (SLEX) to Batasan Complex in Quezon City – which is proximate to North Luzon Expressway (NLEX). The said expressway subdivided into six (6) phases that comprise of both elevated and at-grade two three-lane thoroughfares. These phases are the following: (1) Skyway/FTI to C5/Diego Silang; (2) C5/Diego Silang to C6/Taguig; (3) C6/Taguig to Ortigas Avenue Extension; (4) Ortigas Avenue Extension to Marcos Highway; (5) Marcos Highway to Tumana Bridge; and (6) Tumana Bridge to Batasan Complex.

In terms of costs, SEMME projected to be around PhP45 billion. The project concessionaire of the said infrastructure project is Citra Intercity Tollways Inc. (CITI) – a joint venture of San Miguel Holdings Corporation and Philippine National Construction Corp. – and expected to be operational in at least 33 months. Currently, the construction of section one of the SEMME project is still on-going. Right-of-Way acquisition for Section 1B is also ongoing.

5.2.5 Outlook

The outlook for the NCR has always been promising seeing that this is the seat of major commercial activity in the country. Most of the new prime commercial and residential developments are built within the NCR. In the same manner, most of the road and transportation infrastructure projects are centered on improving the connectivity to the NCR and alleviating the vehicular traffic within.

The main challenge within the NCR is the continuously rising cost of land. The profound effect is seen mostly on commercial property developed for lease. The increase in rents for the spaces being leased is outpaced by the increasing land and construction costs. Developers are constantly being challenged by this and as such, they are constantly looking for ways to properly address this.

6.0 OVERVIEW OF THE HOUSING SECTOR IN THE PHILIPPINES

Over the years, the Philippines Housing Sector has always played a critical role in the economic stability of the country as the demand for household spaces continuously increase. This role has become more evident in the result of 2020 census of population conducted by Philippine Statistics Authority (PSA) in which the population of the country has significantly increased over the past three decades. Currently, the country's official population has already ballooned to 109.0 million or equivalent to almost 24.8 million households. This figure was 1.72% higher than the country's population estimated in year 2010 to 2015.

The population growth continues to pose as a major challenge/issue in the housing market. This is evident in metropolitan cities, wherein housing shortage among low-income families remains unresolved. Increasing land prices have made it unviable in most areas in the metropolis to develop socialized and low-cost housing for these low-income families. It was also observed that the migration of households from rural to urban areas in search of livelihood has further exacerbated this issue. This trend somehow indicates that more Filipinos prefer to reside and work within or near urban growth centers rather than in rural areas, where economic opportunities are limited.

Table 16. Total Population, Household Population, and Average Number of Households

CENSUS YEAR	Total Population	Household Population	Number of Households
2010	92,337,852	92,097,978	20,171,899
2015	100,981,437	100,573,715	22,975,630
2020	109,035,343	108,667,043	26,393,906

Source: PSA, Census of Population and Housing

Improvements in infrastructure and transportation has greatly improved connectivity between the metropolis and the suburbs and nearby provinces. The hassle and travel time between these areas have been significantly reduced because of these improvements. Developers have taken this into account when launching new projects in these areas. The results were quite positive as shown by the increase in the pace and volume of sales of units for launched projects.

The COVID-19 pandemic effected a change in the preference for housing for some households. The prolonged lockdown which caused heightened uncertainty and anxiety among city dwellers has made some families consider the location of their current dwelling.
Some families living in condominium units, according to anecdotal information, have considered moving to the suburbs or nearby provinces where the living spaces are less cramped and provide more open spaces.

The prolonged lockdown has likewise resulted in a shift in working patterns and arrangements. Such is the case with the "work from home" arrangement wherein employees work full time at home or in a remote site outside of the office. Another arrangement is the "hybrid" work arrangement wherein employees have certain number of days in the week wherein they work in the office while the other days are spent either working from home or in a remote site.
It can be surmised that these changes in work patterns and means of livelihood has likewise altered the preference for some families to live in the suburbs or nearby provinces instead of within the metropolis.

6.1 Industry size and growth

Based on the current housing market situation, around 27.2 million housing units were listed in the country. Of this total, 25.1 million were considered as occupied by household population.

This figure was relatively higher than 2010 and 2015 result, which are around 21.2 million and 24.2 million total housing units, respectively.

On a regional basis, the top three regions with the highest population sizes are also the top three regions in terms of total housing units and estimated number of occupied housing units. Top of the list is Region IV-A with 4.1 million of listed total housing units and 3.8 million occupied housing units. This was followed by NCR with 3.5 million total housing units and 3.3 million estimated occupied housing units. The third spot came from Region III with 3.0 million total housing units and 2.8 million estimated occupied housing units. Meanwhile, the smallest number of shares came from CAR with 514,000 thousand of total housing units and 434,000 thousand estimated occupied housing units in the country.

Table 17. Total Housing Units, Occupied Housing Units, and Occupancy Rate by Region

REGION	Total Housing Units			Occupied Housing Units			Occupancy Rate		
	2010	2015	**2020***	2010	2015	**2020***	2010	2015	**2020***
NCR	**2,816,659**	**3,176,621**	**3,536,583**	**2,634,374**	**2,968,651**	**3,302,928**	**93.5%**	**93.5%**	**93.4%**
CAR	389,497	451,798	514,099	347,362	390,923	434,484	89.2%	86.5%	84.5%
Region I	1,092,866	1,217,621	1,342,376	1,015,798	1,110,987	1,206,176	92.9%	91.2%	89.9%
Region II	758,337	854,140	949,943	713,274	789,269	865,264	94.1%	92.4%	91.1%
Region III	**2,403,751**	**2,750,071**	**3,096,391**	**2,196,465**	**2,511,783**	**2,827,101**	**91.4%**	**91.3%**	**91.3%**
Region IV-A	**3,121,590**	**3,615,137**	**4,108,684**	**2,772,539**	**3,297,110**	**3,821,681**	**88.8%**	**91.2%**	**93.0%**
Region IV-B	646,983	739,548	832,113	567,711	677,301	786,891	87.7%	91.6%	94.6%
Region V	1,179,142	1,301,174	1,423,206	1,102,228	1,207,809	1,313,390	93.5%	92.8%	92.3%
Region VI	1,594,727	1,796,857	1,998,987	1,507,894	1,694,705	1,881,516	94.6%	94.3%	94.1%
Region VII	1,589,399	1,797,454	2,005,509	1,467,667	1,675,808	1,883,949	92.3%	93.2%	93.9%
Region VIII	931,068	1,053,961	1,176,854	858,715	975,625	1,092,535	92.2%	92.6%	92.8%
Region IX	748,215	825,778	903,341	713,733	781,692	849,651	95.4%	94.7%	94.1%
Region X	966,810	1,097,437	1,228,064	900,203	1,014,814	1,129,425	93.1%	92.5%	92.0%
Region XI	1,068,766	1,296,836	1,524,906	991,729	1,159,719	1,327,709	92.8%	89.4%	87.1%
Region XII	952,301	1,101,292	1,250,283	900,788	1,037,676	1,174,564	94.6%	94.2%	93.9%
Region XIII	526,886	607,111	687,336	494,967	565,495	636,023	93.9%	93.1%	92.5%
ARMM	502,400	564,328	626,256	500,248	561,826	623,404	99.6%	99.6%	99.5%
PHILIPPINES	**21,289,417**	**24,220,164**	**27,150,911**	**19,715,695**	**22,421,193**	**25,126,691**	**92.6%**	**92.6%**	**92.5%**

Source: PSA, Census of Population and Housing (2020 Forecasted Figure)*

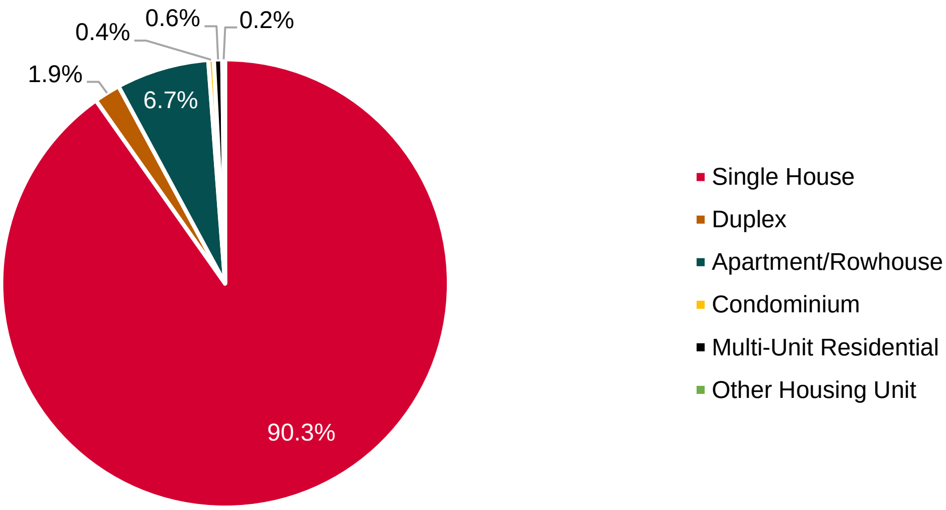
Based on the latest percentage distribution of households by housing type, majority of Filipino families were residing in a single type housing unit. This is equivalent to 90.3% of total percentage shares. This figure was followed by families living in apartment/rowhouse and duplex type of housing unit with 6.7% and 1.9% percentage shares, respectively. Meanwhile, the lowest percentage share of housing unit types came from condominium and multi-unit residential with 0.6% and 0.4%, respectively.

When it comes on regional basis, all regions in the country recorded a 90% of households residing in single type housing units, except in NCR and its nearby regions such as Region IV-A and Region III with percentage shares of 79.4%, 75.4% and 86.1%, respectively.

Conversely, these three regions have also recorded the highest percentages of families residing in apartment/rowhouse with an estimated percentage share of 20.4 in Region IV-A, 12.0% and 11.9% in Region III and NCR, respectively.

By place of residence living in single house type unit, households residing in rural areas recorded the highest percentage share of about 98.2%, while households living in urban areas has 82.9% of total shares. On the other hand, about 12.3% of households in urban areas were residing in apartment/house and the rest of 0.8% came from households living in rural areas.

Figure 59. Percentage Distribution of Families by Housing Type

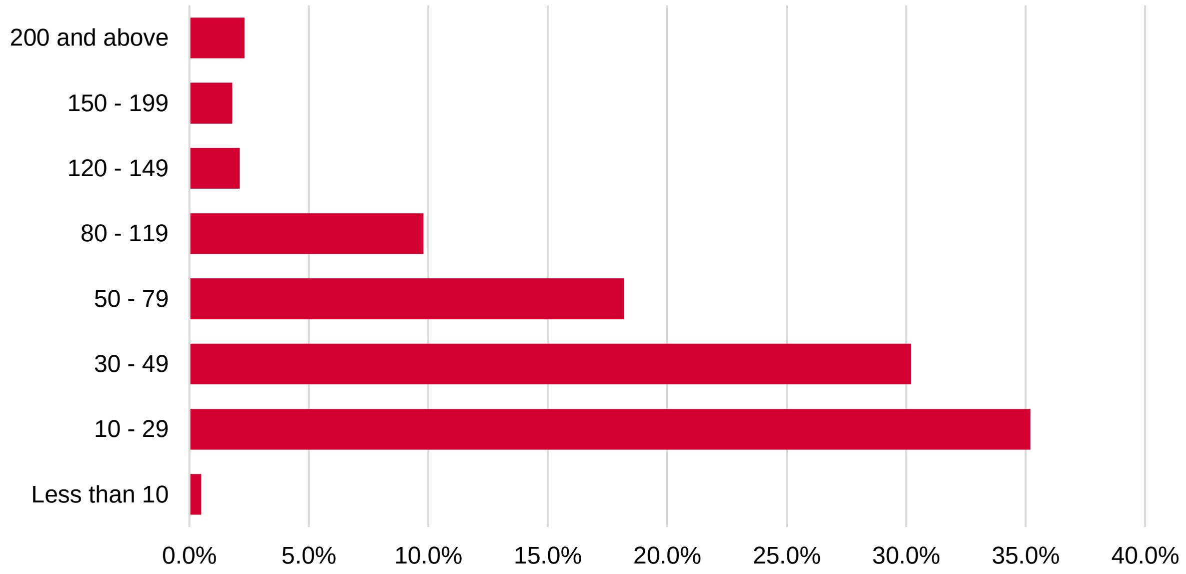


Source: PSA, 2020 Annual Poverty Indicators Survey (APIS)

When it comes on percent distribution of households by floor areas, families residing in a unit floor area of less than 50 sqm recorded the highest percentage share of 65.9%. The rest of 34.1% came from families residing in housing unit with floor area higher than 50 sqm. On a regional basis, the top three regions with the highest percentage shares of families with floor area less than 50 sqm were mainly came from Region XII, Region XI and ARMM with a percentage share of 83.7%, 82.5% and 77.4%, respectively. However, there were 6 out of 17 regions recorded in which majority of households were residing in housing unit with floor areas of 200 sqm and above. These regions are Region XIII (CARAGA), CAR, Region VIII (Eastern Visayas), Region IV-B (MIMAROPA), Region IV-A (CALABARZON), and NCR with percentages shares of 5.9%, 3.9%, 3.7%, 3.3% and 2.7%, respectively.

By place of residence, higher percentage of households recorded came from rural areas with 67.9% occupied housing units with floor area of less than 50 sqm, while the rest of 64.1% are those from households residing in urban areas.

Figure 60. Percent Distribution of Families by Floor Area of Housing Type



Source: PSA, 2020 Annual Poverty Indicators Survey (APIS)

6.2 Market Segmentation

Based on the table below, the house and lot market may also be classified according to their respective price range. Socialized housing units has selling price of below PhP450,000, this was followed by Economic housing units with price ranging from PhP450,000 to PhP1,999,999. The two housing units with a relatively higher value are the Medium cost housing units and Open Market units with price ranging from PhP2,000,000 to PhP4,000,000 and above PhP4,000,000 million, respectively.

Table 18. Housing Price Classification

Housing Type	Selling Price
Open Market	More than PhP4,000,000
Medium Cost Housing	PhP2,000,000 to PhP4,000,000
Economic Housing	PhP450,000 to PhP1,999,999
Socialized Housing	Less than PhP450,000

Source: Santos Knight Frank, Inc.

6.3 Regulatory and Legislative Environment

BP 220

It is a policy of the government to promote and encourage the development of economic and socialized housing projects, primarily by the private sector in order to make available adequate economic and socialized housing units for averaged and low-income earners in urban and rural areas. Moreover, this also authorizes HLRUB to promulgate different levels of standards and technical requirements for economic and socialized housing projects from those provided for under PD 957.

