

HausTalk, Inc.

Where your stories begin.

HAUS TALK, INC.

(A corporation organized and existing under Philippine laws)
Unit 701 Orient Square Building,
F. Ortigas, Jr. Road, Ortigas Center,
Pasig City

FINAL PROSPECTUS

Fixed Rate Retail Bonds in the aggregate principal amount of up to ₱2,000,000,000.00

Base Offer of ₱1,000,000,000.00
with an Oversubscription Option of up to ₱1,000,000,000.00

consisting of:

7.0896% p.a. Series A Bonds due 2029
7.5924% p.a. Series B Bonds due 2031

Offer Price: 100% of Face Value

to be listed and traded through the Philippine Dealing & Exchange Corp.

Issue Manager, Underwriter and Bookrunner



Trustee
RCBC Trust Corporation

This Prospectus is dated February 26, 2026

THE 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 SECURITIES AND EXCHANGE COMMISSION.

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Haus Talk, Inc. (“HTI”, “Haus Talk”, the “Issuer”, or the “Company”) is offering Fixed-Rate Peso Retail Bonds with an aggregate principal amount of ₱2,000,000,000.00 consisting of a base issue amount of ₱1,000,000,000.00 (the “Base Offer”) with an oversubscription option of up to ₱1,000,000,000.00 (the “Oversubscription Option”) (the “Bonds”). The Bonds will be issued by the Company pursuant to the terms and conditions of the Bonds on March 16, 2026 (the “Issue Date”).

The Bonds will be issued in two bond series, namely: Series A Bonds, which shall have a term of three years from the Issue Date, and Series B Bonds, which shall have a term of five years from the Issue Date, with fixed interest rates equivalent to 7.0896 p.a. and 7.5924% p.a., respectively and which shall be payable quarterly in arrears starting on June 16, 2026 for the first Interest Payment Date, and September 16, December 16, March 16, and June 16 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day. The Issuer has the discretion to allocate the Bonds among the Series A Bonds and Series B Bonds, or, depending on market conditions, to fully allocate the Bonds in just one (1) series based on the results of the bookbuilding process to be conducted by the Issue Manager, Underwriter and Bookrunner.

The Bonds shall be repaid at maturity at par (or 100% of face value) on their respective Maturity Dates, or on March 16, 2029 for the Series A Bonds and March 16, 2031 for the Series B Bonds, unless the Company exercises its Early Redemption Option according to the conditions therefore (see “Description of the Bonds – Redemption and Purchase” on page 52).

Upon issuance, the Bonds shall constitute the direct, unconditional, unsecured, and unsubordinated obligations of the Company and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of HTI, other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of HTI’s secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines (see “Description of the Bonds” – “Ranking” on page 50).

The Bonds have been rated “PRS A with a Stable Outlook” by PhilRatings. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. The rating also denotes that the Company’s capacity to meet its financial commitments on the obligation is still strong. A Stable Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

A rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.

The Bonds are offered to the public at face value through the Issue Manager, Underwriter and Bookrunner with the Philippine Depository & Trust Corp. (“PDTC”) as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with the PDTC maintaining the scripless Register of Bondholders. The Bonds are intended to be listed on the Philippine Dealing & Exchange Corp. (“PDEX”). The Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter. The Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

HTI expects to raise gross proceeds amounting to ₱1,000,000,000.00, and up to a maximum of ₱2,000,000,000.00, if the Oversubscription Option is fully exercised. Without exercising such Oversubscription Option, the net proceeds are estimated to be approximately ₱977.19 million, after deducting fees, commissions, and expenses relating to the issuance of the Bonds. If the

Oversubscription Option is fully exercised, the net proceeds are estimated to be approximately ₱1,957.93 million after deducting fees, commissions, and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used to partially fund the Company's land banking activities, partially support the Company's project developments and to support the general corporate purposes requirement of the Company, which are discussed further in the section entitled "Use of Proceeds" on page 80 of this Prospectus.

Security Bank Capital Corporation has been appointed as the Issue Manager, Underwriter and Bookrunner for the Offer. Subject to certain conditions being complied with, it has agreed to underwrite the Offer in the aggregate principal amount of ₱1.00 billion pursuant to an underwriting agreement executed on February 26, 2026. In the event that the Oversubscription Option is exercised by the Issue Manager, Underwriter and Bookrunner, the amount of the Oversubscription Option, to the extent exercised, shall likewise be underwritten by the Issue Manager, Underwriter and Bookrunner on a firm basis. It shall receive a fee of 1.05% on the final aggregate principal amount of the Bonds issued, which is inclusive of underwriting fees and selling commission to be ceded to other potential underwriters and/or selling agents, if any. The Issue Manager, Underwriter and Bookrunner may acquire for its own account a portion of the Bonds. For a more detailed discussion on the Issue Manager, Underwriter and Bookrunner, please see "Plan of Distribution" of this Prospectus.

The Company is allowed under Philippine laws to declare dividends, subject to certain requirements. The Company shall maintain an annual dividend payout ratio of at least 20% of its net income as of period to be determined by the Board of Directors of the Company. The Board of Directors shall have the authority to declare dividends subject to the requirements of applicable laws and regulations and the absence of circumstances which may restrict their declaration and payment. The Company has declared cash dividends for the year 2023 at the rate of ₱0.01 per share, in 2024 at the rate of ₱0.02 per share, and in 2025 at the rate of ₱0.03 per share.

HTI confirms that this Prospectus contains all material information relating to the Company as well as all material information on the issue and offering of and the Bonds as may be required by the applicable laws of the Republic of the Philippines. There is no misstatement and no facts have been omitted that would make any statement in this Prospectus misleading in any material respect. HTI confirms that it has made all reasonable inquiries with respect to any information, data, and analyses provided to it by its advisors and consultants, or which is otherwise publicly available for inclusion into this Prospectus. HTI, however, has not independently verified any or all such publicly available information, data, or analyses. The Issue Manager, Underwriter and Bookrunner assumes no liability for any information supplied herein by HTI. Accordingly, HTI accepts responsibility.

The price of securities can and does fluctuate. Any individual security may experience upward or downward movements, and may lose all or part of its value over time. The future performance of a security may defy the trends of its past performance, and there may be a significant difference between the buying price and the selling price of any security. As such, there is an inherent risk that losses may be incurred, rather than profit made, as a result of buying and selling securities. Thus, an investment in the Bonds described in this Prospectus involves a certain degree of risk.

In deciding whether to invest in the Bonds, a prospective purchaser of the Bonds ("**Prospective Bondholder**") should, therefore, carefully consider all the information contained in this Prospectus, including but not limited to, several external factors that may affect the Company, which include significant competition, exposure to risks relating to the performance of the economies of other countries, and other risks relating to customer default (detailed in "Risk Factors and Other Considerations" section on page 30 of this Prospectus), and those risks relevant to the Philippines vis-à-vis risks inherent to the Bonds.

No representation or warranty, express or implied, is made by the Issue Manager, Underwriter, and Bookrunner as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to the Offering shall, under any circumstances, constitute a representation or create any implication that the information contained or referred to in this Prospectus is accurate, complete, or correct as of any time subsequent to the date hereof or that there has been no change in the affairs of HTI since the date of this Prospectus.

The contents of this Prospectus are not to be considered as definitive legal, business or tax advice. Each Prospective Bondholder receiving a copy of this Prospectus acknowledges that he has not relied on the Issue Manager, Underwriter and Bookrunner, or any person affiliated with the Issue Manager, Underwriter and Bookrunner, in his investigation of the accuracy of any information found in this Prospectus or in his investment decision. Prospective Bondholders should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Bonds, among others. It bears emphasis that investing in the Bonds involves certain risks. It is best to refer again to the section on “*Risk Factors and Other Considerations*” for a discussion of certain considerations with respect to an investment in the Bonds.

No person nor group of persons has been authorized by HTI, the Issue Manager, Underwriter and Bookrunner to give any information or to make any representation concerning HTI or the Bonds other than as contained in this Prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by HTI or the Issue Manager, Underwriter and Bookrunner.

All information in this Prospectus is as of the date hereof, unless otherwise indicated. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, 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 Issuer and its Subsidiaries since such date.

All disclosures, reports, and filings of the Issuer, including those made after the date of this Prospectus, submitted to the SEC and/or the Philippine Stock Exchange, Inc. (“**PSE**”) pursuant to Applicable Law and regulations are incorporated or deemed incorporated by reference in this Prospectus (the “**Company Disclosures**”). Copies of the Company Disclosures may be viewed at the Electronic Disclosure Generation Technology of the PSE or PSE EDGE. The Company Disclosures contain material and meaningful information relating to the Issuer and its Subsidiaries and investors should review all information in the Company Disclosures as the information is incorporated or deemed incorporated herein by reference.

HTI is duly organized under the laws of the Philippines. Its principal office is at Unit 701 Orient Square Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City, Metro Manila, Philippines with telephone number +63 2 8634 8712.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

[Signature page follows.]

HAUS TALK, INC.

By:



MARIA RACHEL D. MADLAMBAYAN
President

SUBSCRIBED AND SWORN to before me this February 26, 2026 in PASIG CITY, Philippines,
affiant exhibiting the following:

Affiant	Competent Evidence of Identity	Place and Date of Issue
Maria Rachel D. Madlambayan	Passport ID No. P5375688A	DFA NCR East

Doc No. 19
Page No. 5
Book No. 1
Series of 2026.



ALTHEA DOMINIQUE B. MALIWANAG

Notary Public for Cities of Pasig
and in the Municipality of Palawan
Appointment No. 112 (2026-2027)
Commission Expires on December 31, 2027
2704 East Tower, Telefile Towers, Exchange Road
Ortigas Center, 1905 Pasig City
PTR No. 3369121/01, 14,200 Pasig City
IBP No. 570296/12, 26, 250 Quezon
Roll of Attorneys No. 89401
MCI EC No. VII-0039127/06, 27, 25
ULAS Compliance No. N/A

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties and should not in any way be confused or considered as statements of historical fact. Some of these statements can be identified by “forward looking terms,” such as “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “should,” “will,” “would,” or other similar words. These words, however, are not the exclusive means of identifying forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- (a) Known and unknown risks;
- (b) Uncertainties and other factors which may cause HTI’s actual results, performance, or achievements to deviate significantly from any future results;
- (c) Performance or achievements expressed or implied by forward-looking statements;
- (d) HTI’s overall future business, financial condition, and results of operations, including, but not limited to, its financial position or cash flow;
- (e) HTI’s goals for or estimations of its future operational performance or results;
- (f) HTI’s dividend policy; and,
- (g) Changes in HTI’s regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities.

Such forward-looking statements are based on numerous assumptions regarding HTI’s present and future business strategies and the environment in which HTI will operate in the future. 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:

- (a) HTI’s ability to successfully implement its strategy;
- (b) HTI’s ability to anticipate and respond to consumer trends;
- (c) HTI’s ability to successfully manage aggressive growth;
- (d) HTI’s ability to maintain its reputation for on-time project completion;
- (e) The condition and changes in the Philippine, Asian, or global economies;
- (f) General political, social, and economic conditions in the Philippines;
- (g) Changes in interest rates, inflation rates, and the value of the peso against the U.S. dollar and other currencies;
- (h) Changes in government regulations, including tax laws or licensing in the Philippines;
- (i) Competition in the property investment and development industries in the Philippines;
- (j) Changes in the Philippine real estate market and the demand for HTI’s housing and land development; and,
- (k) Changes in the amount of remittances received from overseas Filipino workers (“**OFWs**”).

Additional factors that could cause HTI’s actual results, performance, or achievements to differ materially include, but are not limited to, those disclosed under “*Risk Factors and other Considerations*” on page 30 of this Prospectus. These forward-looking statements speak only as of the date of this

Prospectus. HTI, the Issue Manager, Underwriter, and 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 HTI's expectations with regard thereto or any change in events, conditions, assumptions, or circumstances on which any statement is based. In the light of all the risks, uncertainties, and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur in the way HTI expects or even at all. Investors should not place undue reliance on any forward-looking information.

Remainder of this page is intentionally left blank.

GLOSSARY OF TERMS

As used in this Prospectus, the following terms shall have the meanings ascribed to them:

“Applicable Law”	shall refer to (i) any statute, law, regulation, ordinance, rule, judgment, order, decree, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, and (ii) any directive, guideline, policy or requirement of any Governmental Authority having the force and effect of law.
“Application to Purchase”	shall refer to the document to be executed by any Person or entity qualified to become a Bondholder.
“Business Day”	shall refer to a day, other than a public non-working holiday, Saturday, or Sunday, on which the BSP’s Philippine Payment and Settlement System (PhilPaSS) and the Philippine Clearing House Corporation (PCHC) (or, in the event of the discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and banks are open for business in Metro Manila, Philippines.
“Beneficial Owner”	<p>shall refer to 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:</p> <ul style="list-style-type: none"> 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 or investment 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: <ul style="list-style-type: none"> 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 BIR

	and/or the SEC or relevant authority; and g. A group in which all of the members are persons specified above.
“BIR”	shall refer to the Philippine Bureau of Internal Revenue.
“BOI”	shall refer to the Philippine Board of Investments.
“Bonds”	shall refer to the SEC-registered fixed-rate Peso-denominated retail bonds with an aggregate principal amount of up to ₱2,000,000,000.00 with a base offer of ₱1,000,000,000.00 and an oversubscription option of up to ₱1,000,000,000.00, which shall be issued by HTI on March 16, 2026.
“Bond Agreements”	shall refer to the Trust Agreement between the Issuer and the Trustee, the Registry and Paying Agency Agreement between the Issuer, the Registrar and the Paying Agent, and the Underwriting Agreement between the Issuer and the Issue Manager, Underwriter, and Bookrunner.
“Bondholder”	shall refer to a Person whose name appears, at any time, as a holder of the Bonds in the Register of Bondholders.
“BSP”	shall refer to the <i>Bangko Sentral ng Pilipinas</i> .
“Company”, “HTI”, or “Issuer”	shall refer to Haus Talk, Inc., and, as the context may require, its Subsidiaries.
“DAR”	shall refer to the Philippine Department of Agrarian Reform.
“DENR”	shall refer to the Philippine Department of Environment and Natural Resources.
“DHSUD”	shall refer to the Philippine Department of Human Settlements and Urban Development.
“EBITDA”	shall refer to Earnings Before Interest, Taxes, Depreciation, and Amortization.
“Economic”	shall refer to horizontal or vertical units or projects with price ceiling of ₱2,500,000.00.
“Government”	shall refer to the Government of the Republic of the Philippines.
“Governmental Authority”	shall refer to any government agency, authority, bureau, department, court, tribunal, legislative body, statutory or legal entity (whether autonomous or not), commission, corporation, or instrumentality, whether national or local, of the Republic of the Philippines.
“Group”	shall refer to the Company and its Subsidiaries.
“HLURB”	shall refer to the Philippine Housing and Land Use Regulatory Board.
“Interest Payment Date”	shall refer to, for the Bonds, June 16, 2026 for the first Interest Payment Date and September 16, December 16, March 16, and June 16 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on the Maturity Date for the Bonds.