Table 19. Comparative Analysis of BP 220 and PD 957

PARAMETER	PD 957 OPEN MARKET HOUSING		BP 220 ECONOMIC HOUSING		BP 220 SOCIALIZED HOUSING	
1. MAXIMUM SELLING PRICE			Above P150,000-P375,000		P150,000 & Below	
2. PROJECT LOCATION	When suitable sites for housing & outside potential hazard prone & protection areas		Same as PD 957		Same as PD 957	
3. LAND LOCATION (Percentage of Gross Area one hectare & above)						
a. Saleable Area	a. 70% Maximum		a. variable		a. variable	
a. Non-Saleable Area	a. **30%** Minimum		b. see open space requirement as per b.1 and b.3		b. see open space requirement as per b.1 and b.3	
b.1 Areas allocated for Parks & Playgrounds (1 Hectare & above)	**Mandatory Allocation for Parks and Playgrounds Per Tabulation Below**					
	Density (No. of Lots/Dwelling units Per Hectare	**% of Gross Area Allocated for Parks and Playgrounds**	**Density ((Dwelling Units per Hectare)**		**% of Project Gross Area**	
	20 & Below	3.5%	150 and below	**3.5%**	50 and below	3.5%
	21-25	4.0%	151-160	4.0%	151-160	4.0%
	26-35	5.0%	161-175	5.0%	161-175	5.0%
	36-50	6.0%	176-200	6.0%	176-200	6.0%
	51-65	7.0%	201-225	7.0%	201-225	7.0%
	Above 65	9.0%	Above 225	9.0%	Above 225	9.0%
			addition of 1% Increment for every 1		0 or fraction thereof Above 225	
	NOTE: In no case shall the Area be less than 100 square meters					
b.2 Area allocated for Community Facilities	**Mandatory Allocation for Parks and Playgrounds Per Tabulation Below**					
	Variable		**Density (No. of Lots and/or Living Units Per Hectare)**	**% of Project Gross Area**		
			150 & below	1.0%	150 & below	1.0%
			151-225	1.5%	151-225	1.5%
			Above 225	2.0%	Above 225	2.0%
b.3 Circulation System	Observe Hierarchy of Roads		Observe Hierarchy of Roads		Observe Hierarchy of Roads	
4. MINIMUM LOT AREAS						
Single Detached	100 sq. meter / unit		72 sq. meter / unit		64 sq. meters / unit	
Single Attached / Duplex / Semi-Detached	75 sq. meter / unit		54 sq. meters / unit		48 sq. meters / unit	
Rowhouse	50 sq. meters (House & Lot)		36 sq. meters / unit		28 sq. meters / unit	
	NOTE: 1. Saleable lots designated as duplex and/or rowhouse shall be provided with housingcomponents					
	2. Maintain a 60, 40 ratio for house and lot where 60% for the house and 40% fot the lot (selling price for the house & lot package)					

RA 7279

Urban Development and Housing Act of 1992

This Act aims to provide for a comprehensive and continuing urban development and housing program and establish the mechanism for its implementation. It first stipulates the principles governing the urban development and housing program, for instance the state shall ensure the rational use of land, provide the affordable housing for underprivileged and homeless citizens. Moreover, it requires the government to establish and responsibilities for the relevant housing agencies, inventory of lands and identify the sites for socialized housing, and sets out rules on land acquisition and disposition. Crucially, the Act provides strategies and requirements for the socialized housing programs. It specifies the eligibility criteria for beneficiaries, provides incentives for National Housing Authority and private sectors, as well as sets standards on basic services and livelihood component for those housing.

RA 10884
An Act Strengthening the Balanced Housing Development Program
Republic Act. No. 10884, amends Republic Act No. 7279 (The Urban Development and Housing Act of 1992) attempts to redefine socialized housing to include residential condominium units. It has amended the current provisions of Article Section 18 of the Republic Act 7279, also known as the Urban Development and Housing Act of 1992 which is centered on the concept of balanced housing development.
RA 11201
Department of Human Settlements and Urban Development Act
The Department of Human Settlements and Urban Development Act, which became effective on March 01, 2019, creates a new Department of Human Settlements and Urban Development (Department) and consolidates the Housing and Urban Development Coordinating Council (HUDCC) and Housing and Land Use Regulatory Board (HLURB). The Department shall act as the primary national government entity responsible for the management of housing, human settlement and urban development. It shall be the sole and main planning and policy-making, regulatory, program coordination, and performance monitoring entity for all housing, human settlement and urban development concerns.

6.4 Underserved Market and Housing Backlog per Region

Adequate housing facilities has been in short supply for more than a decade. New developments could not keep up with the growing number of households as shown by the government's housing agencies. As of 2016, the backlog for housing was around 2 million units. By the end of 2022 the backlog is expected to more than triple and reach 6.8 million units.

The continuously growing number of households has outpaced the number of newly constructed housing units. The loss due to natural calamities, such as typhoons and earthquakes, as well as the natural deterioration of the existing housing units have likewise contributed significantly to the increasing backlog.

Table 20. Projected Housing Demand: CY 2017-2022 ('000 units)

Components of Housing Needs	Backlog (2016)	2017-2022	Total
Accumulated Needs	**1,293.2**	**141.3**	**1,434.5**
Households in Unacceptable Housing	779.8	85.2	885.0
Doubled-up Households in Acceptable Housing	493.4	56.1	549.5
Recurrent Needs	**724.7**	**808.9**	**5,362.4**
Allowance for Inventory Losses	361.1	399.8	2,660.0
Increase in Households	363.6	409.1	2,701.5
Total Housing Demand	**2,017.9**	**4,779.0**	**6,796.9**

Source of basic data: HUDCC, PDP 2017-2022

Note: Double-up households refer to those with a separate arrangement for food preparation and consumption but share the dwelling unit of another household

Based on the Local Shelter Plan of the Department of Human Settlements in Urban Development (DHSUD) as of May 2021, Region 4-A accounted for 1.38 million of the backlog in housing units which is roughly around 20% of the national backlog. The most likely reason for the high backlog is a number of employees working in the NCR reside in Region 4-A. With more affordable housing units available in Region 4-A, these workers most likely decided to acquire their housing units in Region 4-A and make the daily commute to their workplace located at the NCR. Improved accessibility provided by the South Luzon

Expressway and the Coastal Road have somehow eased the burden of the daily commute between these two areas.

Table 21. Local Shelter Plan by Region as of May 2021

Region	Total Housing Needs[a/]	Total Sector Families (ISFs)[b/]	Land Needed for Housing (in ha.)	Land Identified for Housing (in ha.)
NCR	696,592	255,116	23,287.8	24,631.9
CAR	129,443	135,663	1,419.0	1,102.5
Region 1	280,005	157,215	2,103.3	4,070.6
Region 2	236,848	102,661	1,208.0	15,423.0
Region 3	25,123	4,942	191.0	70.0
Region 4-A	1,378,589	590,567	7,358.4	9,436.2
Region 4-B	171,957	108,137	1,187.7	1,207.4
Region 5	451,649	359,201	3,634.0	6,976.2
Region 6	495,268	346,810	3,766.4	11,228.5
Region 7	558,396	260,731	2,086.3	3,506.1
Region 8	486,999	420,901	2,928.8	3,689.7
Region 9	173,299	106,008	2,028.2	1,215.5
Region 10	268,996	153,698	1,596.1	6,665.1
Region 11	427,641	227,868	2,422.2	5,204.5
Region 12	215,127	218,568	1,316.6	3,155.9
Region 13	295,447	139,712	1,806.9	2,252.4
BARMM	336,970	165,739	2,441.5	2,933.8
Total	**6,628,349**	**3,753,537**	**60,782.2**	**102,769.3**

a/ Includes homeless, displaced HHs, increase in HHs and doubled-up HHs

b/ Includes Tenurial Upgrading (need to improve land tenure status), homeless and displaced HHs; Some regions have higher number of total ISFs versus Total Housing Needs due to high number of units needing tenurial upgrading

Source: DHSUD - Public Housing and Settlements Service

7.0 HOUSING SECTOR OVERVIEW (LAGUNA, QUEZON, BULACAN)

7.1 LAGUNA

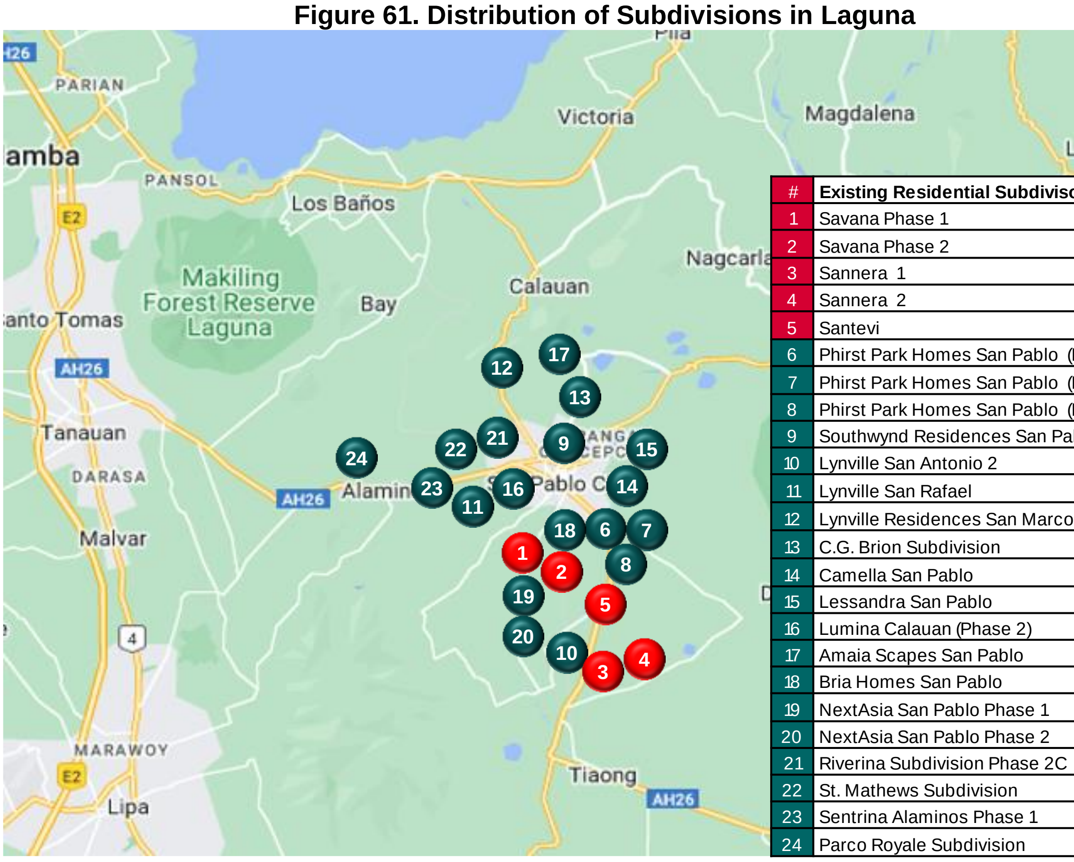
Given the size of the Province of Laguna and the diversity of developments located within it, a specific trade area was selected for the purpose of this study. The trade area under study for Laguna focused on the areas of San Pablo and Alaminos. The selected area represents the market where most of the relevant competitors of Ovialand are located.

7.1.1 House & Lot Segment

There are 20 residential subdivision developments operating in the trade area. Majority of which are concentrated around San Pablo and Alaminos including the residential projects introduced by major key players such as Ovialand, PHirst Park, Metro Alabang Development Inc., St. Felisse Realty and Vista Land.

The newest developments in the study area are found in the northern portion of San Pablo. These are St. Matthews Subdivisions by Carland Realty, C.G Brion by St. Felisse Realty, and Lynville Residences by Lynville Land. These residential projects were launched in 2021.

Figure 61. Distribution of Subdivisions in Laguna



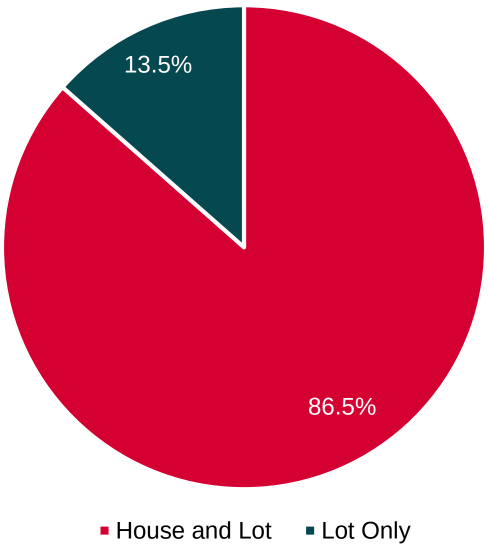
#	Existing Residential Subdivisons in Laguna
1	Savana Phase 1
2	Savana Phase 2
3	Sannera 1
4	Sannera 2
5	Santevi
6	Phirst Park Homes San Pablo (Phase 1)
7	Phirst Park Homes San Pablo (Phase 2)
8	Phirst Park Homes San Pablo (Phase 3)
9	Southwynd Residences San Pablo
10	Lynville San Antonio 2
11	Lynville San Rafael
12	Lynville Residences San Marcos
13	C.G. Brion Subdivision
14	Camella San Pablo
15	Lessandra San Pablo
16	Lumina Calauan (Phase 2)
17	Amaia Scapes San Pablo
18	Bria Homes San Pablo
19	NextAsia San Pablo Phase 1
20	NextAsia San Pablo Phase 2
21	Riverina Subdivision Phase 2C
22	St. Mathews Subdivision
23	Sentrina Alaminos Phase 1
24	Parco Royale Subdivision

Source: Santos Knight Frank, Inc.

On the southern portion of the study area, Ovialand established Sannera, which was their first project in the study area, and was launched in May 2017. This was followed by Savana which was launched in 2019. In the same year, the second phase of Sannera was also introduced in the market. This second phase of Sannera sold out during the early part 0f 2023. A more recent project launch from Ovialand was Santevi which was launched in the last quarter of 2022 with 707 housing units.

Overall, it is estimated that there are 8,438 units currently marketing in the trade area. Of which, 11,563 (86.5%) units are offered as House and Lots while the remaining 1,804 (13.5%) are offered as Lots Only. House and Lot projects outnumber Lots Only projects as developers get better returns coming from the construction of the housing units. Developers that focus on offering Lot Only units typically have had their property in their inventory for quite some time and most likely have already gained from the increase in property values over time.

Figure 62. Supply Share of Subdivisions Per Classification in Laguna

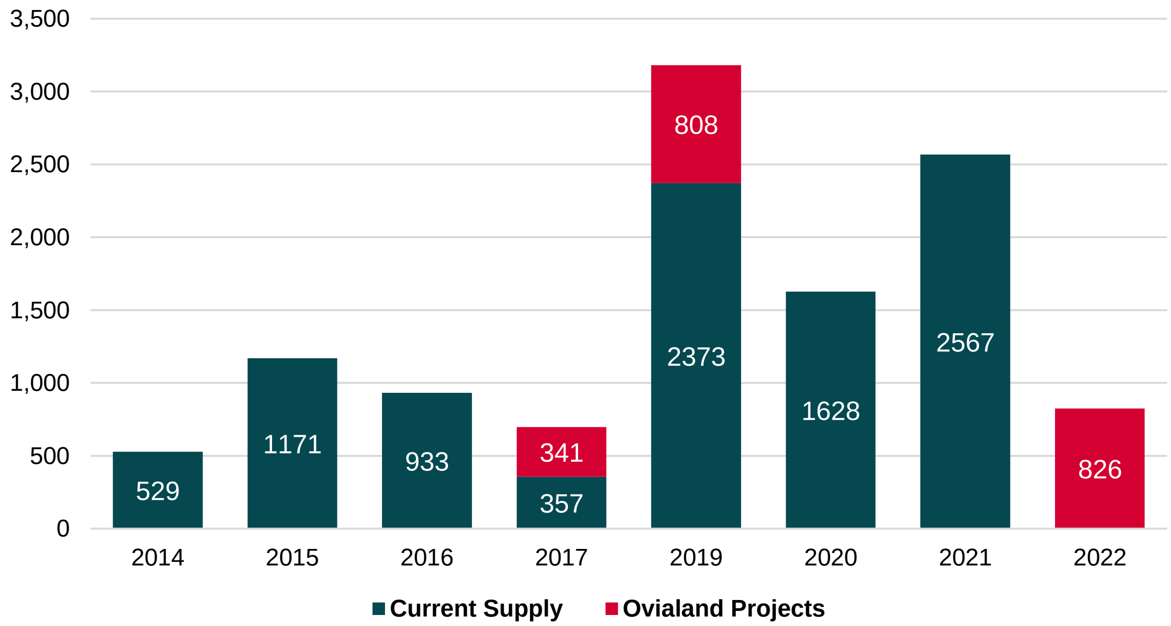


Source: Santos Knight Frank, Inc.

Supply

The growth in the new supply of House and Lot projects in the study area has not shown any discernable pattern. It was in 2019 that the new supply recorded 3,181 units, which was the biggest turnout within the study area. This next highest turnout came in 2021 with 2,567 units. In 2020 the new supply was at 1,628 units while in 2022 it was at 826 units within the study area with Ovialand accounting for all new units in 2022.

Figure 63. Historical Supply Share of House and Lots in Laguna

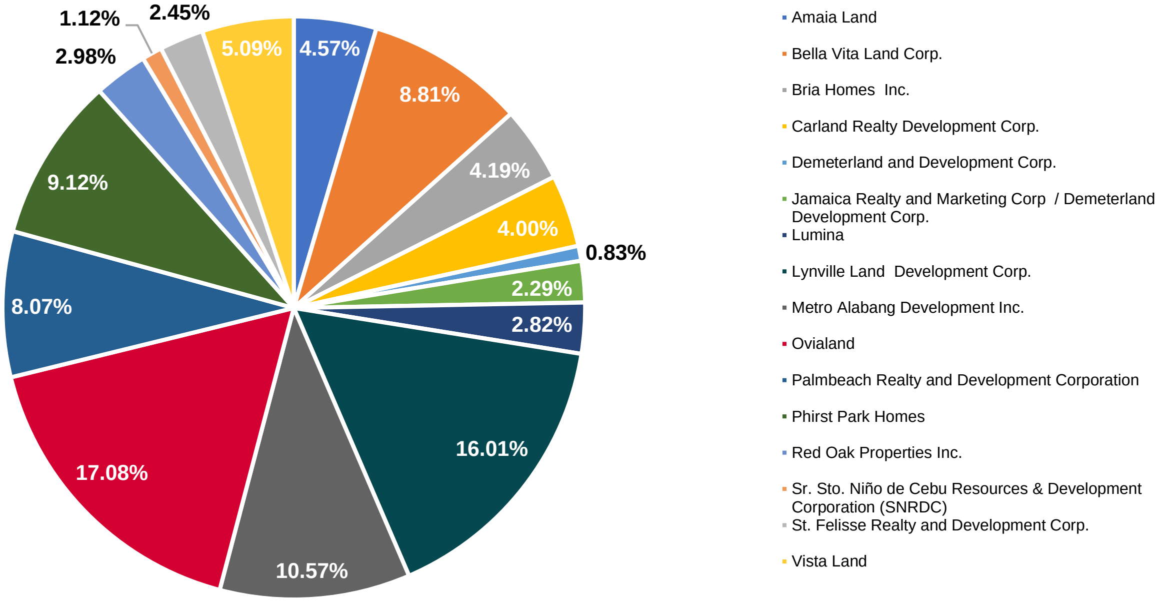


Source: Santos Knight Frank, Inc.

Consecutive lockdowns and quarantine protocols due to the COVID-19 Pandemic has definitely changed the dynamics of various markets and how consumers think. A preference to reside in residential subdivisions, even if it meant relocating to the suburbs or provinces near Metro Manila, emerged because of the COVID-19 Pandemic. The need for a less congested environment and more open spaces became a new pre-requisite in acquiring a home.

There were 16 developers identified within the study area with a total of 11,563 house and lot units available for sale divided among them. Ovialand had the highest supply share among the developers in the study area with 1,975 units. Lynville Land came in next with 1,851 units. This was followed by Metro Alabang Development Inc. and PHirst Park Homes with 1,222 and 1,055 units respectively.

Figure 64. Supply Share of House and Lots Per Developer in Laguna



Source: Santos Knight Frank, Inc.

Table 22. Supply of House and Lot Developments in Laguna

Developer	Number of Units
Amaia Land	529
Bella Vita Land Corp.	1,019
Bria Homes Inc.	484
Carland Realty Development Corp.	463
Demeterland and Development Corp.	96
Jamaica Realty and Marketing Corp / Demeterland Development Corp.	265
Lumina	326
Lynville Land Development Corp.	1,851
Metro Alabang Development Inc.	1,222
Ovialand	**1,975**
Palmbeach Realty and Development Corporation	933
Phirst Park Homes	1,055

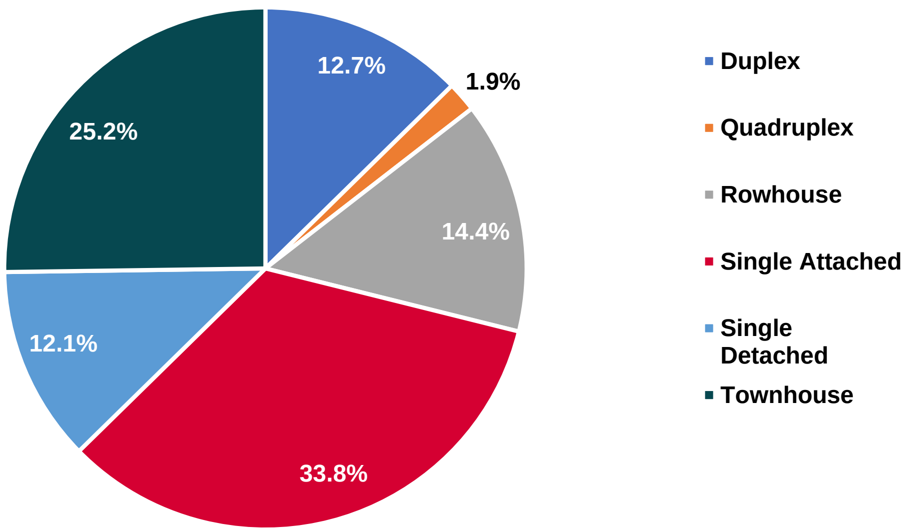
Red Oak Properties Inc.	344
Sr. Sto. Niño de Cebu Resources & Development Corporation (SNRDC)	130
St. Felisse Realty and Development Corp.	283
Vista Land	588

Source: Santos Knight Frank, Inc.

Unit Offerings

According to housing type, there six (6) applicable in the market – Single Detached, Single Attached, Townhouse, Duplex, Quadruplex and Rowhouse units being offered in the study area. The most prominent among the housing types in the study area are Single Attached units with 33.8% supply share. This was followed by Townhouse and Rowhouse units with 25.2% and 14.4% supply share, respectively. Meanwhile, Quadruplex units recorded the lowest supply share with 1.9% being offered in the trade area.

Figure 65. Supply Share Per Housing Type in Laguna



Source: Santos Knight Frank, Inc.

Features & Amenities

Amenities of developments vary based on their respective market segmentation. The most common, however, include a Clubhouse, Swimming Pool, and Basketball Court.

Table 23. Amenities of House and Lot Developments in Laguna

Project Name	Swimming Pool	Basketball Court	Clubhouse	Multipurpose Hall	Parks and Playground	Jogging Path	Others
Sannera / Savanna	✓		✓		✓		Chapel, Garden, Open space , Entrance Gate
PHirst Park Homes	✓	✓	✓		✓	✓	Outdoor Gym, Biking Path, foot Reflexology, Bark Park, Play Pen, Outdoor Cinema
NextAsia San Pablo Phase 2		✓		✓	✓	✓	Zen Garden
C.G. Brion Village		✓	✓		✓		Entrance Gate, Sunken Garden,

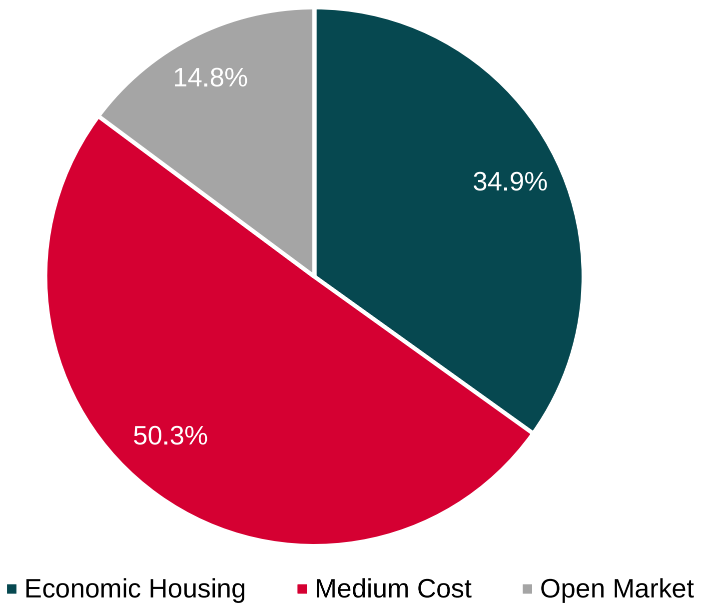
							Location for commercial Area
Lynville Residences San Marcos			✓		✓		Entrance Gate
Lessandra San Pablo	✓	✓	✓		✓		Entrance Gate
Camella San Pablo	✓	✓	✓		✓		Entrance Gate
Lumina Calauan - Phase 2		✓			✓		Guarded gate entrance, Shuttle Service, Gazebo
Riverina Subdivision Phase 2C	✓		✓		✓		Entrance Gate
St. Mathews Subdivision		✓			✓		Guarded gate entrance, paved side walks and street, concrete curbs and gutters
Sentrina Alaminos Phase 1	✓	✓	✓		✓		
Bella Vita Alaminos		✓	✓		✓		Guarded entrance gate,Common parking, elevated water tank, Future community retail,
Parco Royale Subdivision	✓		✓		✓		Entrance gate, Tennis Court, underground drainage System
Acropolis South Subdivision	✓	✓	✓				Chapel

Source: Santos Knight Frank, Inc.

Selling Prices

The house and lot market may also be classified according to their respective price range – Socialized Housing, Economic Housing, Medium Cost, and Open Market. The trade area is comprised mainly of Medium Cost Housing which captures 50.3% of the total supply share with 5,813 units floated for sale. These types of units, on the other hand, are valued in between PhP2,000,000 to PhP4,000,000. This was followed by Economic Housing with 34.9% of the total supply corresponding to 4,035 units being offered for sale in the study area. These are priced between PhP450,000 to PhP1,999,999. Open Market has the lowest share with 14.8% amounting to 1,715 units being offered. These types of units are priced above PhP4,000,000. Meanwhile, there are no actively marketing socialized housing in the trade area.

Figure 66. Supply Share Per Housing Price Classification in Laguna



Source: Santos Knight Frank, Inc.

Demand

This study measures the demand through the Absorption Rate and Take-Up Rate. The Absorption Rate computes the number of sold house and lot units per number of units floated in the market. Overall, the House and Lot market is already 71.8% absorbed with around 8,294 units being already sold, out of around 11,563 units floated. The Take-Up Rate, on the other hand, estimates the monthly sales rate through its total sales relative to its launch date. The average Take-Up Rate of the housing market is estimated at 5 units per month, thus, showing a slow demand in the trade area.

Table 24. Demand Profile of Housing Developments in Laguna

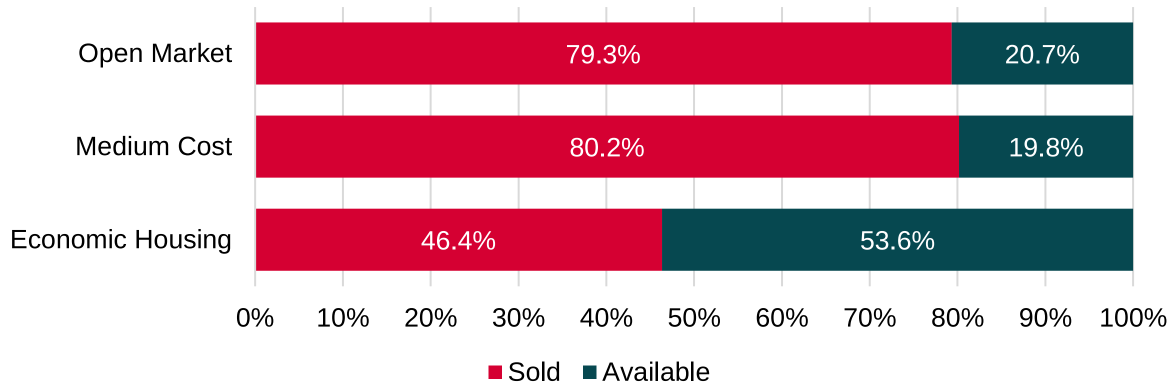
House and Lot Projects	Absorption Rate	Take-Up Rate (units sold/month)
Amaia Scapes San Pablo	90.24%	0.37
Bria Homes San Pablo	68.40%	0.98
C.G. Brion Subdivision	58.73%	1.54
Camella San Pablo	60.02%	1.67
Coco Villa Subdivision	99.06%	1.70
Lessandra San Pablo	44.51%	0.52
Lumina Calauan (Phase 2)	84.44%	0.73
Metropolis South	77.15%	2.99
Montelago Nature Estate	90.35%	2.77
NextAsia San Pablo Phase 1	70.18%	2.26
NextAsia San Pablo Phase 2	73.77%	4.01
Parco Royale Subdivision	84.53%	7.00
Phirst Park Homes San Pablo (Phase 1)	98.16%	4.63
Phirst Park Homes San Pablo (Phase 2)	88.24%	11.91
Phirst Park Homes San Pablo (Phase 3)	98.16%	4.63
Riverina Subdivision Phase 2C	13.54%	0.28
Santevi	74.69%	45.17

Savanna Phase 1	97.07%	4.33
Savanna Phase 2	17.38%	2.67
Sentrina Alaminos Phase 1	70.06%	7.09
Southwynd Residences San Pablo	87.66%	2.31
St. Mathews Subdivision	33.48%	6.46

Source: Santos Knight Frank, Inc.

Among the actively selling projects Medium Cost Housing had the highest absorption in the study area at 80.2%, notwithstanding that it has the highest number of units within the study area at 3,968. The Open Market units registered near similar absorption rate at 79.3%. Economic Housing units had the lowest absorption rate at 46.4%.

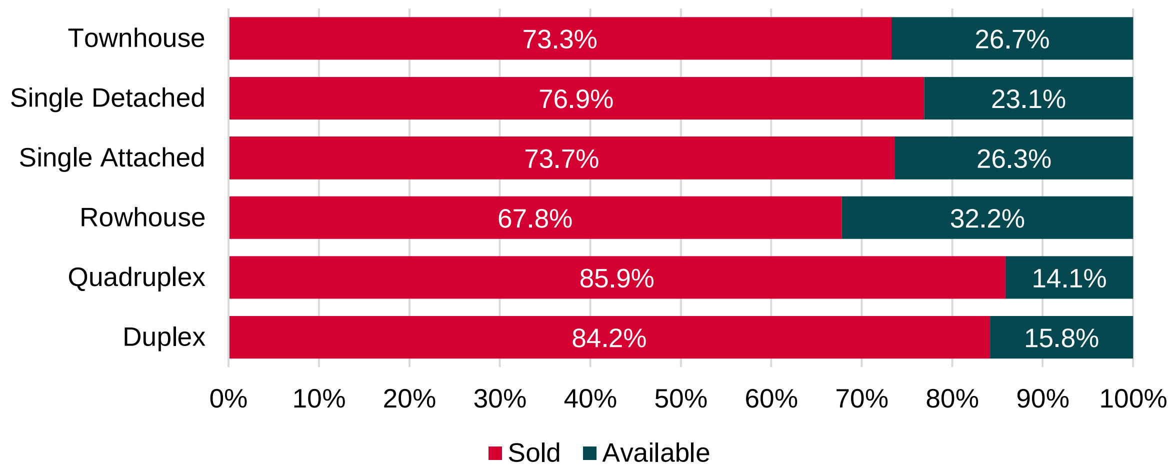
Figure 67. Absorption Rate Per Housing Price Classification in Laguna



Source: Santos Knight Frank, Inc.

Though Duplex and Quadruplex units have the highest absorption in the study area, the number of units they have are the lowest at 766 and 78 respectively. Townhouse units number the most in the study area at 2,453 units followed by Rowhouses at 1,657. By proportion, single detached housing has been the best selling unit option within the study area in 2022 with 73% of its 1,259 units of stock sold.

Figure 68. Absorption Rate Per Housing Type in Laguna



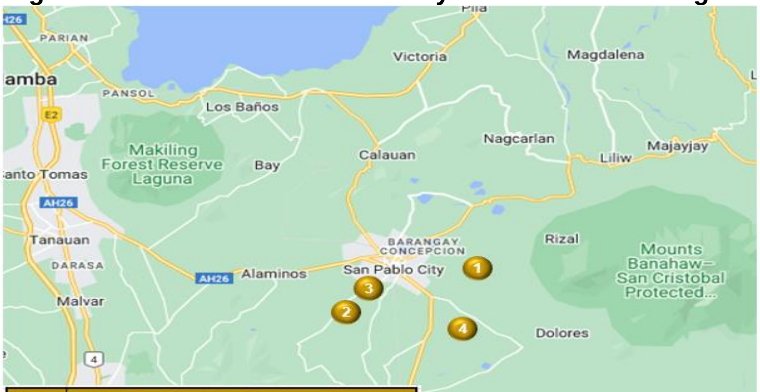
Source: Santos Knight Frank, Inc.

7.1.2 Lots Only Segment

Supply

House and Lot developments outnumber Lots Only developments as shown earlier. Currently, there are only 4 developments in the study area which are just selling residential lots and these are located in the eastern and western portion of San Pablo. These projects have a total of 1,804 lots being offered in the study area.