“Issue Date”	shall refer to March 16, 2026 or such date on which the Bonds shall be issued by HTI to the Bondholders.
“Issue Manager, Underwriter and Bookrunner”	shall refer to Security Bank Capital Investment Corporation.
“LGU”	shall refer to the Local Government Unit.
“Lien”	shall refer to, with respect to any property or asset, (a) any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential arrangement of any kind in respect of such property or asset, including, without limitation, any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of a debt prior to any general creditor of such Person; and (b) the right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or asset, or the proceeds therefrom, prior to any general creditor of the owner thereof.
“LLDA”	shall refer to Laguna Lake Development Authority.
“Majority Bondholders”	<p>(a) With respect to matters relating only to the Series A Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Series A Bonds;</p> <p>(b) With respect to matters relating only to the Series B Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Series B Bonds; and</p> <p>(c) With respect to matters affecting the Series A Bonds and Series B Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Bonds.</p>
“Master Certificates of Indebtedness”	shall refer to, with respect to each series of the Bonds, the bond certificate issued by the Issuer in the name of the Trustee for the benefit of the Bondholders covering the entire principal amount of the relevant series of the Bonds purchased during the Offer Period and to be issued by the Issuer on the Issue Date, which shall be substantially in the form attached as Annex B of the Trust Agreement.
“Material Adverse Effect”	shall refer to a Material Adverse Effect on (a) the ability of HTI to perform or comply with its material obligations, or to exercise any of its material rights, under the Bond Agreements in a timely manner; (b) the business, operations, prospects, or financial condition of HTI; or (c) the rights or interests of the Bondholders under the Bond Agreements or any security interest granted pursuant thereto.
“Maturity Date”	has the meaning given to such term in the <i>“Description of the Bonds – Final Redemption”</i> .
“Mid-Market”	shall refer to horizontal and vertical units or projects with price ceiling of ₱6,600,000.00.
“Offer” or the “Offering”	shall refer to the issuance of Bonds by HTI under the conditions as herein contained.

“Offer Period”	shall refer to the period, commencing at 9:00am on March 2, 2026 and ending at 5:00pm on March 6, 2026 or such other date as may be mutually agreed between the Issuer and the Issue Manager, Underwriter, and Bookrunner during which the Bonds shall be offered to the public.
“PCD Nominee”	shall refer to PCD Nominee Corporation, a corporation wholly owned by the PDTC.
“PDEx”	shall refer to the Philippine Dealing & Exchange Corp.
“PDTC”	shall refer to the Philippine Depository & Trust Corp., (formerly, the Philippine Central Depository, Inc.), which provides an infrastructure post trade securities services through the operations of the central depository; and likewise provides registry services in relation to which it maintains the electronic official registry or records of title to the Bonds, in accordance with the PDTC Rules, and its successor-in-interest.
“PDTC Rules”	shall refer to the 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.
“Permitted Lien”	<p>(a) Any Lien over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase or acquisition price, or cost of leasehold rights, of such asset or another asset; or (ii) the payment of the cost and expenses for the development of such asset, or for the construction of new projects in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefore) incurred for the purpose of financing the purchase, lease or development of such asset or another asset; or (iv) the normal rediscounting of receivable activities of the Issuer made in the ordinary course of business;</p> <p>(b) Any Lien created for the purpose of paying current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings diligently conducted by the Issuer upon stay of execution of the enforcement thereof and adequate reserves having been provided for payment thereof to the extent required in accordance with generally accepted accounting principles in the Philippines as interpreted by the Auditor, or where penalties and consequences for a delay in the payment thereof will not result in a Material Adverse Effect. For purposes of this paragraph, “Auditor” means Valdes Abad & Company, CPAs or any auditing firm which is affiliated with an internationally recognized firm of independent public accountants as the Issuer may from time to time appoint as its auditors;</p> <p>(c) Any Lien to secure, in the normal course of the business of the Issuer or its Subsidiaries: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;</p> <p>(d) Any Lien: (i) imposed by, or arising by operation of, Applicable Law, such as carriers’, warehousemen’s, mechanics’, landlords’, materialman’s liens and other similar liens arising in the ordinary</p>

	<p>course of business; (ii) arising out of pledges or deposits under workmen’s compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation; and (iii) arising out of the set-off provision in the normal course of its financial arrangements, provided that, the Bondholders hereunder shall also have, to the extent permitted by Applicable Law and upon notice to the Issuer, a similar right of set-off;</p> <p>(e) Any Lien established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets;</p> <p>(f) Any Lien over or affecting any asset of any company which becomes a member of the Group after the date of the Trust Agreement, where the Lien is created prior to the date on which that company becomes a member of the Group;</p> <p>(g) Any Lien created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which the Issuer or its Subsidiary, as applicable, has established adequate reserves on its books in accordance with PFRS;</p> <p>(h) Any Lien created with the prior written consent of the Majority Bondholders;</p> <p>(i) Any Lien existing on the date of the Trust Agreement; and</p> <p>(j) Any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Lien referred to in paragraphs (a) to (k) above, or any indebtedness or obligation secured thereby; provided that such extension, renewal, supplement, or replacement is limited to all or any part of the same property that secured the Lien extended, renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property) and shall secure no larger amount of indebtedness or obligation than that existing at the time of such extension, renewal, supplement, or replacement.</p>
“Person”	shall refer to any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.
“Pesos”, “₱”, “P”, and “Philippine currency”	shall refer to the legal currency of the Republic of the Philippines.
“Philippines”	shall refer to the Republic of the Philippines.
“PhilRatings”	shall refer to the Philippine Rating Services Corporation.
“PFRS”	shall refer to Philippine Financial Reporting Standards.
“PSE”	shall refer to The Philippine Stock Exchange, Inc.

“Q1”, “Q2”, “Q3”, and “Q4”	shall refer to first calendar quarter, second calendar quarter, third calendar quarter, and fourth calendar quarter, respectively.
“Register of Bondholders” or “Registry of Bondholders”	shall refer to the electronic registry book of the Registrar containing the official information on the names and address of the Bondholders and the amount of Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrances thereon to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.
“Registrar”, “Paying Agent” or “Registrar and Paying Agent”	shall refer to PDTC, the party which shall receive the funds from the Issuer for payment of principal, interest and other amounts due on the Bonds and remit the same to the Bondholders based on the records shown in the Registry of Bondholders. The term includes, wherever the context permits, all other Person or Persons for the time being acting as paying agent or paying agents under the Registry and Paying Agency Agreement or other relevant agreement.
“Registry and Paying Agency Agreement”	shall refer to the agreement so titled dated on or about the date of this Prospectus between the Issuer, the Registrar and the Paying Agent, setting forth, among others, the procedure for receiving, collating, and screening Applications, processing checks and payments, submission of sales reports, and the disbursement of the proceeds of the Bonds.
“SEC”	shall refer to the Philippine Securities and Exchange Commission.
“Security”	shall refer to any mortgage, pledge, lien, or encumbrance constituted on any of the Issuer’s properties.
“Socialized”	shall refer to horizontal units or projects with price ceiling of ₱844,440.00 for 24 to 26 square meter unit, and ₱950,000.00 for 27 square-meter unit; and vertical units or projects with price ceiling of ₱1,280,000.00 for 24 to 26 square-meter unit and ₱1,500,000.00 for 27 square-meter unit for three to five floor building, and ₱1,600,000.00 for 24 to 26 square-meter unit and ₱1,800,000.00 for 27 square-meter unit for building above five floors.
“SRC”	shall refer to Republic Act No. 8799 or the Securities Regulation Code of the Philippines, as amended.
“Subsidiary” or “Subsidiaries”	shall refer to an entity or entities of which a Person has direct or indirect Control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership. As of September 30, 2025 and as set out under the section “ <i>Company’s Business – Subsidiaries</i> ” at page 97 of this Prospectus, the Subsidiaries of the Issuer are: 1. Tradition Homes, Inc. (THI); and 2. Lifestyle Development Corporation (LDC).
“Tax Code”	shall refer to Republic Act No. 8424 or the Philippine National Internal Revenue Code of 1997, as amended.
“Taxes”	shall refer to 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 underwriter or of the Bondholders, value added tax, and taxes on any gains realized from the sale of the Bonds.
“Trust Agreement”	shall refer to the agreement executed by and between the Issuer and the Trustee dated on or about the date of Prospectus in connection with the distribution and sale by the Issuer of the Bonds.
“Trustee”	shall refer to RCBC Trust Corporation the entity appointed by HTI which shall act as the legal title holder of the Bonds and shall monitor compliance and observance of all covenants of and performance by HTI of its obligations under the Bonds and enforce all possible remedies pursuant to such mandate.
“\$” or “US\$”	shall refer to United States Dollars, being the currency of the United States of America.
“VAT”	shall refer to value-added tax.
“YoY”	shall refer to year on year.

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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 audited financial statements and the notes thereto, included elsewhere in this Prospectus. Because it is a summary, it does not contain all the information that a prospective investor should consider before investing. Prospective investors of the Bonds must read the entire Prospectus carefully, including the section on “Risk Factors and Other Considerations” and the financial statements and the related notes to those statements annexed to this Prospectus. Capitalized terms not defined in this summary are defined in the —Glossary of Terms or elsewhere in this Prospectus.

BUSINESS OVERVIEW

The Company was registered as a corporation in 2004 with the SEC (with Registration Number CS200409462) as Haus Talk Project Managers, Inc. Guided by the Madlambayan family values and passion for the real estate industry, the members of the family directed the Company to become one of the best performing residential real estate companies in the areas where they operate by being committed to their developments and the communities they serve. The Company amended its corporate name to Haus Talk, Inc. on June 7, 2017.

The Company’s primary purpose is to engage in the business of general construction and building of all kinds of houses, homes, structures, edifices, roads, bridges, and in general, all kinds of vertical and horizontal construction works including subdivisions.

Haus Talk is a residential real estate developer whose projects are based in Rizal and Laguna. The Company was organized in 2004 and is run by the Madlambayan family. Over the past 20 years, Haus Talk is one of the leading affordable housing developers in the CALABARZON region with top quality residential projects and ever-growing reach. The success of Haus Talk can be credited to the Company’s thorough strategic planning, timely completion and delivery of units, hands-on and personalized approach of the management towards their personnel and clients alike.

With Haus Talk’s projects located in regions with improving accessibility, growing commercial industries, and increasing urbanization, the Company utilizes the locations of its projects by offering its products to the different socioeconomic classes (*i.e.*, Mid-Market, Economic, and Socialized housing). The Company’s ability to study and optimize the locations of its projects has enhanced the Company’s business model leading to quicker return on investment.

Haus Talk prides itself in its strategic planning, timely construction, and delivery of projects. On the average, Haus Talk completes its projects within three to five years from project launch, with the first year being allocated to planning and land development.

Moreover, Haus Talk’s offerings have consistently performed well in the market. Its projects usually sell out within months after being opened to the market with the demand surpassing the supply regularly. Haus Talk’s notable projects include The Granary, a residential subdivision located in Brgy. San Antonio, Binan, Laguna, whose development timeline has been shortened from five years to three years due to the market’s strong and overwhelming reception; Celestis I & II, residential projects which sit on a 1.3-hectare terrain in Brgy. Bayugo, Antipolo, Rizal; Southview Homes Calendola, a residential subdivision located in San Pedro, Laguna; and Eastview Residences Premiere, a residential subdivision located in Antipolo, Rizal. The strong demand and turnover for Haus Talk’s product, as proven by the quick project completion period, has translated into fast cash flow and is cemented by quick depletion of Haus Talk’s inventory.

In total, Haus Talk has completed 14 projects comprising 1,644 housing units and has four ongoing projects covering 1,967 units, with seven more projects in the pipeline. Haus Talk aspires to continue its growth and become the leading developer in affordable housing segment in Rizal and Laguna areas.

On January 17, 2022, the Company completed its initial public offering and was listed in the Small, Medium and Emerging Board of the PSE with the stock symbol ‘HTI’.

The Company has two wholly owned subsidiaries, namely Tradition Homes, Inc. (formerly Tradition Homes Project Managers, Inc.) and Lifestyle Development Corporation, both of which are engaged in real estate development.

REAL ESTATE DEVELOPMENT OVERVIEW

Haus Talk's developments are exclusively residential projects. To date, Haus Talk has completed 14 residential developments and currently has four ongoing projects in various stages of development. The Company has seven projects in its pipeline which the Company plans to launch in the coming months or years.

Batas Pambansa Blg. 220 ("**BP 220**") establishes the minimum standards for the design and development of socialized housing in the Philippines under the supervision of the DHSUD. Presidential Decree 957 ("**PD 957**"), on the other hand, relates to laws applicable to open market and medium cost subdivision and condominium projects.

Completed Projects

Haus Talk's completed projects are exclusively residential developments, majority of which are horizontal residential projects, with the exception of one vertical development. All the said projects are fully sold out, demonstrating the trustworthiness of the Haus Talk brand in the local market. They are a mix of Economic and Mid-Market housing projects in Rizal, Laguna and Metro Manila. The details of the projects are seen in the tables below.

Haus Talk, Inc.

COMPLETED PROJECTS – HAUS TALK, INC.							
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	YEAR COMPLETED	UNITS SOLD	SALEABLE UNITS
Eastview Homes 1	Brgy. San Roque, Antipolo City	Horizontal	Economic BP 220	2006	2009	83	83
Eastview Homes 2	Brgy. San Roque, Antipolo City	Horizontal	Economic BP 220	2010	2013	157	157
Eastview Town Homes – Marikina	Marikina Heights, Marikina City	Horizontal	Economic BP 220	2010	2012	20	20
Eastview Homes 3	Brgy. San Roque, Antipolo City	Horizontal	Mid-Market PD 957	2014	2018	325	377
Eastview Residences Premiere	Brgy. San Roque, Antipolo City	Horizontal	Mid-Market PD 957	2019	2024	42	42
Celestis 1	Buliran Road, Brgy. San Luis, Antipolo City	Horizontal	Mid-Market PD 957	2021	2025	36	36
TOTAL						663	715

Tradition Homes, Inc.