Figure 69. Distribution of Lots Only Subdivisions in Laguna

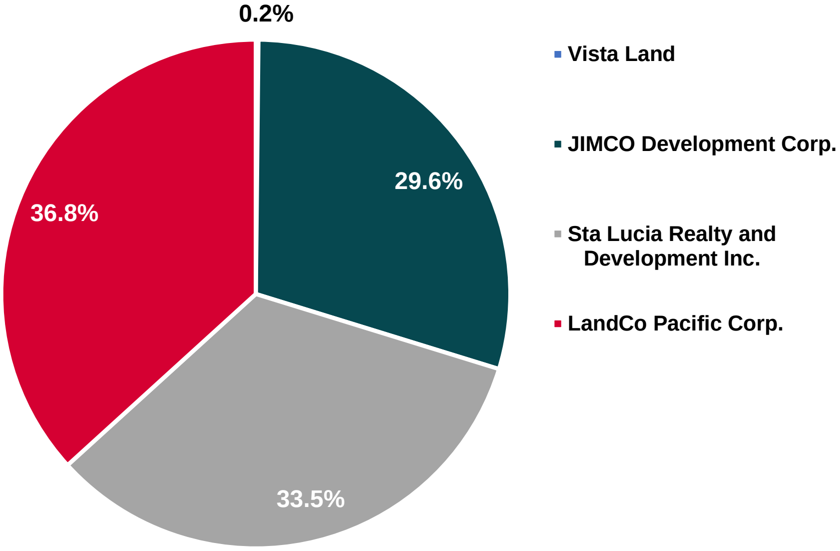


#	Lots Only
1	Camella San Pablo
2	Coco Villa Subdivision
3	Metropolis South
4	Montelago Nature Estate

Source: Santos Knight Frank, Inc.

Montelago Nature Estate by LandCo Pacific, an established developer in the study area, recorded the highest supply share with 33.5%, corresponding to the 663 units it floated. This was followed by Metropolis South by Sta. Lucia with 33.5% supply share, translating to 604 units floated. Coco Villa Subdivision by JIMCO has 534 lot units for sale equivalent to 29.6% of the supply in the study area. Vista Land's Camella San Pablo, has 3 remaining lot units for sale which accounts for 0.2% of the supply in the study area.

Figure 70. Supply Share of Lots Only Per Developer in Laguna



Source: Santos Knight Frank, Inc.

Selling Prices

On average, the lot prices range from PhP7,000 to PhP25,000 per square meter. These vary based on different factors such as location, target market, amenities, etc. Total lot prices would also vary on the size of units. For example, Metropolis South offers around 150 to 200 square meter lot cuts on average. Hence, their contract price runs around PhP1.6 million.

In comparison, Camella San Pablo offers much higher with an average price of PhP25,000 per square meter. This project has an average lot size of around 120 to 180 square meters, their total contact price ranges from PhP3.1 million to PhP5.2 million. Moreover, this project also offers both house and lot and lot only package depending on buyer's preference.

Table 25. Average Price Per Sqm of Lots Only in Laguna

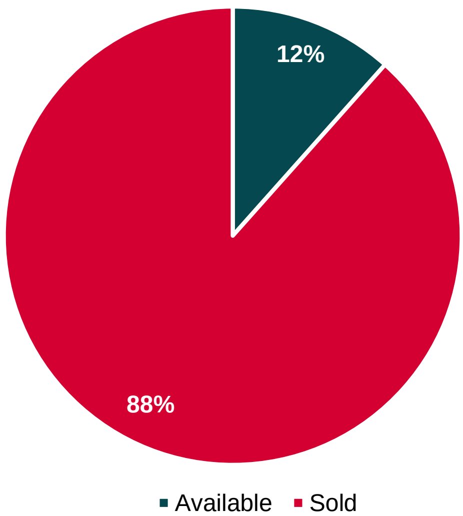
Lot Only Projects	Avg. Price Per Sqm.
Camella San Pablo	PhP25,468.75
Coco Villa Subdivision	PhP7,200.00
Metropolis South	PhP10,700.00
Montelago Nature Estate	PhP9,103.79

Source: Santos Knight Frank, Inc.

Demand

The absorption rate of Lot Only units development is high due to the relatively lower acquisition cost. Though units normally sell out faster, the construction of houses usually takes some time to happen as lots are bought are for investment purposes or the owners were really not keen on building but would like to have the lot on hand when the time comes. Developers don't necessarily prioritize marketing this segment because they gain less selling Lots Only as compared to House and Lots. Lots Only developments also have a tendency to look like abandoned projects as buyers do not immediately build their houses. Hence, there is only a minimal increase in supply over the past years.

Figure 71. Absorption Rate of Lot Only Developments in Laguna



Source: Santos Knight Frank, Inc.

This segment shows a slow velocity of sales with only an average take-up of 2 units per month. This may be another factor why developers only introduce minimal supply to the market – only around 40 to 100 units per development. Even Montelago, which recorded the highest configuration in terms of its supply profile since it covers around 62% of the market posted a slow average take-up rate of 3 units per month, its 90% absorption rate may take longer than one can imagine.

Table 26. Demand Profile of Lot Only Developments in Laguna

Lot Only Projects	Absorption Rate	Take-Up Rate
Camella San Pablo	33.33%	1
Coco Villa Subdivision	99.06%	2
Metropolis South	77.15%	3
Montelago Nature Estate	90.95%	3

Source: Santos Knight Frank, Inc.

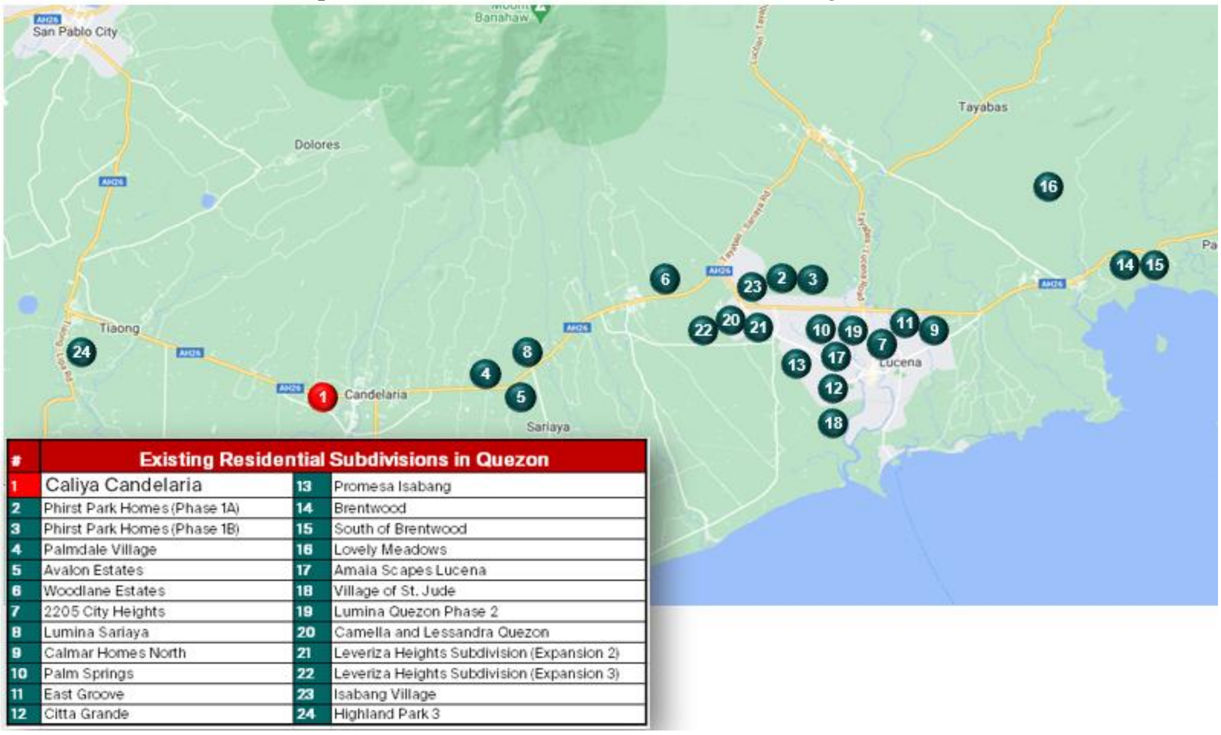
7.2 QUEZON PROVINCE

A similar trade area was selected for the Quezon Province for the purpose of this study. The coverage of the trade area consisted of the Municipalities of Candelaria, Tiaong and Sariaya as well as the Cities of Lucena and Tayabas,.

7.2.1 House & Lot Segment

At present, there are a total of 24 currently marketing residential projects within the trade area introduced by major developers such as Ovialand, PHirst Park, Calmar Land, East Property Holdings and New APEC Homes.

Figure 72. Distribution of Subdivisions in Quezon

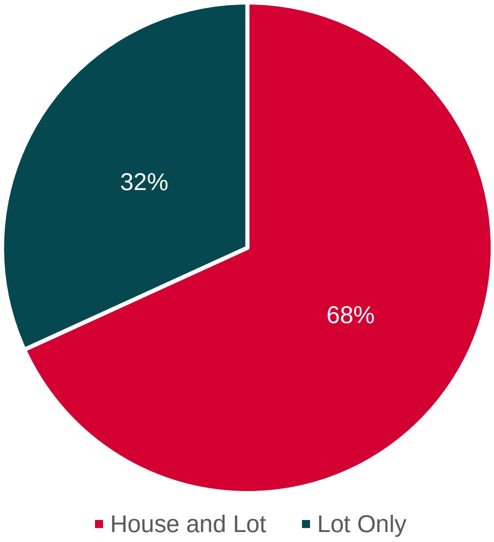


#	Existing Residential Subdivisions in Quezon		
1	Caliya Candelaria	13	Promesa Isabang
2	Phirst Park Homes (Phase 1A)	14	Brentwood
3	Phirst Park Homes (Phase 1B)	15	South of Brentwood
4	Palmdale Village	16	Lovely Meadows
5	Avalon Estates	17	Amaia Scapes Lucena
6	Woodlane Estates	18	Village of St. Jude
7	2205 City Heights	19	Lumina Quezon Phase 2
8	Lumina Sariaya	20	Camella and Lessandra Quezon
9	Calmar Homes North	21	Leveriza Heights Subdivision (Expansion 2)
10	Palm Springs	22	Leveriza Heights Subdivision (Expansion 3)
11	East Groove	23	Isabang Village
12	Citta Grande	24	Highland Park 3

Source: Santos Knight Frank, Inc.

Overall, there are 26,553 units currently marketing in the study area. Of which 18,104 (62%) units are offered as House and Lots while the remaining 8,449 (32%) units are offered as Lots Only. Similar to the situation in Laguna, House and Lot developments outnumber Lots Only developments and for the same reasons. Developers allow potential buyers to choose between buying a house with the lot (via selection of model houses) or just the lot. It should be noted that most of the subdivision developments are located along the Old Manila Road near the National Road and Diversion Road.

Figure 73. Supply Share of Subdivisions Per Classification in Quezon

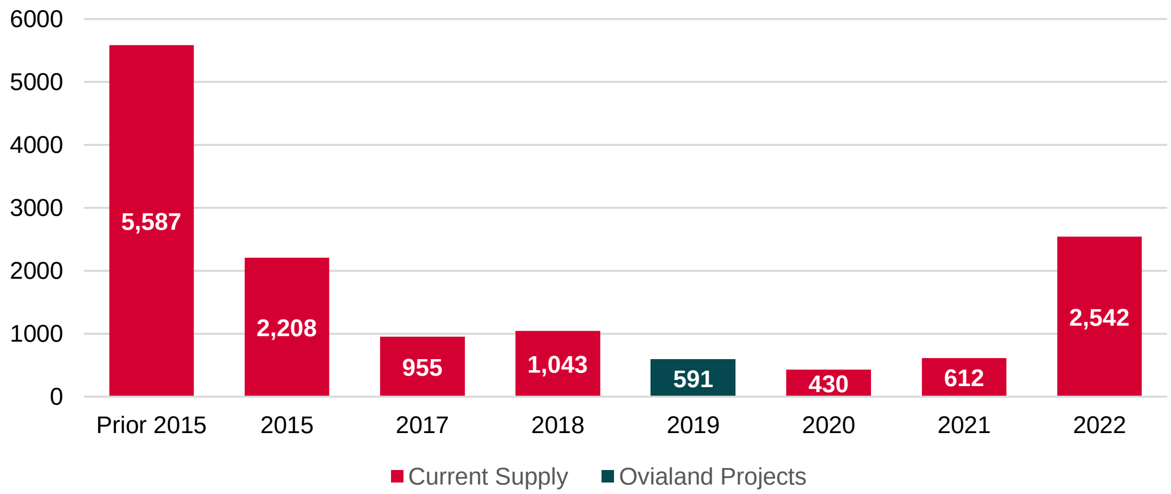


Source: Santos Knight Frank, Inc.

Supply

The significant increase of supply in the trade area came prior 2015. These residential projects were developed by Calmar Land, East Orient, Welmanville and Vista Land. The pandemic had affected the residential market in the trade area with a reduction of new launches from 591 units in 2019, coming from Ovialand, to 430 units marketing in 2020. The downturn was short lived as the market supply increased by around 42% by the end of 2021 to 612 units. Recovery pushed on in 2022 with the launching of 2,542 units within the study area. The pandemic most likely triggered the sudden growth with an increase in the preference of buyers to acquire their new homes in less congested areas within the study area.

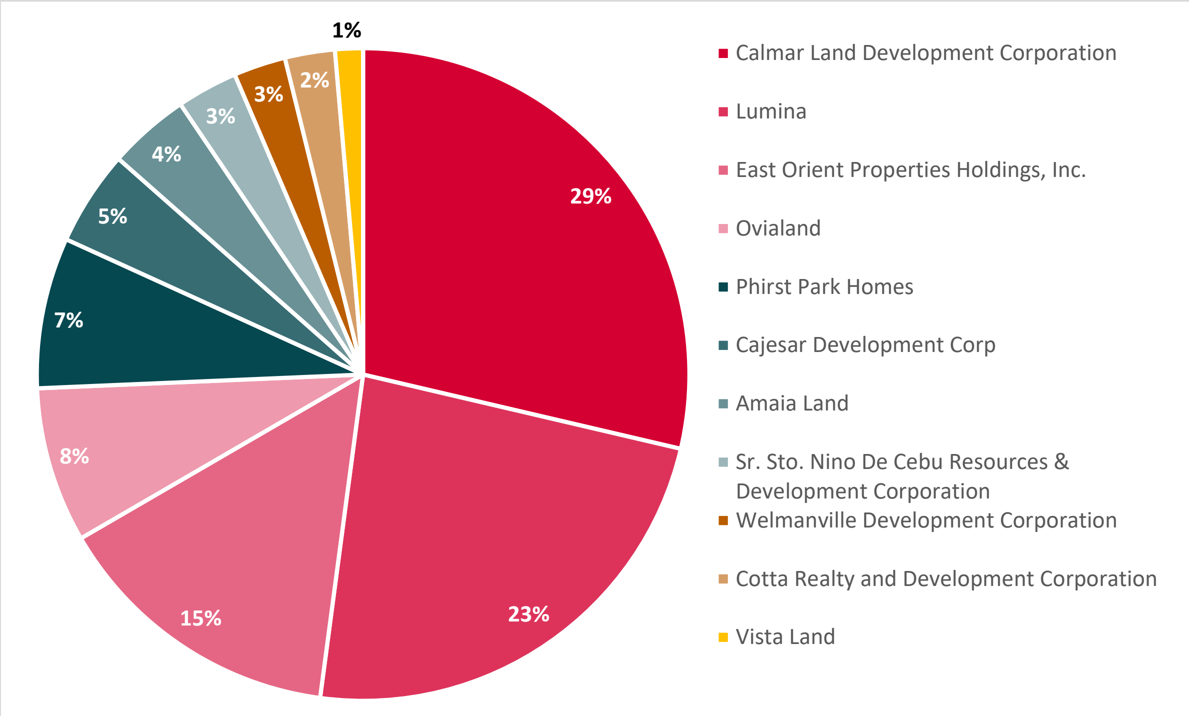
Figure 74. Historical Supply Share of House and Lots in Quezon



Source: Santos Knight Frank, Inc.

In terms of supply share per developer, Calmar Land posted the highest supply with 29% corresponding to 2,200 units floated mostly concentrated in Lucena City. This was followed by Lumina Homes and East Orient with 17% and 16% supply share translating to 1,800 units and 1,115 units floated respectively. Majority of units offered in these projects are classified under economic housing which entails affordable but smaller units.

Figure 75. Supply Share of House and Lots Per Developer in Quezon



Source: Santos Knight Frank, Inc.

In terms of House and Lots offered, Ovialand has only floated 591 units in the trade area. This mainly came from their only existing House and Lot project – Caliya which was introduced in the market in 2019, offering Townhouse and Duplex units in the trade area.

Table 27. Supply of House and Lot Developments in Quezon

Project Name	Developer	Number of Units
Caliya Candelaria	Ovialand	591
PHirst Park Homes (Phase 1B)	PHirst Park Homes Incorporated	220
Palmdale Village	The New APEC Homes	1588
Avalon Estates	East Orient Properties Holdings, Inc.	765
Woodlane Estates	East Orient Properties Holdings, Inc.	350
2205 City Heights	East Orient Properties Holdings, Inc.	733
Lumina Sariaya	Lumina Homes	836
Calmar Homes North	Calmar Land Development Corporation	345
Palm Springs	Calmar Land Development Corporation	450
East Groove	Calmar Land Development Corporation	345
Cosmopolitan Homes	Calmar Land Development Corporation	233
Citta Grande	Calmar Land Development Corporation	368
Promesa Isabang	Calmar Land Development Corporation	475
Brentwood	Calmar Land Development Corporation	250
South of Brentwood	Calmar Land Development Corporation	68
Lovely Meadows	Calmar Land Development Corporation	91
Amaia Scapes Lucena	Amaia Land	573
Village of St. Jude	Cotta Realty and Development Corporation	350
Lumina Quezon Ph 2	Lumina Homes	1040
Camella and Lessandra Quezon	Vista Land	764

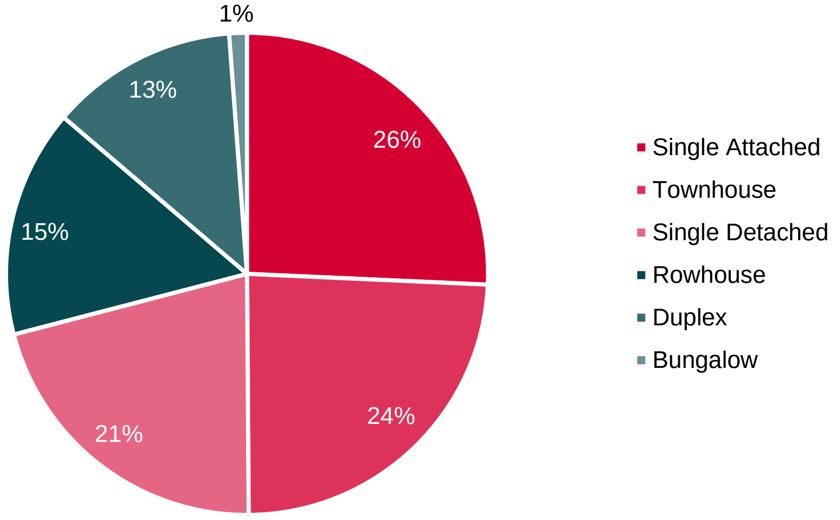
Leveriza Heights (Expansion 2)	Welmanville Development Corporation	367
Leveriza Heights (Expansion 3)	Welmanville Development Corporation	198
Sunrise Vilage	Welmanville Development Corporation	206
Isabang Village	Welmanville Development Corporation	765
Highland Park 3	Sr. Sto. Nino De Cebu Resources & Development Corporation	209

Source: Santos Knight Frank, Inc.

Unit Offerings

The most prominent housing types in the trade area are Townhouse and Single Attached units with 26% and 24% supply share, respectively. This was followed by Single Detached with 21% supply share. Bungalow units posted the lowest supply share with 1% being offered in the study area.

Figure 76. Supply Share Per Housing Type in Quezon



Source: Santos Knight Frank, Inc.

Features & Amenities

Amenities of developments vary based on their respective market segmentation. The most common, however, include a Clubhouse, Swimming Pool, and Basketball Court. There are some developments that introduce contemporary amenities to support the livelihood within its community.

Table 28. Amenities of House and Lot Developments in Quezon

Project Name	Swimming Pool	Basketball Court	Clubhouse	Multipurpose Hall	Parks and Playground	Jogging Path	Others
Caliya Candelaria	✓		✓		✓		Chapel. Garden
PHirst Park Homes Phase 1A	✓	✓	✓		✓		Cycle station, jungle station, Outdoor Cinema, Panaroma Patch, Water play Area
PHirst Park Homes Phase 1B	✓	✓	✓		✓		Cycle station, jungle station, Outdoor Cinema, Panaroma Patch, Water play Area
Palmdale Village		✓		✓	✓		Entrance Gate with guardhouse, concrete roads, curbs and gutters, underground Drainage System, centralized water supply,
Avalon Estates		✓	✓				Open space

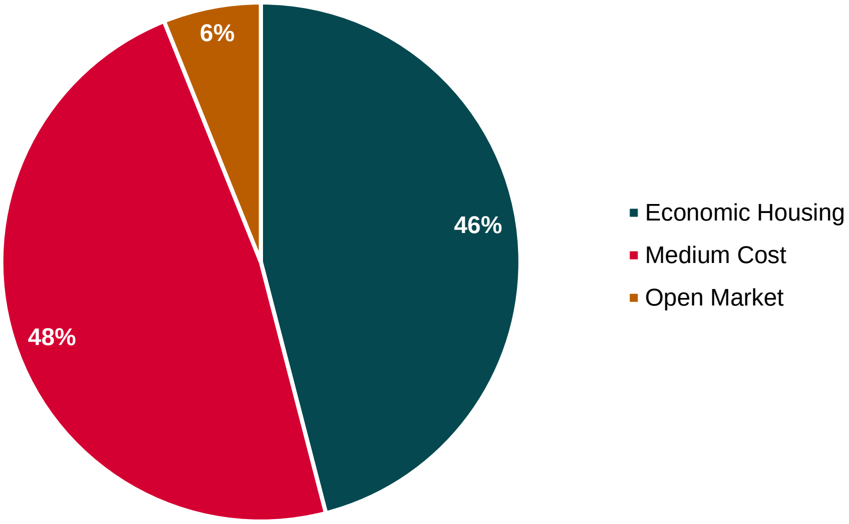
Woodlane Estates	✓	✓	✓		✓	✓	Entrance gate, underground drainage system, centralized water distribution, perimeter fence, concrete road with curbs and gutters, with Meralco, cable and telephone access
2205 City Heights		✓	✓				Open space
Lumina Sariaya		✓				✓	Guarded Entrance gate, Shuttle service, Gazebo
Palm Springs		✓			✓	✓	Main Entrance and guard house, Pavilion, wide concrete roads, curbs and gutters, open space, perimeter fence, over-head power distribution lines, underground drainage system
East Groove	✓	✓	✓		✓	✓	Main Entrance and guard house, Pavilion, wide concrete roads, curbs and gutters, open space, perimeter fence, over-head power distribution lines, underground drainage system
Citta Grande	✓	✓	✓		✓	✓	Main Entrance and guard house, Tennis court, , wide concrete roads, curbs and gutters, , perimeter fence , overhead power distribution lines, underground drainage system
Promesa Isabang		✓		✓	✓	✓	Pavilion Gazebos, 24/7 security
Brentwood / South of Brentwood	✓	✓	✓				Pavilion, main entrance and guardhouse, wide concrete roads, concrete sidewalk, curbs and gutters, perimeter fence, Interconnected water distribution system, underground drainage system
Lovely Meadows		✓					Main entrance and guard house, Pavilion, wide concrete roads, perimeter fence, Interconnected water distribution system, underground drainage system
Amaia Scapes Lucena	✓	✓			✓		Guarded Entrance/exit,perimeter fence, patio greens, creek side promenade , tree lined spined road,complete electrical and drainage /sewage facilities, flood free community
Village of St. Jude	✓	✓	✓		✓		Guarded Entrance/exit,perimeter
Camella and Lessandra Quezon	✓	✓	✓		✓	✓	Pavilion
Lumina Quezon Phase 2				✓	✓		Guarded Entrance
Leveriza Heights Subdivision - Expansion 2		✓			✓		Entrance Gate, Chapel
Isabang Village		✓			✓		Entrance Gate, Chapel
Highland Park 3		✓					

Source: Santos Knight Frank, Inc.

Selling Prices

Residential subdivision prices in Quezon vary from the size and unit type, as well as the location the subdivision is on. Medium Cost Housing had the highest share in the study area 48% of the total supply share at 3,681 units floated. These types of units, on the other hand, are valued in between PhP2,000,000 to PhP4,000,000. This was followed by Economic Housing with 46% supply share, translating to 3,529 units floated. These are priced between PhP450,000 to PhP1,999,999. Open Market had the lowest in the trade area with 6% of the supply share at 467 units. These are selling at above PhP4,000,000. There were no actively selling Socialized Housing projects in the study area at this time.

Figure 77. Supply Share Per Housing Price Classification in Quezon



Source: Santos Knight Frank, Inc.

Demand

This study measures the demand through the Absorption Rate and Take-Up Rate. The Absorption Rate computes the number of sold house and lot units per number of units floated in the market. Overall, the House and Lot market is already 69% absorbed with around 8,000 units being already sold, out of around 11,000 units floated. The Take-Up Rate, on the other hand, estimates the monthly sales rate through its total sales relative to its launch date. The average Take-Up Rate of the housing market is estimated at 15 units per month, thus, thus, showing a significant demand in this market.

Table 29. Demand Profile of Housing Developments in Quezon

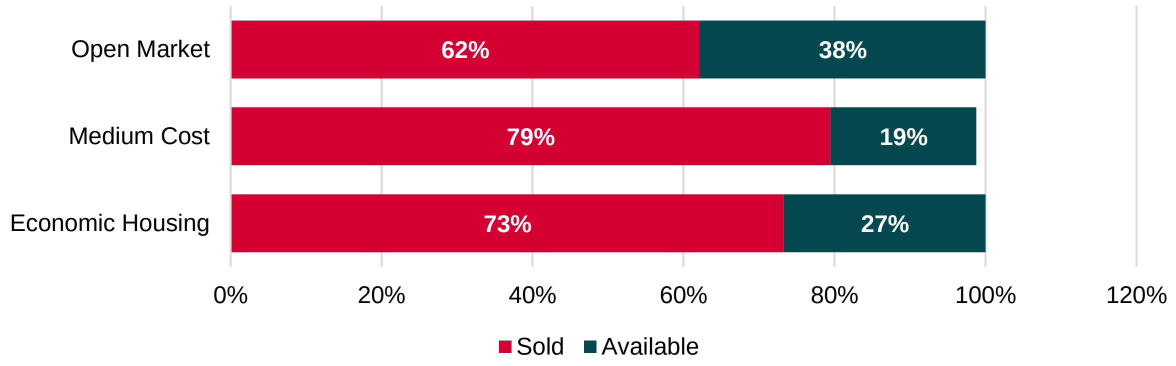
House and Lot Projects	Absorption Rate	Monthly Take-Up Rate
Caliya Candelaria	97%	14.46
PHirst Park Homes (Phase 1B)	36%	3.7
Palmdale Village	75%	594.0
Avalon Estates	33%	1.1
Woodlane Estates	89%	1.3
2205 City Heights	51%	1.6
Lumina Sariaya	63%	2.1
Calmar Homes North	85%	2.8
Palm Springs	51%	2.3
East Groove	26%	0.4
Cosmopolitan Homes	100%	1.4
Citta Grande	61%	1.3
Promesa Isabang	80%	3.8
Brentwood	92%	5.2

South of Brentwood	100%	1.6
Lovely Meadows	15%	0.1
Amaia Scapes Lucena	99%	0.8
Village of St. Jude	65%	0.5
Lumina Quezon Ph 2	95%	6.4
Camella and Lessandra Quezon	85%	19.3
Leveriza Heights Subdivision (Expansion 2 : Rowhouse)	100%	10.9
Leveriza Heights Subdivision (Expansion 3)	99%	6.9
Sunrise Vilage	100%	6.9
Isabang Village	29%	0.3
Highland Park 3	10%	1.3

Source: Santos Knight Frank, Inc.

Medium Cost Housing sold better with an absorption rate of 79% corresponding to 2,924 units compared to the Economic Housing with an absorption rate of 73% equivalent to 2,586 units sold. Open Market Housing had the lowest absorption rate with 57% equivalent to 290 units sold.

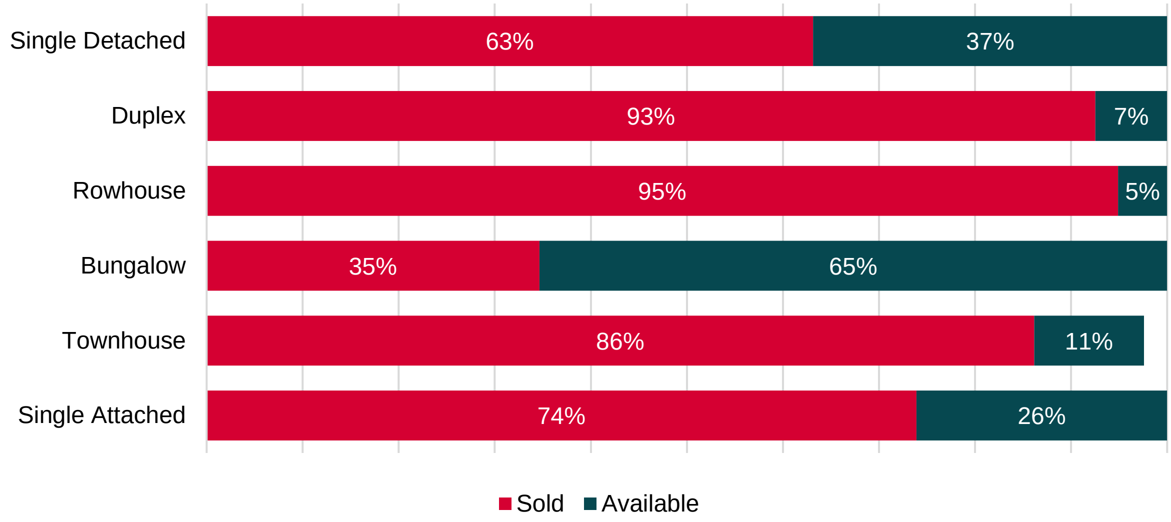
Figure 78. Absorption Rate Per Housing Price Classification in Quezon



Source: Santos Knight Frank, Inc.

In terms of housing type, Rowhouse and Duplex units had the highest absorption at 95% and 93% within the study area. However, in terms of actual number of units sold, Townhouses and Single Attached units were the highest at 1,599 units and 1,459 units respectively.

Figure 79. Absorption Rate Per Housing Type

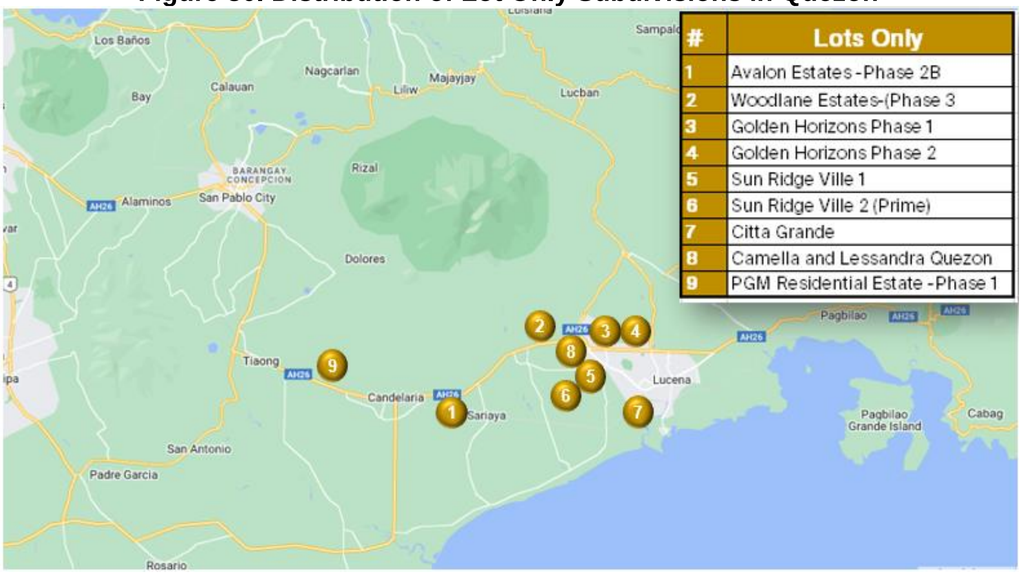


Source: Santos Knight Frank, Inc.