COMPLETED PROJECTS – TRADITION HOMES, INC.							
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	YEAR COMPLETED	UNITS SOLD	SALEABLE UNITS
Tradition Square - Maceda	Maceda St., Sampaloc Manila	Vertical	Mid-Market PD 957	2005	2006	20	20
Southview Homes 1 - Extension	Brgy. San Vicente, San Pedro, Laguna	Horizontal	Mid-Market PD 957	2006	2008	105	105

COMPLETED PROJECTS – TRADITION HOMES, INC.							
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	YEAR COMPLETED	UNITS SOLD	SALEABLE UNITS
Southview Homes 2	Brgy. San Vicente, San Pedro, Laguna	Horizontal	Economic BP 220	2008	2010	132	132
South Hills – San Pedro Laguna	Brgy. San Vicente, San Pedro, Laguna	Horizontal	Economic BP 220	2010	2012	161	161
Eastview Homes- Marikina	B.G Molina, Parang Marikina	Horizontal	Mid-Market PD 957	2010	2012	34	34
Tradition Square – Cubao	Cubao, Quezon City	Horizontal	High-End PD 957	2013	2016	8	8
Winn Residences Phase 1	Brgy. Bagong Silangan, Quezon City	Vertical	Socialized BP 220	2016	2020	278	278
Southview Homes – Sta. Rosa	Brgy. Ibaba, Sta. Rosa, Laguna	Horizontal	BP220	2017	2019	261	261
TOTAL						999	999

Ongoing projects

The Company has ongoing projects in various stages of development located in Rizal and Laguna.

Haus Talk, Inc.

ONGOING PROJECTS – HAUS TALK, INC.								
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	TARGET COMPLETION	SALEABLE UNITS	UNITS SOLD	% SOLD ¹
Celestis 2	Buliran Rd., Brgy. San Luis, Antipolo City	Horizontal	Mid-Market PD 957	2022	2026	58	54	93%
The Granary with Annex	Bayabas Rd., Brgy. San Antonio, Binan, Laguna	Horizontal	Economic BP 220	2023	2026	1,474	1,168	79%
The Hammond	Sitio Hinapao, Brgy. San Jose, Antipolo City	Horizontal	PD957	2025	2027	143	0	0%
TOTAL						1,675	1,222	

¹ As of September 30, 2025

ONGOING PROJECTS – TRADITION HOMES, INC.								
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	TARGET COMPLETION	SALEABLE UNITS	UNITS SOLD	% SOLD ¹
Southview Homes Calendola	Brgy. Calendola, San Vicente, San Pedro Laguna	Horizontal	Mid-Market PD 957	2018	2027	292	251	86%
TOTAL						292	251	

¹ As of September 30, 2025

Pipeline Projects

The Company is planning to launch seven projects in Antipolo City, Angono, Rizal, and Binan City, Laguna. Majority of these projects are horizontal residential projects, with two vertical developments and one mixed-use project.

PIPELINE PROJECTS OF HAUS TALK INC. AND ITS SUBSIDIARIES						
PROJECT NAME*	LOCATION	TYPE	CLASSIFICATION	TARGET YEAR		NO. OF UNITS
				START	COMPLETE	
Molavera	Brgy. San Luis, Antipolo City	Horizontal	BP 220	1Q 2026	2028	240
Amberwood	Brgy. Soro-soro, Biñan, Laguna	Horizontal	PD 957	1Q 2026	2029	178
Cornerstone	Brgy. Soro-soro, Biñan, Laguna	Vertical	BP 220	1Q 2026	2031	2,100
Whistlewood	Brgy. San Luis, Antipolo City	Horizontal	BP 220	2Q 2026	2029	948
The Canvas	Mahabang Parang, Angono, Rizal	Mixed-use	BP 220 / PD 957	3Q 2026 (Phase 1)	2032	1,891
Ellery Homes ¹	Tagbak Rd., Sitio Hinapao, Brgy. San Jose, Antipolo City	Vertical	Socialized	2Q 2026	2031	144
Southview Homes 2 Extension	San Vicente, San Pedro, Laguna	Horizontal	BP 220	To be determined	To be determined	83

**Project details are subject to change upon formal launch of the project.*

COMPETITIVE STRENGTHS

The Company considers the following as its competitive strengths:

- One of the leading residential developers in Rizal and Laguna areas with a distinguished brand and reliable track record of project execution;
- Strategic location selection to provide value-for-money proposition to customers;
- Diversified portfolio of socio-economic housing markets;
- Experienced management team and organizational culture;
- Socially responsible organization;
- Established track record of strong profitability and healthy margins; and
- Well defined and integrated set-up comprising key aspects of the real estate business.

KEY STRATEGIES

The Company's business strategies include the following:

- Capitalize on the sustained growth of and demand for economic and middle-income housing;
- Integrate commercial developments to complement real estate projects leading to diversification of revenue streams;
- Capitalize on pipeline projects; and
- Invest in new and innovative technologies aimed to further enhance operational efficiency.

¹ Formerly known as Eastview Condominium Project

RISKS OF INVESTING

Before making an investment decision, investors are advised to carefully consider all the information contained in this Prospectus, including the following key points characterizing the potential risks associated with an investment in the Bonds. These include risks arising from the nature of the Company and its business, risks relating to the economic and political environment in the Philippines, and risks relating to the Bonds. Please refer to the “*Risk Factors and Other Considerations*” on page 30 of this Prospectus for a discussion, which, while not meant to be exhaustive, should be considered in connection with an investment in the Bonds.

CORPORATE INFORMATION

The Company’s principal office is at Unit 701 Orient Square Bldg. F. Ortigas, Jr. Road., Ortigas Center Pasig City, Philippines with telephone number (+632) 8634-8712. The Company’s website is <https://www.haustalk.com.ph>.

The Company can likewise be reached for inquiries on its Investor Relations Program through the Company’s Investor Relations Office, with contact details as follows:

Address: Unit 701 Orient Square Bldg., F. Ortigas Jr. Road., Ortigas Center,
Pasig City, Philippines
Landline: (+632) 8634-8712
E-mail: investorrelations@haustalk.com.ph

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SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present the summary of financial information and should be read in conjunction with the independent auditor's reports and the Company's financial statements, including the notes thereto, included elsewhere 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, 2024 and 2023 (restated) and December 31, 2022 was derived from the Company's consolidated audited financial statements, which were prepared in accordance with PFRS and were audited by Valdes Abad & Company in accordance with the PSA and summary financial information for the interim or nine months period ended September 30, 2025 and 2024 were derived from the reviewed interim consolidated financial statements of the Company reviewed by the same auditor, Valdes Abad & Company.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended Dec. 31, As restated			For the nine months ended Sept. 30, Unaudited	
	2024	2023	2022	2025	2024
	(P in thousands, except EPS numbers)				
REVENUE					
Real Estate Sales	1,401,028	1,011,107	619,525	1,201,062	1,190,559
Other Operating Income	12,491	18,149	16,006	8,779	8,397
Total Revenue	1,413,519	1,029,256	635,531	1,209,841	1,198,956
COST OF REAL ESTATE SALES	772,605	582,282	335,813	660,419	646,276
GROSS PROFIT	640,914	446,974	299,718	549,422	552,680
OPERATING EXPENSES					
Selling expenses	65,275	58,523	23,603	63,462	99,730
General and administrative expenses	181,076	125,684	80,327	161,323	127,722
Total Operating Expenses	246,351	184,207	103,930	224,786	227,452
Net Operating Income	394,563	262,767	195,788	324,636	325,228
Finance Cost, Net	31,471	18,936	16,387	12,229	22,127
Income Before Tax	363,092	243,831	179,401	312,408	303,102
Income Tax Expense	3,722	(21,656)	(41,254)	(9,750)	7,973
NET INCOME	366,813	222,174	138,148	302,658	311,074
OTHER COMPREHENSIVE INCOME					
Actuarial gain on retirement plan	(2,764)	10,439	-	-	-
TOTAL COMPREHENSIVE INCOME	364,049	232,614	138,148	302,658	311,074
BASIC EARNINGS PER SHARE	0.147	0.089	0.055	0.121	0.124

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at Dec. 31, As restated			As at Sept. 30, Unaudited	
	2024	2023	2022	2025	2024
	(₱ in thousands)				
ASSETS					
CURRENT ASSETS					
Cash	244,378	211,855	51,715	104,003	74,628
Receivables	762,917	244,838	585,482	1,195,250	707,350
Contract assets - current portion	827,156	768,757	-	796,522	1,054,806
Real estate inventories	2,948,627	2,626,815	2,507,806	3,630,014	2,825,690
Prepayments and other current assets	17,404	12,039	14,259	2,588	11,401
Total Current Assets	4,800,481	3,864,305	3,159,262	5,728,377	4,673,875
NON-CURRENT ASSETS					
Contract asset, net of current portion	90,280	90,110	92,186	121,761	91,937
Property and equipment, net	1,075,445	1,046,538	1,026,234	1,072,100	1,064,138
Other non-current asset	30,536	18,720	17,969	30,016	33,231
Total Non-Current Assets	1,196,261	1,155,368	1,136,389	1,223,877	1,189,307
TOTAL ASSETS	5,996,741	5,019,674	4,295,651	6,952,255	5,863,182
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts and other payables	197,407	175,451	304,677	153,188	269,909
Contract Liabilities - current	38,015	45,123	-	13,960	42,824
Income tax payable	-	-	6,004	2,671	851
Lease liability	-	-	-	318	-
Loans and borrowings - current portion	782,701	396,422	202,951	1,073,161	104,278
Total Current Liabilities	1,018,123	616,996	513,632	1,243,298	417,862
NON-CURRENT LIABILITIES					
Loans and borrowings, net of current portion	974,138	713,986	223,073	1,407,588	1,448,927
Advances from related parties	173,929	177,799	244,672	168,159	174,425
Defined benefit obligation	12,704	7,095	15,397	12,704	7,095
Total Non-Current Liabilities	1,160,770	898,879	483,141	1,588,451	1,630,447
EQUITY					
Share capital	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Share premium	218,850	218,850	218,850	218,850	218,850
Retained earnings	1,087,987	771,174	576,693	1,390,645	1,082,248
Actuarial gain (loss) on defined benefit obligation	11,011	13,775	3,336	11,011	13,775
Total Equity	3,817,848	3,503,799	3,298,878	4,120,506	3,814,873
TOTAL LIABILITIES AND EQUITY	5,996,741	5,019,674	4,295,651	6,952,255	5,863,182

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the years ended Dec. 31,			For the nine months ended Sept. 30,	
	As restated			Unaudited	
	2024	2023	2022	2025	2024
	(P in thousands)				
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before tax	363,092	243,831	179,401	312,408	303,102
Adjustments for:					
Prior period adjustment	-	-	-	-	-
Provision for expected credit losses				1,283	
Interest expense - bank loans	30,952	17,945	15,745	12,260	22,168
Interest expense - defined benefit obligation	432	1,051	655	-	-
Retirement expense	2,413	1,846	4,398	-	-
Interest income earned	(65)	(59)	(13)	(32)	(42)
Depreciation	12,190	11,254	5,255	10,673	7,872
Operating income before changes in working capital	409,013	275,868	205,442	336,591	333,100
Changes in assets and liabilities:					
Decrease (Increase) in receivables	(518,079)	340,644	(246,946)	(433,615)	(462,512)
Increase in contract asset	(58,569)	(766,681)	-	(847)	(287,877)
Decrease (Increase) in real estate inventories	(321,811)	(119,009)	(599,288)	(681,388)	(198,875)
Decrease (Increase) in prepayments and other current assets	(5,364)	2,220	(12,770)	14,815	639
Decrease in other non-current assets	(5,822)	(1,194)	(10,183)	(520)	(14,511)
Increase in accounts and other payables	21,957	(129,226)	127,065	(44,220)	94,458
Increase in contract liabilities	(7,108)	45,123	-	(24,055)	(2,299)
Increase in lease liability	-	-	-	318	-
Increase in advances to related parties	-	-	-	-	-
Defined benefit obligation	-	(760)	(2,652)	-	-
Cash generated from operations	(485,783)	(353,017)	(539,332)	(831,880)	(537,877)
Interest received	65	59	13	32	42
Income taxes paid	(2,272)	(27,217)	(51,139)	(7,079)	8,824
Net Cash Used by Operating Activities	(487,990)	(380,174)	(590,457)	(838,928)	(529,011)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property and equipment	(41,097)	(31,558)	(167,220)	(7,328)	(25,472)
Net Cash Used In Investing Activities	(41,097)	(31,558)	(167,220)	(7,328)	(25,472)
CASH FLOWS FROM FINANCING ACTIVITIES					
Additions to loans and borrowings	646,431	684,384	50,118	723,911	442,798
Payment of advances from related parties	(3,870)	(66,873)	28,188	(5,770)	(3,374)
Issuance of share capital, net of issuance cost	-	-	718,850	-	-
Dividends paid	(50,000)	(27,694)			
Interest paid	(30,952)	(17,945)	(15,745)	(12,260)	(22,168)
Net Cash Provided/(Used) in Financing Activities	561,609	571,872	781,410	705,881	417,256
NET INCREASE IN CASH	32,522	160,140	23,734	(140,374)	(137,228)
CASH, BEGINNING	211,855	51,715	27,982	244,378	211,855
CASH, ENDING	244,378	211,855	51,715	104,003	74,628

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(₱ in thousands)	Share Capital	Share Premium	As Restated Retained Earnings	Actuarial gain (loss) on defined benefit obligation	Total
BALANCE AT DECEMBER 31, 2022	2,500,000	218,850	576,693	3,336	3,298,878
Dividend paid	-		(27,694)	-	(27,694)
Net income	-		222,174	-	222,174
Other comprehensive income	-	-	-	10,439	10,439
BALANCE AT DECEMBER 31, 2023	2,500,000	218,850	771,174	13,775	3,503,799
Net income	-		311,074	-	311,074
BALANCE AT SEPTEMBER 30, 2024	2,500,000	218,850	1,082,248	13,775	3,814,873
Net income	-		55,739	-	55,739
Other comprehensive income	-	-	-	(2,764)	(2,764)
Dividend paid	-		(50,000)	-	(50,000)
BALANCE AT DECEMBER 31, 2024	2,500,000	218,850	1,087,987	11,011	3,817,848
Net income	-		302,658	-	302,658
Other comprehensive income	-	-	-	-	-
BALANCE AT SEPTEMBER 30, 2025	2,500,000	218,850	1,390,645	11,011	4,120,506

Remainder of this page is intentionally left blank.

SUMMARY OF THE OFFER

The following summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus, including, but not limited to, the discussion on the “Description of the Bonds” and “Plan of Distribution”. This overview may not contain all the information that prospective investors should consider before deciding to invest in the Bonds. Accordingly, any decision by a prospective investor to invest in the Bonds should be based on a consideration of this Prospectus, the Trust Agreement, the other Bond Agreements, the Company Disclosures, the Articles of Incorporation and By-Laws (each as amended to date), resolutions of the Board of Directors of the Company, and any other agreements or documents relevant to the Offer, as a whole.

Prospective Bondholders must make their own appraisal of the Issuer and the Offer and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They 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 substitutes for the prospective investor’s independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their respective legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds.

Capitalized terms used but not defined herein have the meanings given to them in the “Glossary of Terms” in this Prospectus.

IMPORTANT NOTE: Prospective Investors should refer to the more extended discussion of the Terms and Conditions of the Bonds under the section “Description of the Bonds.”