7.2.2 Lots Only Segment

As earlier stated, it is clearly evident that the trade area is dominated by House and Lot development. Currently, there are only 9 Lot Only developments that caters in the trade area. These projects have a total of 8,499 lots being offered in the market.

Figure 80. Distribution of Lot Only Subdivisions in Quezon

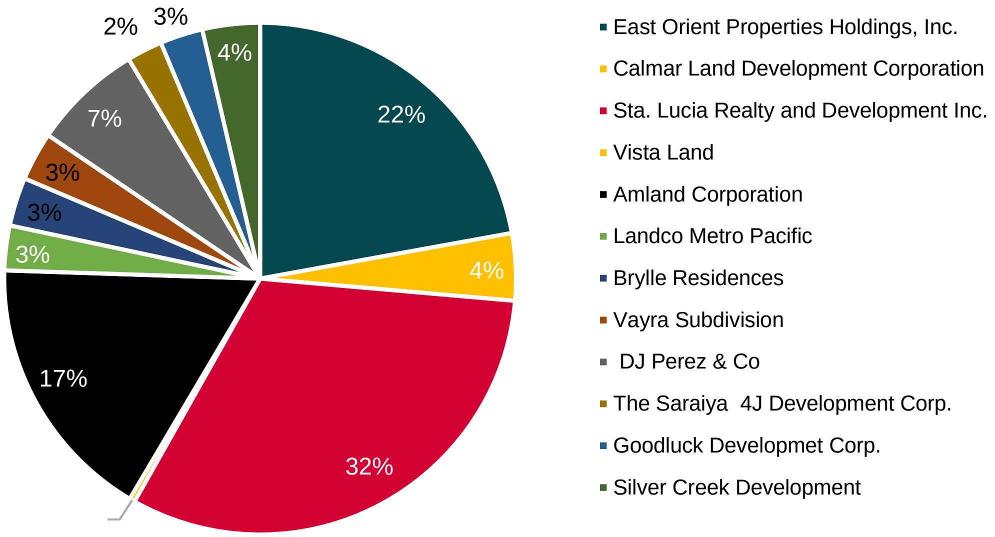


Source: Santos Knight Frank, Inc.

Supply

In comparison, projects from Sta. Lucia dominated the highest supply share in the trade area. The project includes are Cuesta Verde and Vista Verde with 32% supply share corresponding to 1,246 and 1,512 united floated, respectively. This was followed by the projects from East Orient which is an established developer in the trade area with 22% supply share. Most of the project from this developer are the pioneers in the area, which was introduced in the market prior 2008. Meanwhile, the one of the newest projects in the trade area is PGM Residential Estate – developed by Amland has also exhibited a high percentage supply share with about 17%, corresponding to 1,476 units floated.

Figure 81. Supply Share Per Developer in Quezon



Source: Santos Knight Frank, Inc.

Selling Prices

On average, the lot prices range from PhP3,000 to PhP24,000 per square meter. These vary based on different factors such as location, target market, amenities, etc. Total lot prices would also vary on the size of units. Among the Lots Only developments, Camella and Lessandra by Vista Land offers the highest price at PhP24,000 per square meter with 180 to 200 square meters lot cuts. Hence, their contract price runs around PhP4.9 million to PhP5.2 million.

In comparison, PGM Residential Estate Ph 1 by Amland offers the lowest value with an average price of PhP3,000 per square meter. This project has an average lot size of around 40 to 106 square meters, their total contact price ranges from PhP128 thousand to PhP390 thousand. Moreover, just like Camella and Lessandra this project also offers both house and lot and lot only package depending on buyer's preference.

Table 30. Average Price Per Sqm of Lots Only in Quezon

Lot Only Projects	Avg. Price Per Sqm.
Avalon Estates Ph 2	Php4,263
Woodland Estates Ph 3	PhP6,000
Golden Horizon Ph 1	PhP10,000
Golden Horizon Ph 2	PhP9,000
Sun Ridge Ville Ph 1	PhP7,699
Sun Ridge Ville 2 (Prime)	PhP8,700
Citta Grande	PhP11,009
Cuesta Verde Residential Estate	PhP6,083
Vista Verde Residential Estate	PhP9,167
Camella and Lessandra Quezon	PhP24,248
PGM Residential Estate Ph 1	PhP3,700
PGM Residential Estate Ph 2	PhP3,300

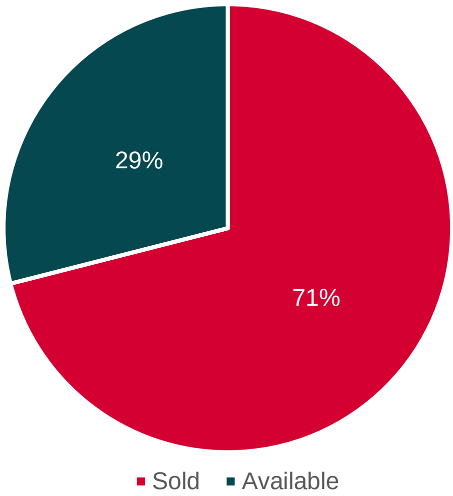
Ridgewood Park Nature Estates	PhP8,000
Brylle Residences	PhP7,000
Vayra Subdivision	PhP7,000
AlvinVille Subdivsion	PhP5,500
Valley Oaks Subdivsion (Isabang)	PhP10,000
Tierra Monde Subdivision	PhP5,500
Goodluck Hills Subdivision	PhP6,000
Silver Creek States Subdivision	PhP4,500

Source: Santos Knight Frank, Inc.

Demand

The Absorption Rate of Lots Only units showed a significant market demand at around 71%. However, developers don't necessarily prioritize marketing this segment because the gains are much less compared to the House and Lot developments.

Figure 82. Absorption Rate of Lot Only Developments in Quezon



Source: Santos Knight Frank, Inc.

The Lots Only market also showed a slow Take-Up Rate with a total of 42 units per month averaging at 3 units per month per development. This may be another factor why developers only introduce a minimal supply to the market. Moreover, the highest is Vista Verde with 9 units per month, while the rest of the Lot Only projects have an average take-up ranging from 1 to 3 units per month.

Table 31. Demand Profile of Lot Only Developments in Quezon

Lots Only Projects	Absorption Rate	Take-Up Rate
Avalon Estates Ph 2	70%	1
Woodland Estates Ph 3	58%	1
Golden Horizon Ph 1	99%	2
Golden Horizon Ph 2	100%	2
Sun Ridge Ville Ph 1	87%	1
Sun Ridge Ville 2 (Prime)	86%	3
Citta Grande	61%	1
Cuesta Verde Residential Estate	100%	5

Vista Verde Residential Estate	100%	9
Camella and Lessandra Quezon	83%	1
PGM Residential Estate Ph 1	33%	1
PGM Residential Estate Ph 2	30%	1
Ridgewood Park Nature Estates	100%	3
Brylle Residences	100%	2
Vayra Subdivision	100%	1
AlvinVille Subdivsion	100%	6
Valley Oaks Subdivsion (Isabang)	100%	2
Tierra Monde Subdivision	100%	2
Goodluck Hills Subdivision	100%	2
Silver Creek States Subdivision	100%	2

Source: Santos Knight Frank, Inc.

7.3 BULACAN PROVINCE

The trade being focused in Bulacan is the Municipality of Baliuag. It is one of the progressive municipalities and a major growth area within the in the province of Bulacan. Progress has eventually reached Baliuag with major commercial developers and retailers setting up their establishments within the Municipality. Improvements in connectivity such as bypass roads have improved the accessibility and cut travel time to the area significantly.

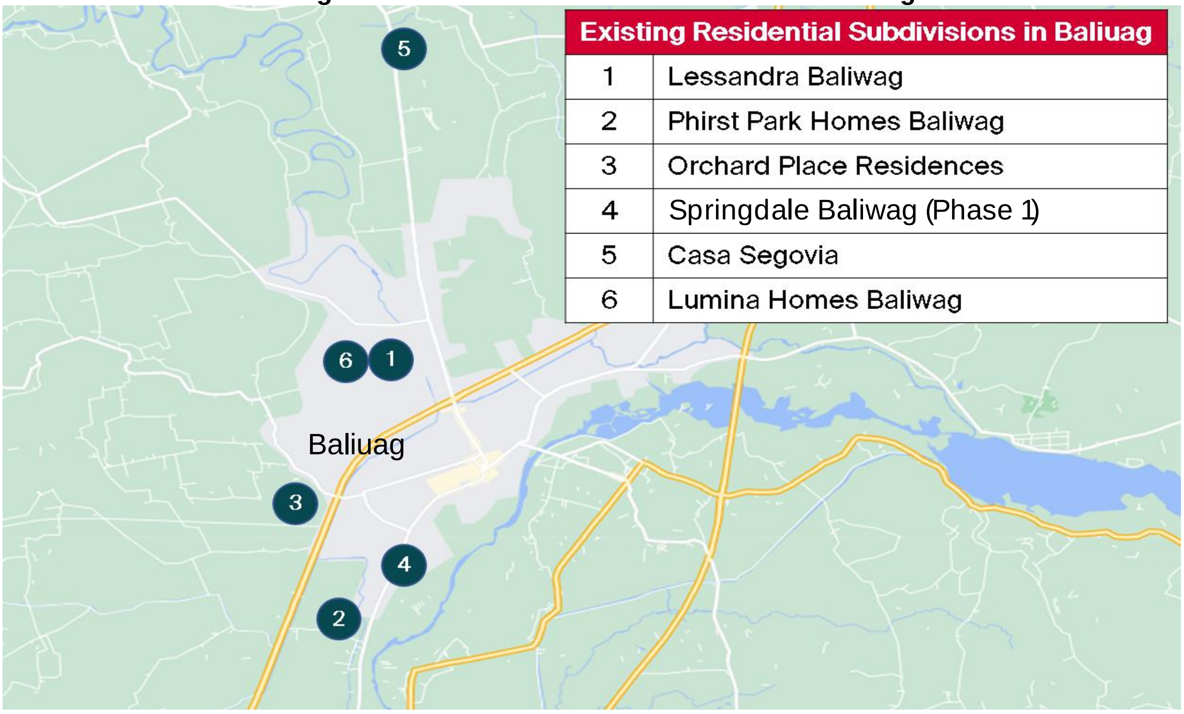
7.3.1 House & Lot Segment

The major developers in the house and lot segment within Baliuag were identified as Vista Land, PHirst Park Homes, Prominence Properties Inc., Robinsons Homes, New APEC Homes and Lumina Homes. Of these six developers only Robinsons Homes and Prominence Properties Inc., were not found among the major developers that were identified in the trade areas of Laguna and Quezon.

The number of developers in Baliuag is relatively small compared to the trade areas of Laguna and Quezon but the population density of Baliuag at 3,700 people per square kilometer is much higher compared to San Pablo at 1,400 people per square kilometer. It can be surmised that Baliuag is a more preferred location to reside in. Hence, the prospects for new developments in the area is promising so long as there would be available land that can be developed.

The expected improvement of commercial development within the trade area is expected to increase the local population. Hence, making a strong case for additional residential developments to be constructed.

Figure 83. Distribution of Subdivisions in Baliuag

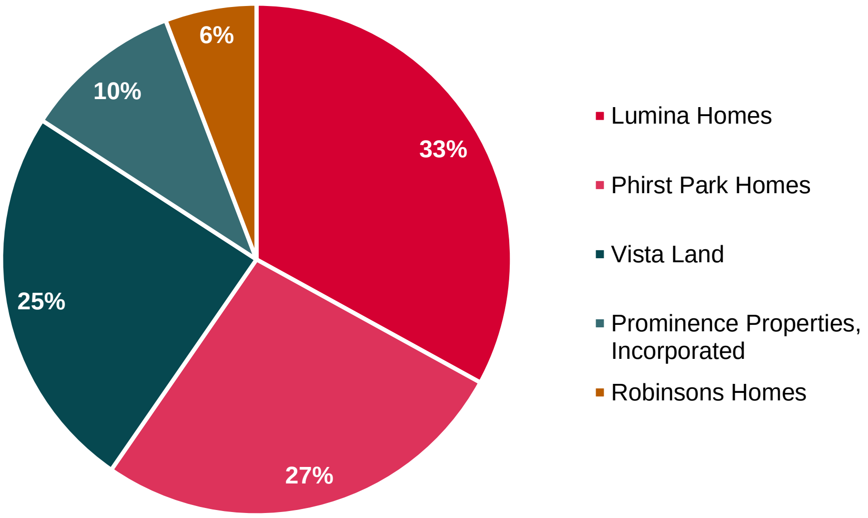


Source: Santos Knight Frank, Inc.

Supply

Overall, there are 2,643 house and lot units floated for sale in the trade area. The existing developments are located close to the Pan-Philippine Highway. Orchard Place Residences is the only development directly accessible through the Pan-Philippine Highway. Casa Segovia, which is located a distance away from the other developments in the study area recently sold out all its units.

Figure 84. Supply Share of House and Lots Per Developer in Baliuag



Source: Santos Knight Frank, Inc.

In terms of supply share per developer, Lumiuna Homes accounted for 33% of the supply with 872 units. PHirst Park Homes and Vista Land accounted for 27% and 25% of the supply respectively. Rounding up the list are Robinsons Homes at 6% and Prominence Properties Inc. at 10%. The detailed breakdown can be seen in the table below.

Table 32. Supply of House and Lot Developments in Baliuag

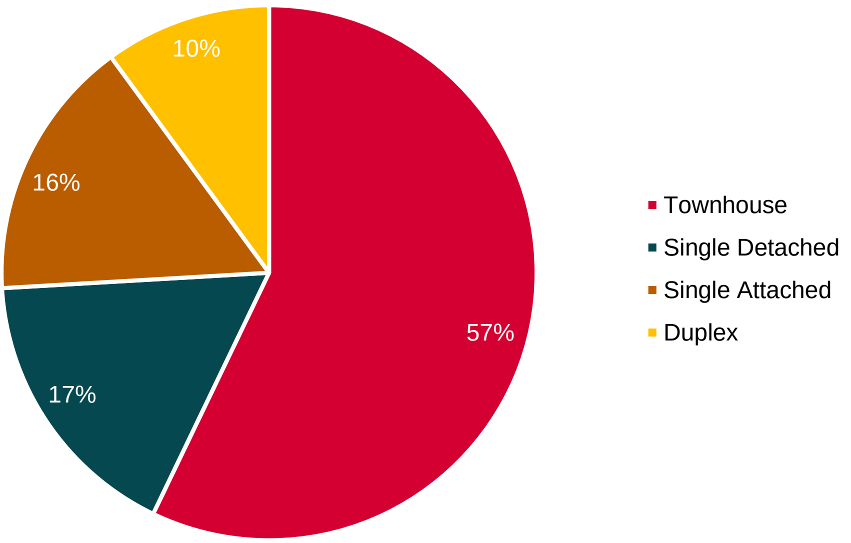
Project Name	Developer	Number of Units
Lessandra Baliuag Phase 6	Vista Land	648
Lumina Baliwag	Lumina	872
Orchard Place Residences	Prominence Properties Inc.	266
PHirst Park Homes Baliwag	PHirstPark Homes	704
Springdale Baliuag (Phase 1)	Robinsons Homes	153

Source: Santos Knight Frank, Inc.

Unit Offerings

Similar housing types (Single Detached, Single Attached, Townhouse, and Duplex) are being offered in the market in Baliuag. The most prevalent housing type in the area are Townhouse units accounting for 57% of the total inventory. The Single Detached and Single Attached units are almost even accounting for 17% and 16% of supply respectively. The Duplex units posted the lowest supply share in the trade area with 10%.

Figure 85. Supply Share Per Housing Type in Baliuag



Source: Santos Knight Frank, Inc.

Features & Amenities

The features and amenities are similar to the developments in the other locations. The Clubhouse, Swimming Pool, Children's Playground and Basketball Court are the standard amenities being offered. Recreation Centers, Function Rooms/Hall and Parks are additional features that can be found in the different developments in the area. This is typical for Medium Cost to Open Market Housing projects. The Economic Housing projects would just normally have a Basketball Court, a simple Playground and a simple Multipurpose Hall.

Table 33. Amenities of House and Lot Developments in Baliuag

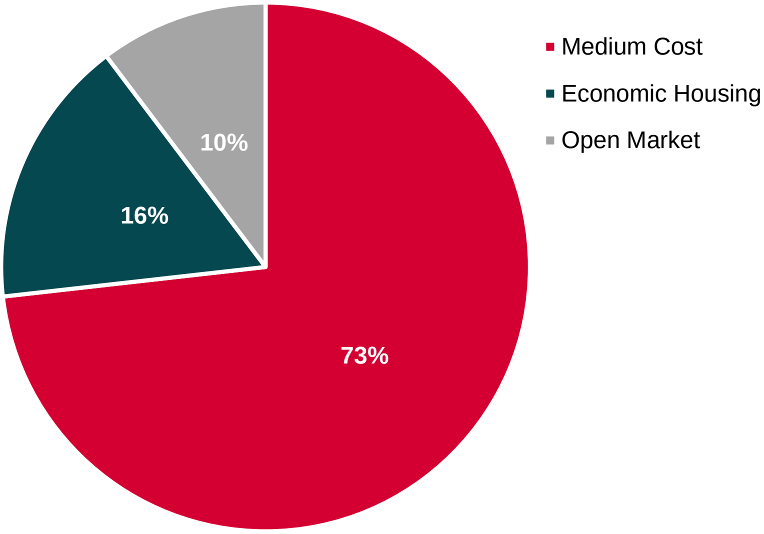
Project Name	Swimming Pool	Basketball Court	Clubhouse	Multipurpose Hall	Parks and Playgroun d	Jogging Path	Others
Lessandra Baliwag	✓	✓	✓	✓	✓		Entrance Gate with guardhouse, concrete roads, curbs and gutters, underground Drainage System, centralized water supply,
PHirst Park Homes Baliwag	✓	✓	✓	✓	✓	✓	Entrance Gate with guardhouse, concrete roads, curbs and gutters, underground Drainage System, centralized water supply,
Orchard Place Residences	✓	✓	✓	✓	✓		Entrance Gate with guardhouse, concrete roads, curbs and gutters, underground Drainage System, centralized water supply,
Brighton Baliwag	✓	✓	✓	✓	✓		Entrance Gate with guardhouse, concrete roads, curbs and gutters, underground Drainage System, centralized water supply,
Casa Segovia		✓		✓	✓		Entrance Gate with guardhouse, concrete roads, curbs and gutters, underground Drainage System, centralized water supply,
Lumina Baliwag		✓		✓	✓		Entrance Gate with guardhouse, concrete roads, curbs and gutters, underground Drainage System, centralized water supply,

Source: Santos Knight Frank, Inc.

Selling Prices

Among the actively selling projects in Baliuag, the Medium Cost Housing projects, selling at PhP2,000,000 to PhP4,000,000, captured 73% of the total supply with 1,953 units floated. This was followed by Economic Housing with 16% supply share, equivalent to 436 units floated. These units are priced between PhP450,000 to PhP1,999,999 per unit. The Open Market had the remaining 10% of the supply share, selling at over PhP4,000,000.00 per unit.

Figure 86. Supply Share Per Housing Price Classification in Baliuag



Source: Santos Knight Frank, Inc.

Demand

This study measures the demand through the Absorption Rate and Take-Up Rate. The Absorption Rate computes the number of sold house and lot units per number of units floated in the market. Overall, the House and Lot market is already 34% absorbed with around 911 units being already sold, out of around 2,600 units floated.

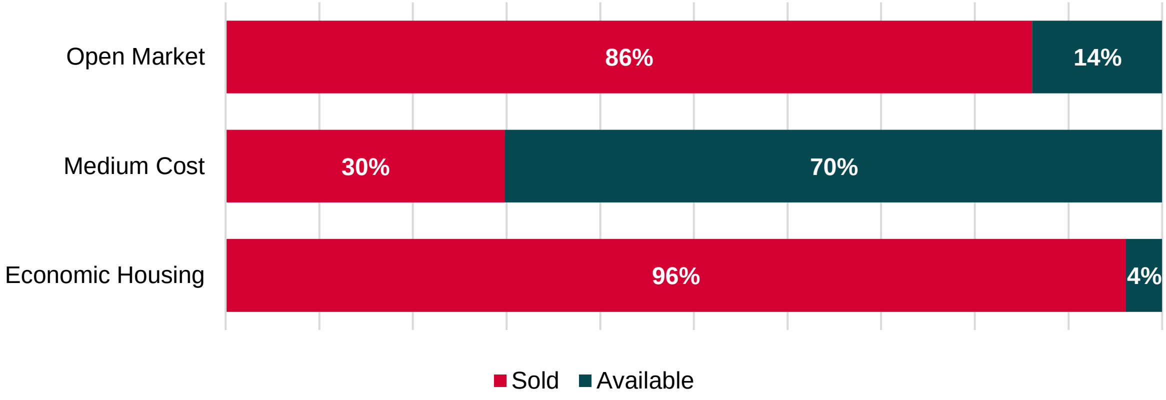
Table 34. Demand Profile of Housing Developments in Baliuag

House and Lot Projects	Absorption Rate	Monthly Take-Up Rate
Lessandra Baliuag Phase 6	86%	13.30
Lumina Baliwag	96%	10.48
Orchard Place Residences	79%	4.14
PHirst Park Homes Baliwag	16%	8.29
Springdale Baliuag (Phase 1)	7%	2.20

Source: Santos Knight Frank, Inc.

Economic Housing registered the highest absorption rate with 96% of its inventory of 872 units sold. In comparison, Open Market had 86% of its 648 units of inventory sold. Medium Cost Housing had the lowest absorption with only 30% of its 1,123 units of inventory sold. However, most of the Medium Cost Housing projects shown here have only been selling for about a year in comparison to the Economic Housing and Open Market projects which have been selling for about 5 years. Given the absorption rate relative to the selling period, Medium Cost Housing projects could be selling at par or even faster than the Economic Housing and Open Market projects.

Figure 87. Absorption Rate Per Housing Price Classification in Baliuag



Source: Santos Knight Frank, Inc.

7.3.2 Lots Only Segment

There were no developers scanned in the area that offers purely Lots Only packages. The developers like PHirst Park Homes and Robinsons Homes, through its Brighton Baliwag project, sell lots. These lots, however, will eventually be built with houses that come from the selection of house models being offered by these developers. Technically, it is still a house and lot offering but the house can be built at a later time after the acquisition of the lot.

8.0 COMPETITIVE LANDSCAPE

This medium cost housing market segment allows for a wide latitude in terms of unit sizes, configuration, features and amenities among the different developments. The selling price range of the housing units in this segment fall between PhP 2,000,000 to PhP 4,000,000.

In the same manner, the wide latitude in this segment may not clearly define the lines of the competitive landscape. Buyers in this segment are more than likely to be cost sensitive as they are expected to be coming from middle income earners. Budget for the acquisition is expected to be tight and that a difference of PhP 100,000 in the selling price will be a lot to consider before making the purchase. The PhP 2 million difference in price range of the housing units can allow for further segmentation of the different developments.

Expressing the selling prices of the units in terms of price per square meter can more or less standardize the pricing of the units being compared. Looking at the selling prices in this manner will give a better indication of the cost of the housing unit in terms of its size, configuration, features and amenities. The buyer will be able to have an easier assessment of whether the specified size, configuration, features and amenities to be obtained when acquiring the housing unit will be commensurate to its selling price.

8.1 LAGUNA

In the trade area in Laguna under study, there are currently 11 medium cost housing developers with projects actively selling in the market. As shown in the table below, there is a wide disparity in the average selling prices of the housing units in the area. The lowest average selling price registered at PhP 32,850 per square meter from the local developer Carland Realty Development Corporation. However, it also registered the highest reservation fee among the different developers at PhP 50,000.

In terms of value offering, Ovialand would have the best overall offer as it has lowest reservation fee at PhP 7,000 and the lowest downpayment at 3% to 5% of the Total Contract Price. Its average selling price is close to the lower end of the range at PhP 39,600 per square meter.

Financing is similar across the different developers as their sources are either through the banks, the Pag-IBIG fund or through In-House financing. Most likely, these developers can offer customized financing plans to their buyers in order to ensure the sale of the units and the timely payments for the amortization.

The table below shows the value offerings of the different medium cost housing developers in the trade area. The best value offering will be left to the discretion of the individual buyers as each of them will have their own criteria in making their selection among the different product offerings.

Table 35. Medium Cost Housing Developer Competitor Analysis in Laguna

Developer	Reservation Fee (PhP)	Average Selling Price (PhP/sqm)	Downpayment	Financing	Duration of DP Payment
Ovialand Inc.	***7,000.00***	***39,640.00***	***3%-5%***	***Bank, Pag-IBIG,***	***6 months***
PHirst Park Homes Inc.	12,000.00-20,000.00	51,185.00	10%	Bank, Pag- IBIG, In-house	12 months

St. Felisse Realty and Development Corporation	25,000.00	46,770.00	20%	Bank	11 months
Vista Land	20,00.00-40,000.00	72,905.00	10%-13%	Bank, In-house	20 months
Lumina	10,000.00	38,670.00	13%	Bank, In-House, G-cash	20 months
Bria Homes Inc.	5,000.00-10,000.00	43,010.00	10%	Bank, In-House	5 to 8 months
Amaia Land	15,000.00	63,675.00	10%	Bank	36 months
Metro Alabang Development Inc.	5,000.00-10,00.00	46,800.00	5%-11%	Bank, Pag- IBIG, In-house	10 to 15 months
Carland Realty Development Corporation	50,000.00	32,850.00	30%	Bank, In-House	18 months
Red Oak Properties Inc.	10,000.00-15,000.00	41,740.00	15%	Bank, In-House	24 months
Sr. Sto. Niño de Cebu Resources & Development Corporation (SNRDC)	20,000.00	33,595.00	30%	In-House	36 months

Source: Santos Knight Frank, Inc.

8.2 QUEZON PROVINCE

The situation in the trade area of Quezon Province is very similar to the situation in Laguna. The main difference is that there are only 5 developers who currently have housing units for sale in the market.

Similarly, Ovialand has the best overall value offering among the different developers as well as the lowest average selling price at PhP 36,300 per square meter.

The table below summarizes the competitive landscape in the market.

Table 36. Medium Cost Housing Developer Competitor Analysis in Quezon

Developer	Reservation Fee (PhP)	Average Selling Price (PhP/sqm)	Downpayment	Financing	Duration of DP Payment
Ovialand Inc.	***7,000.00***	***36,300.00***	***3%-5%***	***Bank, Pag- IBIG***	***6 months***
PHirst Park Homes Inc.	12,500.00-20,000.00	59,360.00	10%	Bank, Pag- IBIG, In-House	12 months
Lumina	10,000.00-25,000.00	48,070.00	13%	Bank, In-House, G-cash	8 to 20 months
Calmar Land Development Corporation	10,000.00-25,000.00	38,470.00	20%	Bank, Pag- IBIG, In-House	30 months
Vista Land	20,000.00-65,000.00	74,735.00	5%-15%	Bank, In-House	12 months

Source: Santos Knight Frank, Inc.

8.3 BULACAN PROVINCE

The trade area for prospective expansion in Bulacan was identified as the Municipality of Baliuag. Within this trade area there are three main developers in the medium cost housing market namely PHirst Park Homes, Vista Land and Prominence Properties.

In terms of pricing, the values are much similar to those of Laguna and Quezon. From this, it can be surmised that if Ovialand was to develop within the same trade area, then it would also likely be able to attain the similar advantages that it has over the competition. The prospects are very much in their favor.

Table 37. Medium Cost Housing Developer Competitor Analysis in Bulacan

Developer	Reservation Fee (PhP)	Average Selling Price (PhP/sqm)	Downpayment	Financing	Duration of DP Payment

PHirst Park Homes Inc.	12,500.00-20,000.00	58,900.00	10%	Bank, Pag- IBIG, In-House	12 months
Prominence Properties Inc.	20,000.00	65,120.00	20%	Bank, Pag- IBIG, In-House	24 months
Vista Land	20,000.00-30,000.00	60,120.00	15%	Bank, In-House	12 months

Source: Santos Knight Frank, Inc.

8.4 Comparison of Various Housing Developers (Focus on Laguna, Quezon and Bulacan)

In the cities and municipalities of Laguna located along the fringe of Quezon province, developers are predominantly local based which are also mainly focused on socialized, economic and medium-cost housing projects. The national developers in the province are Amaia Land, Bria Homes, Camella, Lumina Homes and PHirst Park Homes. Most of the projects consist of row house and attached (i.e. duplex, triplex, quadruplex, etc.) developments.

Table 38. Major Developers in Laguna

Developer	City/Municipality	Barangay
Ovialand	*San Pablo*	*Brgys. Soledad and San Antonio*
Lumina Homes	San Pablo	Brgy. Masiit
Lynville Land Development Corp.	San Pablo	Brgy. San Nicholas
Palmbeach Realty and Development Corporation	San Pablo	Brgy. Sta. Monica - Sta. Veronica Road
Amaia Land	San Pablo	Brgy. San Lucas
Bria Homes	San Pablo	Brgy. San Gregorio Bria Homes
Camella	San Pablo	Brgy. San Jose
N.G Developers	San Pablo	Brgy. San Miguel
Demeterland and Development Corp.	San Pablo	Brgy. San Jose
St. Felisse Realty and Development Corp.	San Pablo	Brgy. San Lucas
PHirst Park Homes Incorporated	San Pablo	Brgy. San Ignacio
Sta. Monica Industrial and Developmeent Corp.	San Pablo	Brgy. Sta. Monica
Camella	Bay	Brgy. Sto. Domingo
Calmar Land Development Corporation	Bay	Brgy. Puypuy

Source: Santos Knight Frank, Inc.

As mentioned earlier, most of the housing developments are focused on the middle to the lower end of the market segment. Hand-over conditions for each of the units are either semi-furnished or bare. By semi-furnished it means with bedroom and kitchen cabinets installed, kitchen counter with counter tops provided as well as finished walls and floors. For the bare units, there are no cabinets or any form of furnishing provided and the floor is simply smoothed out concrete.

The structural materials used are either pre-cast concrete, concrete hollow blocks or concrete cast-in-place. Normally, units done using pre-cast concrete are the fastest to build as there is no curing time experienced for the concrete compared to those using concrete hollow blocks or concrete cast-in-place. The lone exception is with Bria Homes wherein concrete hollow blocks were used and takes 2 to 3 months build. It should be noted however, that the hand-over condition is bare. Hence, dispensing with the construction and installation of cabinets, kitchen counters, counter tops and finished walls and flooring which could take more than a month to complete depending on the size of the house and the quality of the finishing.

Buyers of the housing units in the area are usually Overseas Filipino Workers, those locally and self-employed individuals and home-based employees.

Table 39. Competitor Analysis in Laguna

Source: Santos Knight Frank, Inc.