Issuer	Haus Talk, Inc. (“HTI” or the “Company”)
Instrument	Securities and Exchange Commission (“SEC”)-registered fixed rate, Philippine Peso-denominated Bonds constituting the direct, unconditional, unsecured and unsubordinated obligations of the Issuer
Issue/Issue Amount	SEC-registered fixed rate, Philippine Peso-denominated Bonds in the aggregate principal amount of up to ₱2,000,000,000.00 consisting of a Base Offer of ₱1,000,000,000.00 plus an Oversubscription Option of up to ₱1,000,000,000.00 The Issuer has the discretion to allocate the Bonds among the Series A Bonds and Series B Bonds, or, depending on market conditions, to fully allocate the Bonds in just one series based on the results of the bookbuilding process to be conducted by the Issue Manager, Underwriter and Bookrunner.
Manner of Distribution	Public offering in the Philippines to eligible investors
Use of Proceeds	<ol style="list-style-type: none"> 1. To partially support the Company’s land banking activities; 2. To partially support the Company’s project developments; and 3. To support general corporate purposes requirement.
Form and Denomination of the Bonds	The Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.
Purchase Price	The Bonds shall be issued at par or 100% of face value.
Offer Period	The Offer Period shall commence at 9:00am on March 2, 2026 and end at 5:00pm on March 6, 2026 or on such dates and time as the Issuer and the Issue Manager, Underwriter and Bookrunner may agree upon.

Issue Date of the Bonds	March 16, 2026, or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such later date as may be mutually determined by the Issuer and the Issue Manager, Underwriter and Bookrunner for the issuance of the Bonds
Listing Date of the Bonds	The Issue Date of the Bonds, or March 16, 2026
Tenor	Series A Bonds: Three years from the Issue Date; and Series B Bonds: Five years from the Issue Date
Benchmark Rate	<p>The Benchmark Rate shall be three-day simple average of the following:</p> <p>Series A Bonds Benchmark Rate: The three-year PHP BVAL Reference Rate (or its successor benchmark rate)</p> <p>Series B Bonds Benchmark Rate: The five-year PHP BVAL Reference Rate (or its successor benchmark rate)</p> <p>as published on the relevant page of the Philippine Dealing System Group, or if unavailable, the Philippine Dealing & Exchange Corp. (or such successor entity) of Bloomberg (or such successor electronic service provider) at approximately 5:00pm (Philippine Standard Time), for the three consecutive Business Days immediately preceding and ending on the interest rate setting date, and the respective spread for each series to be determined based on a bookbuilding process.</p> <p>If the Benchmark Rate cannot be determined as provided above, then the Issuer and the Issue Manager, Underwriter and Bookrunner shall agree on a mutually acceptable mechanism to determine the Benchmark Rate/s or otherwise determine the Interest Rate/s.</p> <p>In the event that the Benchmark Rate is replaced by a new benchmark rate as determined by the Bankers Association of the Philippines (“BAP”) or the Bangko Sentral ng Pilipinas (“BSP”), such new benchmark rate shall be adopted for purposes of determining the respective final interest rates for the Bonds (the “New Benchmark Rate”). In the absence of such new replacement benchmark rate as determined by the BAP or BSP, and there is a mandatory directive by the BAP or the BSP to no longer use or apply the BVAL rates, the Company and the Issue Manager, Underwriter and Bookrunner shall exert their best efforts to negotiate and adopt an alternative rate that will serve as the new Benchmark Rate.</p>
Interest Rate	Series A Bonds Interest Rate: 7.0896% p.a. Series B Bonds Interest Rate: 7.5924% p.a.
Interest Payment	<p>Payable quarterly in arrears on March 16, June 16, September 16, and December 16 of each year while such Bonds are outstanding, or the next Business Day if any such dates fall on a non-Business Day without adjustment to the amount of the interest due, during the term of the Bonds (each, an “Interest Payment Date”).</p> <p>Interest on the Bonds shall be calculated on a European 30/360-day count basis regardless of the actual number of days in a month.</p>
Optional Redemption	The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part) the outstanding Series B Bonds on the dates set out below (the “ Optional Redemption Dates ”) together with (i) the accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Date; and (ii) the product of the principal amount of the

	<p>outstanding Series B Bonds and the applicable Optional Redemption Price in accordance with the following schedule:</p> <table border="1" data-bbox="552 286 1394 535"> <thead> <tr> <th data-bbox="552 286 1142 344">Optional Redemption Dates</th> <th data-bbox="1142 286 1394 344">Optional Redemption Price</th> </tr> </thead> <tbody> <tr> <td data-bbox="552 344 1142 439">Three years from the Issue Date and every Interest Payment Date thereafter before the fourth anniversary of the Issue Date</td> <td data-bbox="1142 344 1394 439">101.50%</td> </tr> <tr> <td data-bbox="552 439 1142 535">Four years from the Issue Date and every Interest Payment Date thereafter before the Maturity Date.</td> <td data-bbox="1142 439 1394 535">101.00%</td> </tr> </tbody> </table> <p>provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of accrued interest and the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Bonds pursuant to this optional redemption option.</p> <p>The Issuer shall give no more than 60 nor less than 30 days' prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Optional Redemption Date stated in such notice.</p>	Optional Redemption Dates	Optional Redemption Price	Three years from the Issue Date and every Interest Payment Date thereafter before the fourth anniversary of the Issue Date	101.50%	Four years from the Issue Date and every Interest Payment Date thereafter before the Maturity Date.	101.00%
Optional Redemption Dates	Optional Redemption Price						
Three years from the Issue Date and every Interest Payment Date thereafter before the fourth anniversary of the Issue Date	101.50%						
Four years from the Issue Date and every Interest Payment Date thereafter before the Maturity Date.	101.00%						
Final Redemption	<p>The Bonds shall be redeemed at par or 100% of the face value (the "Final Redemption Amount") on the Maturity Date, unless earlier redeemed or purchased and cancelled by the Issuer.</p> <p>In the event that the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Registrar and Paying Agent, without adjustment for accrued interest and the Final Redemption Amount on the succeeding Business Day.</p>						
Early Redemption for Tax Reasons	<p>If payments under a series of or all the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rules, or regulations, or in the interpretation thereof; and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Bonds series in whole or all the Bonds in in whole, and not in part only, on any Interest Payment Date at 100% of face value plus accrued interest computed up to the date when the Bonds shall be redeemed earlier than its maturity date provided the Issuer has given not more than 60 nor less than 30 days' prior written notice to the Trustee, Registrar and Paying Agent, and subject to the requirements of Applicable Law.</p>						
Early Redemption by Reason of Change in Law or Circumstance	<p>If any one or more of the events enumerated as a Change in Law or Circumstance shall occur and be continuing for a period of 30 days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said 30-day period, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Agreement to be documented or in the Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on "<i>Description of the Bonds – Notice of Default.</i>"</p>						

Purchase and Cancellation	The Issuer may at any time purchase any of the Bonds, in accordance with PDEX rules, as may be amended from time to time, in the open market or by tender or by contract, without any obligation to purchase Bonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.
Status of the Bonds	The Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of HTI and shall at all times rank <i>pari passu</i> and ratably without any preference or priority amongst themselves and at least <i>pari passu</i> with all other present and future unsubordinated and unsecured debt of HTI, contingent or otherwise, other than debt mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines).
Negative Pledge	The Bonds will have the benefit of a negative pledge on all properties and assets of the Issuer, subject to Permitted Liens.
Listing	The Issuer will list the Bonds on the Philippine Dealing & Exchange Corp. ("PDEX") on the Issue Date.
Bond Rating	The Bonds have been rated PRS A with a Stable Outlook by the Philippine Rating Services Corporation on December 19, 2025. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.
Issue Manager, Underwriter and Bookrunner	Security Bank Capital Investment Corporation
Registrar and Paying Agent	Philippine Depository & Trust Corp. ("PDTC")
Trustee	RCBC Trust Corporation
Counsel to the Issuer	Tan Venturanza Valdez
Counsel to the Issue Manager, Underwriter and Bookrunner	SyCip Salazar Hernandez & Gatmaitan
Auditor	Valdes Abad & Company, CPAs

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RISK FACTORS AND OTHER CONSIDERATIONS

An investment in the Bonds 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 profits be made as a result of buying and selling securities. The Company's past performance is not a guide to its future performance. There may be a large difference between the buying price and the selling price of the Bonds.

An investor deals with a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Bonds. 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 prospects, financial condition, results of operations, and the market price of the Bonds. All or part of an investment in the Bonds could be lost.

The means by which the Company intends to address certain of the risk factors discussed herein are principally presented under "Company's Business — Competitive Strengths", "Company's Business — Key Strategies", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Board of Directors and Officers" in this Prospectus. Investors should note, however, that many of the risks and uncertainties discussed below are entirely beyond the Company's control.

This risk factors discussion does not purport to disclose all of the risks and other significant aspects of investing in the Offer, nor does the order of one risk factor indicate the size or priority of that risk. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors may request publicly available information on the Company from the SEC. An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of this Offer or the nature of risks involved in purchasing, holding, and trading the Shares. Each investor should consult his or her own counsel, accountant, and other advisors as to the legal, tax, business, financial, and related aspects of an investment in the Shares.

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 Group's business, results of operations, financial condition, and prospects.

GENERAL RISK WARNING

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. Past performance is not a guide to future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities. An investor deals with a range of investments, each of which may carry a different level of risk.

PRUDENCE REQUIRED

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his/her/its own research and study on the trading of securities before commencing any trading activity. Investors may request information on the securities and Issuer thereof from the SEC and PSE which are available to the public.

PROFESSIONAL ADVICE

Investors should seek professional advice regarding any aspect of the securities such as the nature of the risks involved in the trading of the securities, especially in the trading of high-risk securities. Each investor should consult his/her/its own counsel, accountant, and other advisors as to legal, tax, business, financial, and related aspects of an investment in the Bonds.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS

The Company's performance may be affected by the highly competitive nature of the real estate industry.

The Company's ability to sell its projects may be adversely affected by the competition from other real estate developers, some with greater financial and developmental resources, more attractive locations of projects, and a more aggressive approach to prospective projects and clients.

The Company faces competition from local affordable housing players such as PHirst Park Homes, Camella Homes, Amaia Land, Suntrust Properties, and a host of other local and national players. Nevertheless, the Company believes that it has the ability to establish itself as the leading local housing developer due to its strong track record.

To mitigate this risk, the Company will continue to focus on its particular niche and on prime and mature locations for its prospective projects. The Company believes that having projects located in premier locations, competitive pricing, and proper identification of the target market for each project will allow the Company to successfully sell its projects.

The ability to acquire land for the development of projects as well as the availability thereof has a substantial impact on the Company's growth.

The Company's future growth and development is directly affected by its ability to enter into agreements for the acquisition and/or development of additional land deemed viable for the Company's future projects. In the event that the Company is unable to acquire suitable land at acceptable prices with reasonable returns, its growth prospects could be limited, and its business and results of operations could be adversely affected.

To mitigate this risk, the Company, subject to appropriate due diligence, remains flexible in its investment structures, whether these be direct land acquisitions, joint venture developments, long-term leases, or take-overs of existing projects.

Furthermore, the Company will normally not be in the market to acquire huge tracts of land (more than 50 hectares) for any single project. The Company has focused on smaller property cuts that would fit its intended market. Typically, larger property companies would not be in the market for smaller cuts of land.

The Company may have limited access to bank credit or capital given its relatively smaller size compared to its peers. This may restrain the Company's ability to landbank and undertake development.

The Company cannot assure its investors that conditions in the bank lending, capital, and other financial markets will not deteriorate or that the Company's access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals, or refinancing.

The Company must continuously seek providers of capital and/or acquire land for its own account to replenish and expand its land inventory. Risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land and subdivision lots can fluctuate significantly because of changing market conditions. The Company cannot assure investors that the measures it employs to manage land inventory risks will be successful.

Changes in economic or market conditions may require the Company to defer the commencement of projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its financial statement, as well as reduce the amount of property available for sale.

Any of the foregoing events would have a Material Adverse Effect on the Company's business and financial condition.

To mitigate this risk, the Company continues to establish good relationships with its existing creditors. The Company also attempts to manage this risk by closely monitoring and managing the Company's balance sheet and resources while preserving the long-term financial health of the Company.

The Company's profitability and reputation will be affected if it is not able to comply with the agreed turnover date of its projects.

The Company's reputation will be negatively affected if any of its projects experience construction or infrastructure failures, design flaws, significant project delays, and quality control issues. This will consequently make it more difficult for the Company to attract new customers for its future projects. Any negative effect that would stain the Company's reputation may pose difficulties in pre-selling its projects and may have a domino effect on its other current and future housing and developmental projects. This will adversely affect the Company's ability to raise its capital as well as the results of its operations and financial performance.

As of the date of this Prospectus, the Company has not experienced any significant delays in construction, project failure, nor any quality control issues, although there is no assurance that no such delays or issues will arise in the future. To mitigate this risk, the Company engages the services of reputable project managers and general contractors to ensure that its projects are constructed in accordance with plans and specifications and follow the agreed schedules. The selection of project managers and general contractors will pass through a prequalification process and competitive bidding. Contracts will include provisions for warranties, penalties, and liquidated damages for delay and unsatisfactory workmanship.

The Company may be held liable for customer complaints arising out of faults and defects in construction.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses and/or buildings that were designed or built by them for a period of 15 years from the date of completion of the house/building. The Company may also be held responsible for hidden (*i.e.*, latent or non-observable) defects in a house or building sold by it when such hidden defects render the house or building 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/building to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "**Building Code**"), which governs the design and construction of buildings, among others, and sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors.

Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for the costs incurred by the Company to correct the same. 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 its business, financial condition, and results of operations. The Company, however, has not experienced any significant construction, project failure, or quality control issues in the past.

To mitigate this risk, the Company ensures that all its projects are carefully executed to meet the required standards. The Company sources and/or requires its contractors to source their construction materials from reputable suppliers to ensure their quality. The selection of suppliers involves a prequalification and competitive bidding process. In addition, each project will be covered by adequate bonds and insurances.

The Company is exposed to risks associated with its sale on installment activities, including the risk of customer default which can affect the Company's business, financial condition, and results of operations.

The Company has provided sale on installment to its customers, particularly for buyers of its affordable and middle-income real estate products. Around 1% of the Company's sales are through its in-house installment program. In cases where the Company provides sale on installment, it charges customers interest rates that are substantially higher than comparable rates for bank financing. As a result, and particularly during periods when interest rates are relatively high, the Company faces the risk that a greater number of customers who utilize the Company's sale on installment facilities will default on their payment obligations. This would require the Company to incur expenses such as those relating to sales cancellations and project reselling.

There can be no assurance that the Company will not experience a substantial number of cancellations in the future. Should it happen, it will have an adverse effect on the Company's business, financial condition, and results of operations.

Nevertheless, the Company has not experienced any significant defaults, even in the height of the COVID-19 pandemic in 2020. The Company believes that the impact of customer defaults is minimized since the Company conducts extensive credit checks on its customers, and the possession and physical title of these properties remain with the Company until all required payments are made and completed.

To prevent cancellations, the Company ensures value for its customers' money with its competitive pricing, quality locations, planning and design, generous amenities, timely and high-quality construction, well-established customer care, and after-sales and property management support. Furthermore, to minimize the risk of cancellations, the Company targets a prudent mix of clients, the bulk of which are employed professionals and employees. The Company aims to diversify its market further to avoid excessive dependency on a particular geographic location of buyers. In addition, the Company can resell the property at the prevailing price within a short period of time due to high demand for the Company's products.

The Company does not guarantee that all its business plans and strategies will be successfully executed.

Every business is susceptible to the failure of the implementation of its business plans and strategies, especially with respect to new projects, expansions, and operational undertakings. Delays, unforeseen constraints, or changes in market conditions may impede the timely or effective realization of planned objectives.

The Company seeks to mitigate these risks through careful formation of its strategies, structured organization of its operating units, and regular monitoring of performance against established targets. Regular meetings are conducted to ensure that goals are on track and remain achievable. Where synergies and operational efficiencies will be beneficial, the Company will take advantage of structures, resources, and partnerships already in place to help mitigate this risk and reduce potential setbacks.

Financing and finance costs have a significant effect on the business.

The Company uses short-term financing to cover all of its pre-development and development costs. There is no assurance that the Company will be able to obtain such financing at favorable terms.

Aside from this, higher inflation and interest rates could have a Material Adverse Effect on the ability of the Company and its customers to obtain financing.

Higher interest rates and factors that affect interest rates, such as the Government's fiscal policy, inflation, and foreign exchange rates, could have a Material Adverse Effect on the Company and on demand for its products. For example:

- Higher interest rates will make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.
- Higher interest rates will make it more expensive for prospective and current customers who

procure financing to fund their property purchases and therefore could adversely affect demand for the Company's residential projects.

- Significantly higher Government borrowings in the domestic currency market may reduce the amount of bank financing available to real estate developers, including the Company, and drive up interest rates charged by banks and other financial institutions.
- Higher inflation rates could result in increased cost of raw materials, which the Company may not be able to pass onto its customers as increased prices, and also result in higher interest rates.

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.

While these risks are uncontrollable, the Company practices prudent financial management to minimize its possible effects. Total project costs included in construction contracts are also typically fixed, which alleviate the impact of inflationary pressures.

The Company may fail to secure the licenses, permits, and other authorizations for its operations, fulfill the terms and conditions thereof, or fail to renew them upon expiration.

The Company is required to secure and maintain business licenses, permits, and other authorizations, including those relating to certain construction activities for its properties, and is also required to obtain and renew various permits, including business permits and permits concerning, for example, health, safety, and environmental standards. The Company's licenses, permits, and other authorizations contain various requirements that must be complied with to remain valid. If the Company fails to meet the terms and conditions of any of its licenses, permits, or other authorizations necessary for its operations, these may be suspended or terminated, leading to temporary or potentially permanent closure of properties, suspension of construction activities, or other adverse consequences. In addition, there is no certainty that any given license, permit, or authorization will be deemed sufficient by the relevant governmental authorities to fully cover activities conducted in reliance on such license, permit, or authorization.

There can be no assurance that the Company will continue to be able to secure or renew, as the case may be, the necessary licenses, permits, and other authorizations for its properties as necessary or that such licenses, permits, and other authorizations will not be revoked. If the Company is unable to obtain or renew them or is only able to do so on unfavorable terms, this could have an adverse effect on its business, financial condition, and results of operations.

To manage the risk, the Company shall ensure that its licenses and permits are renewed on time and that the Company complies with the terms and conditions of its licenses and permits.

The Company has no control over adverse claims over owned lands.

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

Although the Company has not been involved in any case or action wherein it has defend its title to property, the Company, which owns lands with various titles under its name, may, from time to time, be required to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company. In such event, the Company may be required to devote significant time and incur significant costs in defending the Company against such claims, or to settle with such third parties.

To mitigate this risk, the Company conducts comprehensive due diligence and extensive title research before acquiring properties or parcels of land.

The Company might risk being exposed to housing price bubbles brought by historically low interest rates, expansion in overall liquidity, and extensive construction of housing units.

With the aggressiveness of real estate sector developments in the country, a steep rise in property prices was observed. A housing price bubble occurs when demand for property suddenly decreases and the supply on real estate property increases. The rapid upsurge in asset prices might result in an eventual decline in prices as markets recalibrate. In addition, a housing price bubble may also happen when speculative investing, which is ubiquitous in China, Hong Kong, and Singapore, is apparent. To counter that, the demand registered in the local sector is backed by demands from end-users rather than speculative buyers. This, in turn, diminishes the probability of having asset bubbles since real estate properties are not bought as investments but for residential purposes.

Central banks worldwide have kept overall interest rates at historically low levels for an extended period of time. Along with the sustained levels of domestic liquidity owing to strong and growing remittances from OFWs, the expansion of consumer credit provided by banks, the expiry of the BSP's requirement for banks to maintain special deposit accounts, and strong inflows of foreign investments, among other factors, the real estate industry is expected to take advantage of the stronger purchasing power in the current economic environment.

The Company is confident in the efforts of the BSP to control inflation and prevent the formation of asset bubbles in real estate. In addition, the Company operates and competes in a market segment where there remains a significant backlog of housing units for end-users comprising of middle-income individuals, couples, and families. By doing so, the Company is catering to a market segment which has a particular and real housing need.

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

Sales to overseas Filipinos, including OFWs and Filipino expatriates, generate a significant portion of the demand for the Company's housing and land development projects. A number of factors could lead to reduced remittances from OFWs, reduced number of overseas Filipinos, or reduced purchasing power of overseas Filipinos. These factors are:

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

Any of these events could adversely affect demand for the Company's projects from overseas Filipinos, which could have a Material Adverse Effect on the Company's business, financial condition, and results of operations.

OFW remittances continue to enjoy consistent growth reaching an all-time high in 2024. According to the BSP, personal remittances from OFWs reached \$38.34 billion in 2024 marking a 3% increase from \$37.21 billion in 2023. This represents approximately 8.3% of the Philippines' Gross Domestic Product ("GDP"). Given this sustained upward trend, the Company expects increased demand for its housing products from overseas Filipinos and their families, supported by stable financing from OFW remittances.

The Company engages third-party brokers and agents to sell its residential housing and condominiums.

The Company uses third-party brokers to market and sell its various real estate offerings to potential customers. If these brokers do not meet their sales targets, the Company's business, financial condition, and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers.

Nevertheless, the Company has maintained a very professional and harmonious working relationship with its extensive brokerage network. All brokers and agents must secure accreditation from the Company as this allows the Company to properly screen, monitor, and onboard these third-party brokers and agents. As part of its quality commitment, the Company schedules weekly product knowledge seminars which provide a comprehensive orientation per project. This equips brokers and agents with the latest project data and gives them greater confidence in the diverse offerings of the Company. Considering the Company's inventory in almost all residential segments and its growing commercial portfolio, these third-party brokers are able to offer more enticing options to their potential buyers. The Company has also pioneered various incentive programs for its brokers, which paved the way for multiple and repeat selling efforts from individual sellers and brokerages.

Cancellation of sales involving the Company's projects could adversely affect its business, financial condition, and results of operations.

As a developer and seller of residential real estate, the Company's business, financial condition, and results of operations could be adversely affected if a material number of residential sales are cancelled. Historically, the Company has had a minimal cancellation rate. However, this is no assurance that the Company will not experience a material number of cancellations in the future. Should that happen, it could have a Material Adverse Effect on the Company's business, financial condition, and results of operations.

To prevent cancellations, the Company ensures value for its customers' money with its competitive pricing, quality locations, planning and design, generous amenities, timely and quality construction, well-established customer care, and after-sales and property management support. Furthermore, to mitigate the negative impact of cancellation, the Company offers flexible payment arrangements to its buyers upon the approval of the Company management.

Credit and collection risk from customers

The Company is exposed to the credit risk of its customers. Defaults on material payments owed to it by customers could significantly reduce its operating cash flows and liquidity, as well as have a Material Adverse Effect on its financial condition and results of operations. The Company's customers could also experience cash flow difficulties that could in turn lead to the Company being unable to collect payments or experiencing long delays in collection of payments. There is no assurance that the Company's exposure to the risk of customers' delayed payments or defaults in payment will not increase, or that the Company will not experience losses or cash flow constraints as a result. If any of these events were to occur, these could have a Material Adverse Effect on the Company's financial condition, results of operations, and liquidity.

The Company places high priority on payment collection, as evidenced by its bimonthly Accounts Receivable alignment meetings, weekly cash flow updates, and expanded Credit and Collection Team.

Internal controls have been established towards the prevention of any mishandling of cash and the protection of the Company's assets. The Company has an Internal Audit Group responsible for documenting all processes, including financial and operational matters, and ensuring that proper internal controls are in place. The Internal Audit Group assesses the Company's internal control policies regularly and provides recommendations towards the improvement of these processes. The Treasury Group monitors cash flow to ensure proper funding of daily disbursements and investing free cash under the best available yield and terms in the market.

Through scenario analysis and contingency planning, the Company also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost.

In addition, the Company ordinarily requires a 20% downpayment from its buyers before the commencement of construction.

The Company's inability to comply with environmental laws could adversely affect the Company's business.

Real estate developers are required to strictly follow the guidelines of the DENR. Any changes in the current environmental laws and regulations applicable to the Company may increase the Company's operating expenses.

The Company complies with environmental laws and will keep abreast of any changes in such laws which may have an impact on its business. However, 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, environmental 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's properties may be mortgaged to obtain financing.

Given the capital-intensive nature of the real estate business, the Company may sometimes be required by financial institutions to mortgage some of its properties when obtaining financing for the completion of its projects. There is a risk that in the event that the Company is unable to service these obligations to its creditors or is delayed in servicing the same, foreclosure proceedings may be instituted by said creditor.

To mitigate this risk, the Company practices sound and prudent financial management to ensure a healthy balance sheet and prompt payment of its obligations as they fall due.

The Company may be adversely affected by the illiquidity of real estate investments.

Real estate investments, particularly investments in land, are relatively illiquid. Such illiquidity may affect the Company's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market, or other conditions, which could materially and adversely affect the Company's financial condition and results of operations, and its ability to make distributions to Shareholders.

To manage the foregoing risk, the Company will actively manage its capital structure and intend to implement a well-balanced risk management strategy. The Company also can obtain debt financing if necessary.

The Company is a party to a number of related party transactions.

Certain companies controlled by the Madlambayan family enter into commercial transactions with the Company. The Company enters into a number of transactions with related parties, which primarily consist of advances for working capital purposes and deposits for future stock subscription. The Company's related party transactions are described in greater detail under "*Related Party Transactions*" found on page 174 of this Prospectus.

Such interdependence may mean that any material adverse changes in the operations or financial condition of the companies which are controlled by the Madlambayan Family could adversely affect the Company's results of operations.

Under Section 50 of the Tax Code, in the case of two or more businesses owned or controlled directly or indirectly by the same interests, the BIR Commissioner is authorized to distribute, apportion, or allocate gross income or deductions between or among such businesses upon determination of the necessity to prevent evasion of taxes or to clearly reflect the income of any such business. On January 23, 2013, the BIR issued Regulation No. 2-2013 on Transfer Pricing Regulations (the “**Transfer Pricing Regulations**”) which adheres to the arm’s length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines in addressing Base Erosion and Profit Shifting. The Transfer Pricing Regulations are applicable to cross-border and domestic transactions between related parties and associated enterprises. The Transfer Pricing Regulations define related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control, or capital of the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises. The arm’s length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm’s length. In such a case, the BIR, pursuant to the BIR Commissioner’s authority to distribute, apportion, or allocate gross income or deductions between or among two or more businesses owned or controlled directly or indirectly by the same interests (if such is necessary in order to prevent tax evasion or to clearly reflect the income of such business), may make the necessary transfer pricing adjustments to the taxable profits of the related parties to ensure that taxpayers clearly reflect income attributable to controlled transactions and to prevent the avoidance of taxes with respect to such transactions. While the Company believes that it enters transactions with related parties on an arm’s length basis which are documented pursuant to the Transfer Pricing Regulations, there can be no assurance that the BIR will confirm these transactions as arm’s length on the basis of the Transfer Pricing Regulations. There can also be no assurance that any transfer pricing adjustments by the BIR will not have a Material Adverse Effect on the Company’s business, financial condition, or results of operations.

The Company can provide no assurance that its level of related party transactions will not have an adverse effect on the Company’s business or results of operations. To mitigate this risk, the Company has adopted a Related Party Transaction policy in line with corporate governance requirements applicable to publicly listed companies.

The Company may be unable to attract and retain skilled professionals such as architects and engineers.

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 and engineers. Any inability on the part of 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 that it has been successful in fostering good relationships with its employees. To mitigate the risk of the Company being unable to attract and retain skilled professionals, the Company will continue to provide professional training programs to enable its employees to serve its customers better, increase productivity, and improve their skills. The Company also provides competitive compensation and benefit packages.

RISKS RELATING TO REAL ESTATE INDUSTRY

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

The Philippine real estate industry is subject to extensive government regulation. See “*Regulatory and Environmental Matters*” on page 193 of this Prospectus. 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, and the regulations of the Philippine Competition Commission. 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. These Government regulators include the SEC, BIR, DHSUD, the BOI, the Anti-Money Laundering Council, DENR, various LGUs and the National Privacy Commission. Further, 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 the Company, thereby adversely affecting the Company's business, financial condition, and results of operations. On August 8, 2015, Republic Act No. 10667, otherwise known as the Philippine Competition Act (the "PCA") became effective. The PCA prohibits and penalizes anti-competitive agreements and abuse of dominance. It likewise provides for mandatory notification for mergers and acquisitions meeting the set thresholds under the PCA and its Implementing Rules and Regulations. Given the usual volume of the Sponsor's and its Affiliates' transactions, mergers or acquisitions undertaken by the Company may meet the notification threshold under the PCA and its Implementing Rules and Regulations. The mandatory process of notification may delay the consummation of the Company's transactions.

To mitigate the risk of development and application regulations in the Philippines having an adverse effect on the Company's projects, the Company ensures that all projects are compliant with Government regulations and specifications.

In addition, Government regulations strictly mandate compliance with environmental laws. The Company incurs expenses for the purpose of complying with environmental laws and regulations, which costs consist primarily of payments for Government regulatory fees.

The BSP may limit banks' exposure to real estate which can adversely affect the Company's business, financial condition and results of operations.

As of December 19, 2025, loans may be secured by real estate collateral for up to 60% of the appraised value of the property based on the 2022 Manual of Regulations for Banks and BSP Circular No. 855, Series of 2014. If the BSP lowers the cap on the loan-to-collateral value ratio, the amount of capital accessible to the buyers of the Company's projects would be limited.