Developer	Structural Material	Construction Period	Turn-Over (months)	Hand-Over Condition	Flooring	Est. Units (Per Block)	Est. Minimum Size Per Block	Project Land Area and Number of Units	Buyers Profile
Ovialand Inc.	***Pre-Cast Concrete***	***45 days (1.5 months)***	***3 to 6 months; (45-60 days for RFO Units)***	***Semi-Furnished***	***Wood Tiles***	***6-10 Units***	***1,000 sqm***	***13.9 Has: 1,975 Units***	***OFW, Locally Employed, Self-Employed, Home Based Employees***
PHirst Park Homes Inc.	Pre-Cast Concrete	8 to 12 months	12 months	Semi-Furnished	Vinyl Plank	25-30 Units	1,000 sqm	18.5 Has :265 Units	OFW, Locally Employed
Palmbeach Realty and Development Corporation	Concrete Hollow Blocks	6 to 8 months	18 months	Semi-Furnished	Tiled, Vinyl Plank	22 Units	1, 452 sqm	10 Has: 933 Units	OFW, Locally Employed
Lynville Land Development Corporation	Pre-fabricated Concrete	5 to 6 months	36 months	Bare	Tiled	70 Units	2, 520 sqm	10.95 Has: 1,531 Units	OFW, Locally Employed
St. Felisse Realty and Development Corporation	Cast-In -Place Concrete	6 to 8 months	17 months	Semi-Furnished	Tiled	20 Units	1, 020 sqm	8 Has: 269 Units	OFW, Locally Employed
Vista Land	Concrete Hollow Blocks	7 to 9 months	22-23 months	Semi-Furnished	Tiled, Laminated Linoleum	40 Units	3, 816 sqm	7 Has: 361 Units	OFW, Locally Employed
Lumina	Concrete Hollow Blocks	10 to 12 months	12 months	Bare	Smooth cement	54 Units	2, 125 sqm	15 Has: 444 Units	OFW, Locally Employed
Bria Homes Inc.	Concrete Hollow Blocks	2 to 3 months	3 to 5 months	Bare	Smooth cement	30-40 Units	1,296 sqm	14 Has: 484 Units	OFW, Locally Employed
Amaia Land	Concrete Hollow Blocks	6 months	18 months	Bare	Smooth cement	40 Units	1,684 sqm	22.2 Has: 529 Units	OFW, Locally Employed
Next Asia Land	Concrete Hollow Blocks	4 to 5 months	5 to 6 months	Semi-Furnished	Vinyl Plank	70 Units	5,356 sqm	6.2 Has: 664 Units	OFW, Locally Employed
Demeterland and Development Corp.	Concrete Hollow Blocks	6 to 8 months	10 months	Semi-Furnished	Granite Tiles	18 Units	3,458 sqm	2.4 Has:96 Units	OFW, Locally Employed
Carland Realty Development Corporation	Concrete Hollow Blocks	8 to 10 months	12 months	Semi-Furnished	Tiled	37 Units	2, 490 sqm	4 Has: 463 Units	OFW, Locally Employed
Red Oak Properties Inc.	Concrete Hollow Blocks	8 to 10 months	12 months	Semi-Furnished	Tiled	35-39 Units	880 sqm	18 Has: 344 Units	OFW, Locally Employed
Bella Vita Land Corporation	Cast-In -Place Concrete	24 months	36 months	Bare	Tiled	130 Units	10,000 sqm	9.33 Has: 1,019 Units	OFW, Locally Employed
Jamaica Realty and Marketing Corp.	Concrete Hollow Blocks	6 months	36 months	Semi-Furnished	Granite Tiles	36 Units	6,697 sqm	11 Has: 265 Units	OFW, Locally Employed
Sr. Sto. Niño de Cebu Resources & Development Corporation (SNRDC)	Concrete Hollow Blocks	10 to 12 months	13-14 months	Semi-Furnished	Tiled	14 Units	1,680 sqm	2 Has :130 Units	OFW, Locally Employed

Developers in the province of Quezon are predominantly locally based which are mainly focused on socialized, economic and medium-cost housing projects. The national developers in the province are Amaia Land, Lumina Homes, Bellavita Land, Sta. Lucia Land and Vista Land. Most of the projects consist of row house and attached (i.e. duplex, triplex, quadruplex, etc.) developments. The lone exception is Sta. Lucia Land which only sells lots in its subdivision development.

Table 40. Major Developers in Quezon Province

Developer	City/Municipality	Barangay
Ovialand	***Candelaria***	***Brgy. Masin Sur***
D.J. Perez and Co., Inc.	Candelaria	Brgy. Bukal Sur
The New APEC Development Corp.	Candelaria	Brgy. Conception 1
Calmar Land Development Corporation	Lucena	Brgy. Kanlurang Mayao
Goodluck Development Corp.	Lucena	Brgy. Domoit
Silver Creek Development	Lucena	Brgy. Ibabang Dupay
Amaia Land	Lucena	Brgy. Isabang
Tricity Realty and Development Corp.	Lucena	Brgy. Ilayang Dupay
Alps Ville Development Contractor	Lucena	Brgy. Ibabang Dupay
Lumina Homes	Tayabas	Brgy. Isabang
Welmanville Development Corporation	Tayabas	Brgy. Isabang
Sta. Lucia Realty and Development Inc.	Tayabas	Brgy. Isabang
Bellavita Land Corp.	Tayabas	Brgy. Isabang
Villa Czarina-GCBI	Tayabas	Brgy. Domoit
Vista Land	Tayabas	Brgy. Isabang
Calmar Land Development Corporation	Pagbilao	Brgy. Mayhay
Lumina Homes	Saraiya	Brgy. Sto. Cristo
The Saraiya 4J Development Corp.	Saraiya	Brgy. Sto. Cristo
The New APEC Development Corp.	Saraiya	Brgy. Conception

The competitive landscape in Quezon is similar to the aforementioned market in Laguna. Given the distance between the two trade areas, the markets are expected to be similar. This is the reason why the same developers can be found in both trade areas of Laguna and Quezon. They likewise offer the same unit configurations and target the same type of buyers.

Handover conditions of the house and lot units per type of development are similar to those in Laguna, as to be expected. The structural materials used for the construction house and lot units and their completion times are likewise similar.

Table 41. Competitor Analysis in Quezon

Developer	Structural Material	Construction Period	Turn-Over (months)	Hand-Over Condition	Flooring	Est. Units Per Block	Est. Minimum Size Per Block (SQM)	Project Land Area and Number of Units	Buyers Profile
Ovialand Inc.	***Pre-Cast Concrete***	***45 days (1.5 months)***	***3 to 6 months (45-60 days for RFO Units)***	***Semi-Furnished***	***Wood Tiles***	***6-10 Units***	***630 sqm***	***9.7 Has:591 Units***	***OFW, Locally Employed, Self-Employed, Home Based Employees***
PHirst Park Homes Inc.	Pre-Cast Concrete	12 months	24 months	Semi-Furnished	Vinyl Plank	10 to 12 Units	1,000 sqm	23.4 Has: 220 Units	OFW, Locally Employed
The New APEC Homes	Cast-In -Place Concrete	6 to 8 months	18 months	Bare	Smooth cement	25-35 Units	1,275 sqm	18.93 Has: 3,177 Units	OFW, Locally Employed
East Orient Properties Holdings, Inc.	Concrete Hollow Blocks	6 to 8 months	12 months	Semi-Furnished	Unglazed Ceramic Floor Tiles	25-30 Units	2, 880 sqm	10 Has: 744 Units	OFW, Locally Employed
Lumina	Cast-In -Place Concrete	12 months	20 months	Bare	Smooth cement	56-60 Units	2, 125 sqm	10 Has: 836 Units	OFW, Locally Employed
Calmar Land Development Corporation	Concrete Hollow Blocks	4 to 6 months	8 to 12 months	Semi-Furnished	Ceramic Tiles	30-35 Units	2, 100 sqm	18 Has: 345 Units	OFW, Locally Employed
Amaia Land	Concrete Hollow Blocks	6 months	12-15 months	Bare	Smooth cement	45-60 Units	4,500 sqm	8.3 Has: 80 Units	OFW, Locally Employed
Cotta Realty and Development Corporation	Concrete Hollow Blocks	6 to 8 months	15-17 months	Semi-Furnished	Granite Tiles	20-25 Units	1, 250 sqm	8 Has: 350 Units	OFW, Locally Employed
Vista Land	Concrete Hollow Blocks	7 to 9 months	12-15 months	Semi-Furnished	Tiled Flooring	35 Units	2, 300 sqm	25 Has: 2,048 Units	OFW, Locally Employed
Welmanville Development Corporation	Concrete Hollow Blocks	3 to 5 months	12 months	Bare	Smooth cement	50-60 Units	1, 230 sqm	22 Has: 860U nits	OFW, Locally Employed
Sr. Sto. Nino De Cebu Resources & Development Corporation	Concrete Hollow Blocks	10 to 12 months	13-14 months	Bare	Smooth cement	20-30 Units	1, 300 sqm	15 Has: 209 Units	OFW, Locally Employed

Source: Santos Knight Frank, Inc.

Developers in the province of Bulacan, in particular Baliuag, are a mix of local and national players. economic and medium-cost housing projects. The competing developers in the area are similar to those in Laguna and Quezon with the exception of Prominence Properties Inc. and Robinsons Homes. The noted national developers in the area are Lumina Homes, Vista Land and Robinsons Homes. They likewise have the same unit configurations and target the same type of buyers.

Table 42. Major Developers in Bulacan

Developer	City/Municipality	Barangay
Vista Land	Baliuag	Brgy. Tangos
PHirst Park Homes	Baliuag	Brgy. Makinabang
Prominence Properties Inc.	Baliuag	Brgy. Pinagbarilan
Robinsons Homes	Baliuag	Brgy. Sta. Barbara
New APEC Homes	Baliuag	Brgy. Hinukay
Lumina Homes	Baliuag	Brgy. Tangos

Given that the developers in the area are the same we can expect that the structural materials used, finishing and handover conditions would be the same per developer. It can also be expected that the turnaround time from the downpayment to the handover of the units will also be similar.

8.4 Ovialand Competitive Advantage

Ovialand is one of the up and coming developers in the country. Though relatively small compared to the national developers it more than makes up for this through the quality of its product offerings and the personalized handling of its clients.

In terms of delivery and turnover of unit, Ovialand is one with the fastest with a turnover of 3 to 6 months within placement of order for newly built units and 45 to 60 days for units ready for occupancy. Their competitors are turning over their units from 6 months onwards. This is made possible by the use of pre-cast concrete for the structural materials, which reduces construction time significantly.

Aside from the use of pre-cast concrete, the overall execution of the build also contributes to this fast turnover of units. Proper management of highly skilled and competent people involved in the construction makes for the proper execution of the build.

The quick processing of housing loans for qualified applicants also speeds up the turnover time as the payment to the developer is delivered much sooner. This is made possible by the high appraisal values given to the units of Ovialand. This lessens the time for the bank or financing agency to assess and process the loan to be given. This is in line with their goal of providing their clients with instant homes through instant financing.

The high appraisal value also speaks of the quality of the units being turned over by Ovialand. The appraisal process can be considered a thorough evaluation of the unit's quality and a high appraisal value would directly translate into a unit's high quality.

From a price perspective of medium cost housing developments, Ovialand units provide value for money. Among its competitors, Ovialand units are priced in the lower end of the price range of developments while offering a high quality product together with more premium features and amenities.

Among the premium features being offered by Ovialand is a relatively low density neighborhood. Ovialand developments have a density of 6 to 10 housing units per 1,000 square meters of land. This allows them to provide more open spaces for the residents and a less congested environment. In comparison, their competitors have densities of 10 units and above per 1,000 square meters of land, which is typical of developments in the medium cost housing segment.

Location wise, most of Ovialand's developments are located along the main roads which are traversed by public transportation. This makes the developments highly accessible as well as offering easier access to its residents to key locations which offer the necessary goods and services. Though the developments are located along busy roads, the wider space gives enough separation and buffer to significantly reduce noise and disturbances coming from the busy road. This is part of Ovialand's dedication to providing their clients with a good home within a good neighborhood.

Another way that Ovialand shows how they value their clients is by providing exceptional customer service. They guarantee a response for all inquiries made to their customer care desk within 24 hours. In addition, the personalized service they provide aids in the easing the purchasing process by making sure that the required documents are properly prepared and efficiently handled for quick processing.

During handover of the units, a representative from Ovialand is present to go with the unit owner to do a quality control inspection and punch list to make sure that everything is properly turned over to the satisfaction of the new unit owner.

The competitive advantage of Ovialand can best be summarized in the table below.

	Ovialand	Competitors
Delivery / Turnover Time of Unit	3 to 6 months 45 to 60 days for RFO units	6 months and above
Selling Price (per sqm.) Pre-Selling Units Ready for Occupancy Units	 PhP 39,600 PhP 46,200	 PhP 33,500 – PhP 72,900 PhP 39,000 – PhP 88,900
Reservation Fee	PhP 7,000	PhP 5,000 and above
Structural Material	Pre-Cast Concrete	Pre-Cast Concrete Concrete Cast-in-Place Concrete Hollow Blocks
Project Density (Number of Units / 1,000 sqm.)	6 to 10	10 and above
Location of Projects	Directly accessible via main roads and public transport	Mostly located in inner areas
After Sales Service	Guaranteed reply from customer service within 24 hours of inquiry	None specified

Critical to the success in the expansion of Ovialand is the acquisition of strategically located and adequately sized property in order for them to maintain their competitive advantage. Their building process has been standardized and relatively easy to replicate as shown in their completed developments.

9.0 Industry Outlook

The overall outlook for the industry remains promising as continued growth was reflected despite the ongoing pandemic. The ongoing pandemic may have even contributed to this growth as it accelerated the timetable for some buyers to acquire property to transfer their families to less congested areas to avoid contracting the virus.

There is no seen shortage in demand as based on the housing backlog data that was presented in the earlier part of the report. The improved connectivity and accessibility, which is to be brought about by the different infrastructure projects, are seen to push growth further away from the city center and even give rise to new districts.

In the near term, the prospects for the areas along the fringes of Metro Manila such as Bulacan and Pampanga to the north and the Calabarzon Region to the south are the most promising as most of the new toll roads and transport infrastructure such as the railways are seen to connect to these areas.

This improved connectivity can further enhance economic activity in these areas and eventually provide alternative business districts that can offer competitive employment and livelihood outside of Metro Manila. These new opportunities can decongest Metro Manila and provide the much sought after "inclusive growth" that has been aspired by these areas outside of the main metropolis.

The main challenge faced by the industry today is the current instability in the market brought about the war in Ukraine. This has raised fuel prices significantly over the past several months and caused inflation to breach the government's target of 2% to 4% for 2022. The cost of basic goods including construction materials have increased quite significantly as a result.

In addition to this, disruptions in the supply chain on the global market has significantly affected the delivery of imported input materials such as those for manufacturing and construction. The ongoing pandemic and other global events have resulted to disruptions in the supply chain, mainly due to the disruption in the consumption patterns. Anecdotal information from transport operators indicated the drop in demand for some products has caused a reduction in the volume of shipping and deliveries. The reduced volume of deliveries has caused shipping cost to increase as transport companies will have to compensate for the unused capacity of their transport vessels. Delaying the delivery until such time that the transport vessel hits the target capacity will also cause some delays for the recipients of the deliveries and these delays will also have an effect on the costs of the recipients.

In the case of the construction industry, products such as steel and glass are often imported as the local supply cannot cover the local demand. In some cases, the required items are not locally available. Delays in the shipping of these materials can cause a shortage in supply and thereby increase prices. These delays can likewise push back construction schedules which will also result into additional costs. Labor and construction machinery are usually charged based on the duration of the construction period. Extending this period due to delays will translate to additional costs to the developer. These costs can accumulate depending on the severity of the delay and may affect the overall profitability of the development.

The rise in inflation is also seen to affect the budgets of a number of families. With this, budget for the acquisition of a new housing unit may be affected for some potential buyers as priority will have to be given to address the rising costs of the basic needs.

Mitigating these costs will be the challenge faced by the developer. Managing the costs on the construction side will be very critical as the developer would have to maintain the same level of quality for each of the builds.

On the sales and marketing side, the units will have to be competitively priced in order to maintain the interest of the buyer in acquiring the new housing unit. At the same time, the developer has to be sensitive to the selling price as they have to be able to recover their costs and still turnout a reasonable profit from the development.

One way to address this is to come up with alternative financing schemes wherein the payment terms can be amenable to both the buyer and the financing entity. This would ensure that the sale will be consummated and that the developer will be able to recover their costs and still make a decent return. In the same manner, the buyers will be able to acquire their new housing unit and still be able to make the timely payments on the loan.

Escalating land prices and the difficulty in acquiring new property to develop are the perennial challenge in the industry. Developers will have to be more strategic in their acquisition of new property to develop to ensure the continuity of their businesses.

The medium to long term outlook will likewise still be favorable as the housing backlog will still be an issue that will not be fully addressed. More than decades have passed and the housing backlog still remains and no clear solution has been presented to address this.

There might be a shift to a more vertical oriented type of development in order to maximize the developments on the available land. This is also one way to offset the rising cost of land and still be able to offer a relatively high number of affordably priced housing units.

Other growth areas such as those in the Visayas and Mindanao region may likewise offer good prospects but will still favor local developers as they will be better poised to properly handle their costs. Mitigating the logistics cost of non-local developers will be the main challenge that needs to be properly addressed. Though the prospects may be good for developing in the Visayas and Mindanao regions, the market will be much smaller as the population in these areas is much smaller as compared to the areas adjacent to Metro Manila. However, this also presents a good opportunity for new developers to enter the market as they can properly position themselves before the market fully matures and reap the benefits once it does.