The Company's finance and treasury functions operate as a centralized service for managing financial risks and activities as well as providing cost-efficient funding.

To manage interest rate risk, the Company's long-term loans are a combination of floating-rate and fixed-rate loans.

RISKS RELATING TO THE PHILIPPINES

The Company is exposed to risks associated with the Philippines, including the performance of the Philippine economy.

The Philippine economy remains exposed to significant economic and political risks. Recent data shows that GDP growth slowed to 4.0% YoY in the third quarter of 2025 versus 5.2% in the same period in 2024, driven by a 2.8% drop in gross capital formation and weakened public construction activity. The performance of the Philippine economy may influence, in general, the results of the Company's operations. Any deterioration in the economic conditions in the Philippines may adversely affect consumer sentiment. There can be no assurance that current or future Governments will adopt economic policies conducive to sustaining economic growth.

The Company's results of operations depend on the performance of the Philippine economy. Movement in interest rates will affect the Company's cost of capital as well as the financial viability of its projects. Any deterioration in the Philippine economy could materially and adversely affect the Company's financial condition and results of operations.

The Company has derived all of its sales and operating profits from its development activities in the Philippines, and its business is highly dependent on the state of the Philippine economy and the Philippine property market. Demand for, and prevailing prices of, developed land, and house and lot

units are directly related to the economic, political, and security conditions in the Philippines.

The Philippine housing market is at a pivotal point. There is an oversupply of mid-to-high units while there is a shortage of affordable homes. Although property development has accelerated in recent years, there is growing disconnect between property prices and household incomes. Based on the recent Residential Real Estate Price Index, housing prices have increased but household income remains stagnant, hence, the affordability gap.

Over different periods, the Philippines has faced declining economic growth rate with high inflation rate. The Philippine property market suffered a sharp downturn as a result of the Asian financial crisis in 1997 and the political crisis in 2000 brought about by the impeachment proceedings against, and eventual resignation, of former President Joseph Estrada. These crises led to a steep drop in real estate demand and consequently to oversupply in the property market, depressed property prices, and reduced demand for new residential projects. The global economic recession in 2008 resulted in higher cost of end-consumer products and financial market turmoil. During the 2020 pandemic, the property industry experienced slowdown in productivity and sales due to work stoppages. However, there was a quick rebound due to consumer desire to relocate outside metro area.

While the risks generally related to the Philippine economy and particularly to the Philippine real estate industry are uncontrollable, the Company practices prudent financial management to minimize their possible effects.

The Company's business could be significantly affected by the country's political or social instability.

Since the 2022 general elections, tensions between key political leaders have intensified. In mid-2024, Vice President Sara Duterte stepped down from her Cabinet post following disagreements with President Ferdinand Marcos, Jr., and subsequent impeachment efforts have triggered legal disputes. In July 2025, the Supreme Court declared these impeachment proceedings unconstitutional, citing procedural violations and clarifying that any new complaint cannot be filed until 2026. The Supreme Court affirmed its decision in January 2026. As of February 2026, two impeachment complaints were filed against President Marcos, Jr. but were later dismissed by the House of Representatives, while four impeachment complaints were formally initiated against Vice President Duterte.

In the Philippine Congress, the Senate underwent a leadership coup in September 2025, with Senator Francis Escudero losing the Senate presidency and the majority leader and president pro tempore stepping down. Congressman Martin Romualdez also resigned as House speaker. Since late 2025, the Senate has also been conducting an investigation into the recent flood control corruption scandal involving ghost flood control projects, rigged public bidding proceedings, and construction firms linked to public officials such as Senator Bong Go, Senator Francis Escudero, Senator Mark Villar, Senator Bong Revilla, and other officers of the Department of Public Works and Highways.

These events have heightened political uncertainty and could affect investor confidence. Any additional political and terrorist threats could adversely affect the general conditions and business environment in the Philippines, which could have a material effect on the operations and financial performance of the Company.

The Philippines has from time to time experienced political, social, and military instability and no assurance can be given that the future political environment in the Philippines will be stable. Adding to this volatility, former President Rodrigo Duterte was arrested under a warrant by the International Criminal Court (“**ICC**”) in relation to alleged crimes against humanity during the “war on drugs” campaign. He was subsequently transferred to The Hague for trial, drawing global attention and fueling domestic political divisions. The ICC has yet to issue more arrest warrants for other officials complicit with former President Duterte in the “war on drugs.” However, in February 2026, the ICC named President Duterte’s co-perpetrators such as Senator Ronald “Bato” Dela Rosa, Senator Bong Go, and former Secretary of Justice Vitaliano Aguirre II. Such high-profile events can disrupt governance priorities and create uncertainty in policy direction.

Political instability has from time-to-time occurred in the Philippines such as in the late-1980’s when Presidents Ferdinand Marcos and Corazon Aquino held office. In 2000, former President Joseph

Estrada resigned from office after allegations of corruption led to impeachment proceedings, mass public protests and withdrawal of support of the military. In February 2006, President Gloria Arroyo issued Proclamation No. 1017, which declared a state of national emergency in response to reports of an alleged attempted coup d'etat. The state of national emergency was lifted in March 2006.

Acts of terrorism could destabilize the country and could have a Material Adverse Effect on the Company's business, financial position and results of operations.

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine army has been in conflict with the Abu Sayyaf organization which has been identified as being responsible for kidnapping and terrorist activities in the Philippines and is also alleged to have ties to the Al-Qaeda terrorist network and, along with certain other organizations, has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern part of the Philippines.

Furthermore, the Government and the Armed Forces of the Philippines (“**AFP**”) have been in conflict with members of several extremist and separatist groups seeking greater autonomy, including the Moro Islamic Liberation Front, the Moro National Liberation Front, the New People's Army, and the Islamic State of Lanao. There have been numerous bombing incidents in Mindanao and elsewhere in the Philippines in the past such as the siege of Marawi in 2017. These have resulted in death and injury to the civilian population as well as military and security personnel.

The Company's projects are currently in more urban areas of the Philippines and are generally far from areas where the extremist and separatist groups are known to operate. This notwithstanding, any increase in the frequency, severity, or geographic reach of these terrorist acts, violent crimes, bombings, and similar events could have a Material Adverse Effect on investment and confidence in, and the performance of, the Philippine economy in general. Thus, any such destabilization could materially and adversely affect the business, financial condition, and results of operations.

These continued conflict between the Government and separatist groups could lead to further injuries or deaths by civilians and members of the AFP, which could destabilize parts of the Philippines and adversely affect the Philippine economy. There can be no assurance that the Philippines will not be subject to further acts of terrorism or violent crimes in the future, which could have a Material Adverse Effect on the Company's business, financial condition, and results of operations.

Natural catastrophes, including severe weather conditions, may materially disrupt the Company's operations and result in losses not covered by insurance.

The Philippines, which is located along the Pacific Ring of Fire and a typhoon belt, has experienced a number of major natural catastrophes over the years, including typhoons, droughts, floods, volcanic eruptions, and earthquakes.

In January 2020, the Taal Volcano entered into a period of intense unrest beginning with phreatic or steam-driven activity in several points inside the Main Crater that progressed into magmatic eruption. The Philippine Institute of Volcanology and Seismology (“**PHIVOLCS**”) raised the alert level to Alert Level 4 on January 12, 2020. Pursuant to such events, PHIVOLCS ordered the total evacuation of the Volcano Island and high-risk areas within a 14-kilometer radius from the Taal Main Crater. PHIVOLCS has thereafter lowered the Alert Level covering Taal to Level 1, but subsequently raised it to Alert Level 3 in March 2022 when Taal Volcano erupted again. While Taal Volcano currently has a classification of Alert Level 1, in September 2023, it spewed above average sulfur dioxide and volcanic smog, prompting authorities to close schools in dozens of cities and towns and to urge people to stay indoors. While the impact of the Taal activities have been mostly confined in nearby localities, there have been instances when volcanic materials reached nearby provinces, including the Metro Manila area. There can be no assurance that Taal Volcano will not increase seismic activity or erupt in the future.

Typhoons are also regular occurrences in the Philippines, with about twenty (20) entering the territory each year. Super Typhoon Odette/Rai, Tropical Storm Paeng, and Tropical Storm Kabayan/Jelawat were among the strongest storms that hit the Philippines in 2021, 2022, and 2023 respectively. In 2024, the Philippines experiences an unprecedented typhoon season when it was hit by six storms in under a month. Finally, in 2025, the country was hit by successive typhoons like Tropical Storm

Ramil/Fengshen, Typhoon Tino//Kalmaegi, and Super Typhoon Uwan/Fung-Wong, all of which brought unprecedented flooding in major cities mostly in the southern parts of the county.

The Philippines is also situated in the “Pacific Ring of Fire”, a path along the Pacific Ocean characterized by active volcanoes and frequent earthquakes. Recent earthquakes in the region include a 6.7 magnitude earthquake on November 17, 2023 in the province of Sarangani, and a 7.7 magnitude earthquake in December 2023, off the coast of Surigao del Sur. More recently, in September 2025, a 6.9 magnitude earthquake struck in the Visayas, particularly in Cebu Province and nearby areas.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt HTI’s operations. These factors, which are not within the Company’s control, could potentially have a Material Adverse Effect on its operations.

Public health epidemics, such as the COVID-19 pandemic, and outbreaks of diseases along with measures intended to prevent its spread could have a Material Adverse Effect on the Company’s business, results of operations, cash flows and financial condition.

In April 2009, an outbreak of the H1N1 virus, commonly referred to as “swine flu,” occurred in Mexico and spread to other countries, including the Philippines. In August 2014, the World Health Organization (“WHO”) declared the Ebola outbreak that originated in West Africa as an international health emergency in view of the rising death toll due to the disease. That month, a Filipino seaman in Togo was quarantined for exhibiting symptoms of Ebola virus infection but was later released after testing negative for the disease. While still Ebola-free, the Philippines, however, remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of OFWs in the Ebola-hit West African countries;(b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In March 2016, the Director-General of WHO terminated the Public Health Emergency of International Concern on the Ebola Virus epidemic.

In February 2015, a Filipina nurse who arrived from Saudi Arabia tested positive for the MERS-CoV (*i.e.*, the Middle East Respiratory Syndrome-Corona virus). She was quarantined, received medical treatment, and was later discharged and cleared of the disease by the Department of Health (“DOH”). All known contacts of the said nurse, including some passengers in the same flight that arrived from Saudi Arabia, were also cleared of the infection, putting the country once again free of an active case of the disease.

In March 2016, there were reports of an American woman who stayed in the Philippines for four weeks in January 2016 and tested positive for the Zika virus upon returning home, indicating the local transmission of the disease through the *Aedes aegypti* mosquito. In May 2016, a South Korean national was reported to have acquired the infection while visiting the Philippines, following earlier reports of two other confirmed cases of the viral infection in the country. All of the patients had recovered, indicating that the Zika viral infection acquired in the country was self-limiting. In August 2017, an outbreak of bird flu from a poultry farm in Central Luzon was confirmed, and the avian influenza strain was later found to be transmissible to humans.

In response to the outbreak, restrictions on the transport and sale of birds and poultry products outside a seven-kilometer radius control area surrounding the affected site were imposed. The Philippines has since been cleared of any human infection of the avian influenza virus.

In late 2019, COVID-19, an infectious disease that was first reported to have been transmitted to humans in 2019 spread globally over the course of 2020, and in March 2020, it was declared a pandemic by the WHO. While the WHO has declared the COVID-19 pandemic to be over in May 2023, there are still active and recurring cases globally, including in the Philippines. In July 2023, the President of the Philippines issued Presidential Proclamation No. 297 effectively lifting the State of Public Health Emergency throughout the Philippines brought about by the COVID-19 pandemic.

The extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities, and municipalities, and may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

Since early May 2022, cases of monkeypox have been reported from countries where the disease is not endemic and continue to be reported in several endemic countries. In July 2022, WHO Director-General Tedros Adhanom Ghebreyesus declared the ongoing monkeypox outbreak a Public Health Emergency of International Concern.

In 2023, an outbreak of the Nipah virus was reported in India. According to the WHO, patients who contracted the Nipah virus have a 40% to 75% mortality rate depending on the public health response to the virus. In September 2023, the DOH confirmed that there are no cases of Nipah virus in the Philippines.

If the outbreak of the Ebola virus, MERS-CoV, Zika virus, bird flu, polio, COVID-19, monkeypox, Nipah virus, or any public health epidemic becomes widespread in the Philippines or increases in severity, it could adversely affect economic activity in the Philippines, and could have a Material Adverse Effect on HTI's business, financial condition, and results of operations.

Foreign Exchange Risk

Any change in the value of the peso against the U.S. dollar could affect the dollar value of a foreign investor's return on an investment in the Offer. Foreign exchange required for the repatriation of capital or remittance of dividends may be sourced from the Philippine banking system provided that the foreign investor registers his/her/its investment with the BSP. In certain instances, the BSP, with the approval of the President of the Philippines, may restrict the availability of foreign exchange. No assurances can be given that exchange controls and regulations in the future will not be changed.

As the revenues and expenses of the Company are in Peso denomination, it is not directly affected by foreign exchange risk. The Company's foreign exchange risk exposure is limited to the cost of materials which, although locally sourced, may be imported.

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 South China Sea, also locally called the West Philippine Sea. Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused one another of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal during the late spring and summer of 2012. These actions threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under the United Nations Convention on the Law of the Sea ("**UNCLOS**"). China has rejected and returned the notice sent by the Philippines requesting arbitral proceedings. Chinese vessels have also recently confronted Philippine vessels in the area, and the Chinese government has warned the Philippines against what it calls provocative actions. Recent talks between the Government and the United States of America about increased American military presence in the country, particularly through possible American forays into and use of Philippine military installations, may further increase tensions.

In February 2013, several hundred armed Filipino-Muslim followers of Sultan Jamalul Kiram III, the self-proclaimed Sultan of Sulu from the south of the Philippines, illegally entered Lahad Datu, Sabah, Malaysia in a bid to enforce the Sultan of Sulu's historical claim on the territory. As a result of the illegal entry, these followers engaged in a three-week standoff with the Malaysian armed forces, resulting in casualties on both sides. Clashes between the Malaysian authorities and followers of the Sultan of Sulu have killed at least 98 Filipino-Muslims and 10 Malaysian policemen army since March 1, 2013. In addition, about 4,000 Filipino-Muslims working in Sabah have reportedly returned to the southern Philippines.

On May 9, 2013, a Philippine Coast Guard ship opened fire on a Taiwanese fisherman's vessel in a disputed exclusive economic zone between Taiwan and the Philippines, killing a 65-year-old Taiwanese fisherman. Although the Government maintained that the loss of life was unintended, Taiwan imposed economic sanctions on the Philippines in the aftermath of the incident. Taiwan eventually lifted the sanctions in August 2013 after a formal apology was issued by the Government. However, the incident has raised tensions between the two countries.

On March 30, 2014, the Philippines invoked the compulsory settlement of dispute clause under the UNCLOS and submitted a case to the Permanent Court of Arbitration in The Hague against China over the territorial dispute in the West Philippine Sea. On July 12, 2016, the international tribunal issued a decision stating among others that there was no legal basis for China to claim historic rights to resources within the sea-areas falling within the nine-dash line and that China violated the Philippines' sovereign rights in its exclusive economic zone by: a) interfering with Philippine fishing and petroleum exploration; b) constructing artificial islands; and c) failing to prevent Chinese fishermen from fishing in the zone. However, the international tribunal found that it lacked jurisdiction to consider the implications of a stand-off between Philippine marines and Chinese naval and law enforcement vessels, holding that the dispute involved military activities and was therefore excluded from compulsory settlement. However, as of date, China has yet to recognize and comply with the rulings of the international tribunal.

Since 2022, under President Ferdinand Marcos Jr., the Philippines has shifted to a more assertive stance on the West Philippine Sea, conducting joint maritime drills with the United States, Japan, and Australia. As of October 2025, the Department of Foreign Affairs had filed 47 diplomatic protests against China in 2025, and a total of 245 diplomatic protests since 2022, over China's aggression in the West Philippine Sea. In January 2026, the Chinese embassy issued several public statements attacking Philippine lawmakers and government officials "for smearing China and spreading false narratives" in relation to the West Philippine Sea dispute. The Chinese embassy also filed diplomatic démarches to the Philippine side in both Beijing and Manila. In response, several members of the Senate passed a resolution condemning the actions of the Chinese embassy, proposed that the embassy personnel be declared persona non grata, and pushed for a probe into alleged pro-China social media propaganda in the Philippines.

China has continued to deploy coast guard and militia ships and expand artificial island facilities, despite repeated diplomatic protests from Manila. These actions have heightened geopolitical tensions and increased the risk of trade disruptions, retaliatory measures, and security incidents. Any escalation—such as a blockade or armed confrontation—could disrupt shipping lanes, raise insurance costs, and negatively impact investor confidence. While closer security ties with western allies aim to deter aggression, they have also drawn sharp warnings from Beijing, adding to uncertainty in the business environment.

There is no guarantee that the territorial dispute between the Philippine 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. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result.

Corporate governance and disclosure standards in the Philippines may be less stringent than those in other countries.

There may be less publicly available information about Philippine public companies than those which are regularly made available by public companies in other countries. SEC and PSE requirements with respect to corporate governance standards may also be less stringent than those applicable in other jurisdictions. For example, the SEC requires publicly listed companies to have at least two independent directors or such number of independent directors equal to 20% of its board of directors, whichever is lesser, but in no case less than two independent directors. The Company historically has had two independent directors and, as of the date of this Prospectus, has two independent directors. Many other countries require significantly more independent directors. Furthermore, rules against self-dealing and those protecting minority shareholders may be less stringent or developed in the Philippines. Such potentially lower standards in certain areas of disclosure and corporate governance may have a Material Adverse Effect on the interests of the Company's shareholders, particularly those of minority shareholders.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the Company's business.

The Philippines currently maintains investment-grade sovereign ratings from major international credit rating agencies: S&P Global Ratings (“**S&P**”) at BBB+ with a Positive outlook, Fitch Ratings (“**Fitch**”) at BBB with a Stable outlook, and Moody's Investors Service (“**Moody's**”) at Baa2 with a Stable outlook.

In November 2025, S&P affirmed its BBB+ long-term rating on the Philippines, with a positive outlook, citing the Government's continuing fiscal consolidation, stabilizing debt burden, and external position, while believing the recent slowdown in public infrastructure spending to be temporary. In April 2025, Fitch Ratings affirmed the Philippines' credit rating at BBB with a Stable Outlook, citing, among others, solid domestically driven growth, limited direct exposure to trade tensions, and strong medium-term prospects, with domestic political uncertainty and weaker governance standards relative to other 'BBB' peers as downside risks. In August 2024, Moody's affirmed its Baa2 with a Stable outlook rating on the Philippines, citing key factors such as fiscal consolidation efforts, robust macroeconomic fundamentals, and efforts to liberalize the economy; and structural challenges including low per capita income relative to similarly rated peers, constraints to the quality of institutions, exposure to climate risks, and heightened geopolitical uncertainty being considered.

The Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that S&P, Fitch, Moody's, or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

RISKS RELATING TO THE BONDS

Liquidity Risk

The Philippine debt securities markets, particularly the market for corporate debt securities are substantially smaller, less liquid, and more concentrated than other securities markets. The Company cannot guarantee whether an active trading market for the Bonds will develop or if the liquidity of Bonds will be sustained throughout its life. Even if the Bonds are listed on the PDEX, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, adverse business developments in the Company, and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed at prices and volumes at instances best deemed appropriate by their Bondholders.

Pricing Risk

The market price of the Bonds will be subject to market and interest rate fluctuations, which may result in the investment being appreciated or reduced in value. The Bonds when sold in the secondary market will be worth more if interest rates decrease since the Bonds will have a higher interest rate, relative to similar debt instruments being offered in the market, further increasing demand for Bonds. However, if interest rates increase, the Bond might be worth less when sold in the secondary market. Thus, a Bondholder could face possible losses if he decides to sell in the secondary market.

Reinvestment Risk

Prior to the relevant Maturity Dates, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the relevant Early Redemption Option Dates (see “*Description of the Bonds – Redemption and Purchase – Optional Redemption*”). In the event that the Company exercises this early redemption option, all Bonds will be redeemed, and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors of the redeemed Bonds will be able to re-invest such amounts

in securities that would offer a comparative or better yield or terms at such time.

Retention of Ratings Risk

There is no assurance that the rating of the Bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

Bonds have No Preference under Article 2244(14) of the Civil Code

The Master Certificates of Indebtedness, which represent the Bonds, shall not be notarized and, thus, will not be deemed a public instrument under Article 2244(14) of the Civil Code. As such, the Bonds shall not enjoy preference under Article 2244(14) of the Civil Code, unless the Issuer procures a waiver of the preference created by any notarization of credit instruments or equally and ratably extends such preference to the Bonds.

RISKS RELATING TO CERTAIN STATISTICAL INFORMATION IN THE PROSPECTUS

Certain information contained herein is derived from unofficial publications

Certain information in this Prospectus relating to the Philippines, the industries in which the Company competes, and the markets wherein it operates, including statistics relating to market size, are derived from various Government and private publications. This Prospectus also contains industry information which were prepared from publicly available third-party sources. Industry publications generally state that the information they contain have been obtained from sources believed to be reliable but that the accuracy and completeness of those information are not guaranteed. The information contained in the Industry section may not be consistent with other information. Similarly, industry forecasts and other market research data, including those contained or extracted herein have not been independently verified by the Company, the Issue Manager, Underwriter and Bookrunner, or any of their respective affiliates or advisors, and may not be accurate, complete, up-to-date, or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

Non-verification of Certain Information

The section of this Prospectus entitled "Industry" was not independently verified by the Company, the Issue Manager, Underwriter and Bookrunner, or any of their respective affiliates or advisors.

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DESCRIPTION OF THE BONDS

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective Bondholders are enjoined to carefully review the Articles of Incorporation and By-Laws (each as amended to date), resolutions of the Board of Directors and Shareholders of HTI, the information contained in this Prospectus, the Trust Agreement, Underwriting Agreement, the other Bond Agreements, the Application to Purchase, and other agreements relevant to the Offer.

Prospective holders of the Bonds should perform their own independent investigation and analysis of the Issuer and the Bonds. Prospective holders of the Bonds should make their own appraisal of the Issuer and the Offer and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or on the significance, adequacy or accuracy of any information contained herein. The information and data contained in the "Description of the Bonds" are not a substitute for the prospective Bondholder's independent evaluation and analysis. Prospective holders of the Bonds are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds being offered.

Capitalized terms used but not defined herein have the meanings given to them in the "Glossary of Terms" in this Prospectus.

1. GENERAL

These term and conditions set out below (the "**Terms and Conditions of the Bonds**") relate to the Fixed-Rate Peso Retail Bonds with an aggregate principal amount of up to ₱2,000,000,000.00 consisting of a Base Offer of ₱1,000,000,00.00 with an Oversubscription Option of up to ₱1,000,000,000.00, constituting the direct, unconditional, unsecured, and general obligations of the Issuer. The public distribution and sale of the Bonds in the Philippines was authorized by a resolution of the Board of Directors of the Issuer on October 14, 2025.

The Issue Date of the Bonds shall be March 16, 2026, or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such later date as may be mutually determined by the Issuer and the Issue Manager, Underwriter and Bookrunner for the issuance of the Bonds.

The Bonds will be issued by the Issuer pursuant to the Terms and Conditions of the Bonds and will be governed by a Trust Agreement executed on February 26, 2026 by the Issuer and RCBC Trust Corporation as Trustee. The term Trustee shall, wherever the context permits, include all other persons or companies acting and recognized as trustee or trustees under the Trust Agreement. The description of and the terms and conditions of the Bonds as set out below is subject to the detailed provisions of the Trust Agreement. The Trustee has no interest in or relation to the Issuer which may conflict with the performance of its functions as trustee for the Bonds, nor does it have any relation to or interest in the Issue Manager, Underwriter, and Bookrunner. The Terms and Conditions of the Bonds include summaries of, and is subject to, the detailed provisions of the Prospectus (as applicable), the Trust Agreement, the Registry and Paying Agency Agreement, and the Application to Purchase. Such detailed provisions are deemed integral part of the Terms and Conditions of the Bonds.

A Registry and Paying Agency Agreement executed on February 26, 2026 in relation to the Bonds between HTI and the PDTC as Registrar and Paying Agent. PDTC has no interest in or relation to the Issuer which may conflict with the performance of its functions.

The Series A Bonds shall mature on March 16, 2029 or three years from the Issue Date, and the Series B Bonds shall mature on March 16, 2031 or five years from the Issue Date, unless earlier redeemed by HTI pursuant to the terms thereof and subject to the provisions on redemption and payment as detailed below.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement, including the relevant corporate documents of the Issuer, are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar. The Bondholders are entitled to the benefit of, are

bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

2. FORM, DENOMINATION, AND TITLE

2.1. Form and Denomination

The Bonds shall be issued at par or 100% of face value.

The Bonds shall be issued in scripless form, and shall be issued in denominations of ₱50,000.00 each as a minimum and in integral multiples of ₱10,000.00 thereafter and traded in denominations of ₱10,000.00 in the secondary market.

A Master Certificate of Indebtedness representing each series of the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

2.2. Title

Legal title to the Bonds shall be shown in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording the transfer from the transferor to the transferee in the electronic Register of Bondholders maintained by the Registrar. Settlement with respect to such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, income tax and documentary stamp taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

3. BOND RATING

PhilRatings has assigned a PRS A rating with a Stable Outlook to HTI's proposed issuance of up to ₱2,000,000,000.00 in fixed-rate bonds, inclusive of the ₱1,000,000,000.00 Oversubscription Option, having considered HTI's business plans, growth prospects and cashflow. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. The rating also denotes that the Company's capacity to meet its financial commitments on the obligation is still strong. A Stable Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

A rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.

The assigned rating and the corresponding outlook take into account the following key considerations, among others: (i) HTI's strong growth opportunity given its focus on underserved housing market segments in key growth areas within and around Metro Manila; (ii) the Company's ability to sell-out its properties, although its size, scale and geographic presence are currently limited compared to much larger competitors; (iii) sustained earnings growth of the Company; and (iv) HTI's ample liquidity with a relatively conservative capital structure.

This above rating is based on available information and projections at the time that the rating review is ongoing. PhilRatings shall continuously monitor developments relating to HTI and may change the rating at any time, should circumstances warrant a change.

The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Bonds are outstanding. After Issue Date, the Trustee shall likewise monitor compliance by the Issuer with certain covenants in relation to the Bonds through regular annual reviews.

4. TRANSFER OF BONDS

4.1. Register of Bondholders

The Issuer shall cause the Register of Bondholders to be kept by the Registrar in electronic form. The names and addresses of the Bondholders, the particulars of the Bonds held by them, and all transfers and assignments of Bonds, including any liens and encumbrances thereon, shall be entered in the Register of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

As required under Section 7 of BSP Circular No. 428-04, as amended, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar's system (at the cost of the Issuer). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Save in the case of manifest error or fraud, the foregoing written statement of registry holdings shall be final and binding on the Bondholder. The Bondholder shall examine such statement and promptly (and in no case more than 30 calendar days from receipt thereof) notify the Registrar in writing of any error and they shall together resolve to correct such error promptly (and in no case more than five Business Days from receipt of the notice by the Registrar), failing which such transaction advice, statement or report shall be conclusive against the Bondholder.

Any and/or all requests of Bondholders for certifications, reports, or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of Bonds may be made during the period commencing on a Record Date (as defined in the section on Interest Payment Dates below) or during the Closed Period (as defined below).

4.2. Transfers; Tax Status

Trading of the Bonds will be coursed through a PDEX Trading Participant subject to the applicable PDEX rules and conventions. Trading, transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar and Paying Agent. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar.

The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfers. Settlement in respect of such transfers or change of title to the Bonds, including the settlement of any documentary stamp taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the provisions of the Registry and Paying Agency Agreement, the relevant rules, conventions and guidelines of PDEX and PDTC, the Bondholders may not transfer their Bonds in any of the following instances, and the Registrar shall not reflect any transfers in the relevant Registry accounts where the same are restricted transfers on the Bonds as follows:

- (a) transfers across Tax Categories on a date other than on an Interest Payment Date that falls on a Business Day; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEX Trading System, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt person shall be treated as being of the same Tax Category as its taxable counterparty for the interest period within which such transfer occurred. For purposes hereof, "**Tax Categories**" shall refer to the four final withholding tax categories in the PDEX system covering, particularly, tax-exempt persons, 20% tax-withheld persons, 25% tax-withheld persons (aliens), and 25% tax-withheld persons (corporations), as such categories may be revised, amended or supplemented by PDEX in accordance with its rules and Applicable Law. As set out in the Registry and Paying Agency Agreement, this restriction shall be in force until a non-restricted trading & settlement environment for corporate securities is implemented;
- (b) transfers by Bondholders with deficient documents; and

- (c) transfers during a Closed Period. For purposes hereof, “**Closed Period**” means period during which the Registrar shall not register any transfer or assignment of the Bonds, specifically: (i) the period of two Business Days preceding any Interest Payment Date or the due date for any payment of the Final Redemption Amount of the Bonds; or (ii) the period when the Bonds or relevant series thereof have been previously called for redemption for any payment of the Call Option Price or the Other Redemption Price (as such term is defined in the Registry and Paying Agency Agreement), as applicable.

A Bondholder claiming tax-exempt status is required to submit to the Registry of Bondholders the required tax-exempt documents as detailed in the Registry and Paying Agency Agreement upon submission of the account opening documents to the Registrar and Paying Agent. Please also see the section on “*Description of the Bonds – Taxation – Tax-Exempt Status or Entitlement to Preferential Tax Rate*” for a detailed discussion on the requirements for claiming a preferential tax status.

Transfers taking place in the Registry of Bondholders after the Bonds are listed on PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC and subject to the discussion under the section “*Description of the Bonds – Taxation – Tax-Exempt Status or Entitlement to Preference Tax Rate*”.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar and Paying Agent, or the Issue Manager, Underwriter and Bookrunner of documentary proof of tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry of Bondholders. The payment report to be prepared by the Registrar and Paying Agent and submitted to the Issuer in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

4.3. Secondary Trading of the Bonds

The Issuer intends to list the Bonds on PDEX for secondary market trading and, for that purpose, the Issuer has filed an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing would be subject to the Issuer’s execution of a listing agreement with PDEX that may require the Issuer to make certain disclosures, undertakings, and payments on an ongoing basis.

For so long as any of the Bonds are listed on PDEX, the Bonds will be traded in a minimum board lot size of ₱10,000.00, and in multiples of ₱10,000.00 in excess thereof. Secondary market trading in PDEX shall follow the applicable PDEX Rules, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the relevant Bondholders.

5. RANKING

The Bonds constitute direct, unconditional, unsecured, and unsubordinated Peso-denominated obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, contingent or otherwise, other than obligations preferred by operation of law and not by contract, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors’ rights generally.

6. INTEREST

6.1. Interest Payment Dates

The Bonds shall bear interest on its principal amount from and including Issue Date at the following rates applicable to each of Series A and Series B Bonds, adjusted as and when necessary, pursuant to the conditions set forth below:

- (a) Series A Bonds: 7.0896% p.a., payable quarterly in arrears, commencing on June 16, 2026, for the first Interest Payment Date and September 16, December 16, March 16, and June 16 of each year while such Bonds are outstanding; and
- (b) Series B Bonds: 7.5924% p.a., payable quarterly in arrears, commencing on June 16, 2026, for the first Interest Payment Date and September 16, December 16, March 16, and June 16 of each year while such Bonds are outstanding.

In the event that any Interest Payment Date is not a Business Day, such Interest Payment Date shall be paid on the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due, provided that if the Issue Date is set at a date other than March 16, 2026, then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every quarter following the actual Issue Date.

The cut-off date in determining the existing Bondholders entitled to receive the interest or principal amount due shall be the second Business Day immediately preceding the relevant Interest Payment Date (the "**Record Date**"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

The interest rate of the Series A Bonds was based on the sum of (a) the simple average of the three-year PHP BVAL Reference Rate as published on the website of the Philippine Dealing System ("**PDS**") Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) at approximately 5:00 p.m., for the three consecutive Business Days immediately preceding and inclusive of the interest rate setting date and (b) the applicable final spread, to be determined via a bookbuilding process.

The interest rate of the Series B Bonds shall be based on the sum of (a) the simple average of the five-year PHP BVAL Reference Rate as published on the website of the PDS Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) at approximately 5:00 p.m., for the three consecutive Business Days immediately preceding and inclusive of the interest rate setting date and (b) the applicable final spread, to be determined via a bookbuilding process.

6.2. Interest Accrual

Each Bond shall cease to bear interest from and including the Maturity Date, as defined in the discussion on "*Final Redemption*", below, unless, upon due presentation, payment of the principal in respect of the Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see "*Penalty Interest*" below) shall apply.

6.3. Determination of Interest Amount

The interest shall be calculated on the basis of a 30/360-day basis, consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

7. REDEMPTION AND PURCHASE

7.1. Optional Redemption

The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part) the outstanding Series B Bonds on the dates set out below (the “**Optional Redemption Dates**”) together with (i) the accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Date; and (ii) the product of the principal amount of the outstanding Series B Bonds and the applicable Optional Redemption Price in accordance with the following schedule:

Optional Redemption Dates	Optional Redemption Price
Three years from the Issue Date and every Interest Payment Date thereafter before the fourth anniversary of the Issue Date	101.50%
Four years from the Issue Date and every Interest Payment Date thereafter before the Maturity Date.	101.00%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of accrued interest and the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Bonds pursuant to this Optional Redemption Option.

The amount payable to the Bondholders in respect of any such redemption shall be calculated as the sum of (i) the Optional Redemption Price applied to the principal amount of the then outstanding Bonds being redeemed and (ii) all accrued interest on the Bonds as of the Optional Redemption Date.

The Issuer shall give no more than 60 nor less than 30 days’ prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Series A Bonds or the Series B Bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and Option Redemption Price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

7.2. Final Redemption

The maturity dates of the Bonds (the “**Maturity Date**”) are as follows:

- (a) Series A Bonds: the third anniversary of the Issue Date, or on March 16, 2029; and
- (b) Series B Bonds: the fifth anniversary of the Issue Date, or on March 16, 2031.

provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the relevant Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid; provided further that if the Issue Date is set at a date other than March 16, 2026, then the Maturity Date will be adjusted automatically to the date falling on: (i) in respect of the Series A Bonds, the third anniversary of the Issue Date, and (ii) in respect of Series B Bonds, the fifth anniversary of the Issue Date.

Unless the Bonds are otherwise earlier redeemed or purchased and cancelled, the Issuer shall redeem the Bonds at par or 100% of face value on their Maturity Dates. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment in computation as to the amount of interest payable, on the succeeding Business Day.

Each Bondholder in whose name the Bonds are registered in the Registry of Bondholders at the close

of business on the Record Date preceding the relevant Maturity Date shall be entitled to receive the principal amount of the Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

7.3. Early Redemption for Tax Reasons

If payments under a series of or all the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rules, or regulations, or in the interpretation thereof; and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Bonds series in whole or all the Bonds in in whole, and not in part only, on any Interest Payment Date at 100% of face value plus accrued interest computed up to the date when the Bonds shall be redeemed earlier than its maturity date provided the Issuer has given not more than 60 nor less than 30 days' prior written notice to the Trustee, Registrar and Paying Agent, and subject to the requirements of Applicable Law.

If the Issuer does not redeem the relevant Bond series or all the Bonds then all payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of the above written notice from the Issuer, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption is registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

For the avoidance of doubt, the Issuer shall not, in any case, be liable for Excluded Taxes. Please see "*Description of Bonds - Payment of Additional Amounts – Taxation*" for the enumeration of Excluded Taxes.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

7.4. Early Redemption by Reason of Change in Law or Circumstance

Each of the following events shall be considered as a change in law or circumstances ("**Change in Law or Circumstance**") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Bonds:

- (a) Any government and/or non-government consent, license, authorization, registration, or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
- (b) Any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that it shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties thereto of their obligations under the Trust Agreement or any other related documents.

- (c) Any concessions, permits, rights, franchise, or privileges required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.
- (d) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize, or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated as a Change in Law or Circumstance shall occur and be continuing for a period of 30 days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said 30-day period, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Agreement to be documented or in the Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on *"Description of the Bonds – Notice of Default."*

Each Bondholder in whose name the Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

7.5. Purchase and Cancellation

The Issuer may at any time purchase any of the Bonds, in accordance with PDEX rules, as may be amended from time to time, in the open market or by tender or by contract, without any obligation to purchase Bonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

8. PAYMENTS

The principal of, interest on, and all other amounts payable on the Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via the Philippine payment settlement system via Real Time Gross Settlement, net of final taxes and fees (if any), to the cash settlement banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, and all other amounts payable on the Bonds shall be payable in Philippine Pesos.

In the event that the details of the cash settlement account indicated by the relevant Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the relevant Bondholders has been closed, dormant, or inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, then until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed, such payment shall either be retained in a suspense account with the relevant cash settlement bank or returned to the payment account, or otherwise disposed of by the cash settlement bank, in each case in accordance with the standard operating procedures of the relevant cash settlement bank.

In these cases, the Issuer and the Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

As mentioned above, the Record Date, which is the cut-off date in determining the existing Bondholders entitled to receive interest, principal, or any other amount due under the Bonds, shall be two Business Days immediately preceding the relevant Payment Date or such other date as the Issuer may duly notify PDTC. The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest, principal, or any other amount due under the Bonds. No transfers of the Bonds may be made during the Closed Period.

The Issuer shall ensure that so long as any of the Bonds remains outstanding, there shall, at all times, be a Paying Agent for the purposes of the Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the Paying Agent shall be unable or unwilling to continue to act as such, the Issuer shall appoint a qualified financial institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

9. NO SINKING FUND

The Issuer has not established and currently does not intend to establish a sinking fund for the payment of the Bonds.

10. TAXATION

10.1. Payment of Additional Amounts – Taxation

Interest income on the Bonds is subject to a final withholding tax at rates between 10% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration, or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following ("**Excluded Taxes**"):

- (a) The withholding tax applicable on interest earned on the Bonds prescribed under the Tax Code and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholders' Issue Manager, Underwriter and Bookrunner, or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers, issued by the BIR;
- (b) Gross Receipts Tax under Sections 121 and 122 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;
- (d) VAT under Sections 106 to 108 of the Tax Code, as amended; and
- (e) Any applicable taxes on any subsequent sale or transfer of the Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the section on "*Taxation*" in the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership, and disposition of the Bonds.

10.2. Tax-Exempt Status or Entitlement to Preferential Tax Rate

An investor (which is referred to below as “Bondholder” (which term, for purposes of this section, includes an Applicant)) who is claiming exemption from the aforesaid withholding tax, or that it/he/she is subject to a preferential withholding tax rate shall be required to submit the following requirements, subject to acceptance by the Issuer as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current, and subsisting tax exemption certificate, ruling or opinion issued by the BIR and addressed to the Bondholder, confirming its/his/her exemption or its/his/her entitlement to the preferential rate, as required under applicable BIR issuances, including Revenue Memorandum Circular No. 8-2014 and Revenue Memorandum Order No. 14-2021, including any clarification, supplement or amendment thereto, and for tax-exempt Personal Equity Retirement Account (“**PERA**”) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator;
- (b) with respect to tax treaty relief, the Issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign Bondholder by relying on the submission by such Bondholder of the following documents before the interest income is paid or, if the Bondholder is a fiscally transparent entity, on the submission of each of the Bondholder’s owners or beneficiaries:
 - (i) three originals of a duly signed and executed application form for tax treaty purposes (BIR Form 0901-I (Tax Treaty Relief Application for Interest Income)) or if the Bondholder is a fiscally transparent entity, the following must also be attached to the duly signed and executed BIR Form 0901-I: (a) a copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the foreign fiscally transparent entity; (b) list of owners/beneficiaries of the foreign entity; and (c) proof of ownership of the foreign entity, in the form acceptable for recognition under Philippine laws;
 - (ii) an authenticated or apostilled tax residency certificate/s (TRCs) duly issued by the relevant foreign tax authority in favor of the Bondholder, or if the Bondholder is a fiscally transparent entity, in favor of each of the Bondholder’s non-resident foreign owners or beneficiaries, in the form acceptable for recognition under Philippine laws, and which should be updated for such relevant years as required under existing Philippine tax rules and regulations and/or the terms and conditions in the BIR approval document/s;
 - (iii) the relevant provision of the applicable tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer; and
 - (iv) three originals of the duly notarized and consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder or the Bondholder’s owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder or the Bondholder’s owners or beneficiaries is/are not doing business in the Philippines to support the applicability of a tax treaty relief.

Prior to the payment of subsequent interests due, the Issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign Bondholder upon the submission of the following documents:

- (i) three originals of a duly signed and executed application form for tax treaty purposes (BIR Form 0901-I (Tax Treaty Relief Application for Interest Income));
- (ii) an authenticated or apostilled tax residency certificate/s (TRCs) duly issued by the relevant foreign tax authority in favor of the Bondholder, or if the Bondholder is a fiscally

transparent entity, in favor of each of the Bondholder's non-resident foreign owners or beneficiaries, in the form acceptable for recognition under Philippine laws, if the validity period of the previously issued tax residency certificate has already lapsed; and

- (iii) other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, which shall be submitted by the Bondholder or Registrar and Paying Agent to the Issuer no later than the first day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

Failure to submit these documents will lead to withholding using the regular tax rates prescribed under the Tax Code, as amended, for non-resident foreign corporations or non-resident aliens not engaged in trade or business in the Philippines, as the case may be, and not the treaty rate.

If the tax treaty rate was applied by the Issuer based on the representations and supporting documents provided by the Bondholder, the Bondholder (either directly or through its duly authorized representatives) will file with the BIR's International Tax Affairs Division ("ITAD") a request for confirmation of the use of the tax treaty rate no later than the last day of the fourth month following the close of the relevant taxable year after the payment of the withholding tax with supporting documents specified in Revenue Memorandum Order No. 14-2021 and in relation to Revenue Memorandum Circular No. 77-2021 and its allied BIR issuances, as may be amended from time to time. In relation thereto, the Issuer requires that copies of the BIR-stamped "Received" request for confirmation (with the complete accompanying documents) be provided by the Bondholder to the Issuer within 60 days from the payment of the interest income to the Bondholder (either directly or through its duly authorized representatives), and without need of prior request or demand from the Issuer. The Bondholder shall submit to the Issuer the original of the Certificate of Entitlement to Treaty Benefit issued by the BIR within 10 days from the Bondholder's receipt of the Certificate of Entitlement to Treaty Benefit. The Bondholder shall ensure compliance with the requisites under the Certificate of Entitlement to Treaty Benefit for entitlement to the tax treaty benefits.

If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and the BIR will require the Issuer to pay the deficiency taxes with penalties. In such case, the Bondholder, as the ultimate income earner, shall either advance to the Issuer or reimburse the Issuer, at the option of the Issuer, the total amount of deficiency taxes and penalties imposed by the BIR, as well as all other reasonable and necessary fees that may be incurred by the Issuer as a result of the denial of the BIR application.

In case the Issuer used the regular tax rate under the Tax Code, the non-resident foreign Bondholder may file a tax treaty relief application with ITAD after it has received the interest income with supporting documents specified in Revenue Memorandum Order No. 14-2021 in relation to Revenue Memorandum Circular No. 77-2021. If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits, and the Bondholder may apply for a refund of excess withholding tax with the BIR within the two-year period provided in Section 229 of the Tax Code. The claim for refund of the Bondholder may be filed simultaneously with the tax treaty relief application.

- (c) a duly notarized undertaking substantially in the form attached as Schedule 4 to the Registry and Paying Agency Agreement or in a form acceptable to the Issuer executed by:
 - (i) the Bondholder, or in respect of juridical entities (save for a universal bank which is covered by item (ii) below), the corporate secretary or any authorized representative of such Bondholder, who is in possession of the relevant exemption documents as its authorized custodian, or who has personal knowledge of the exemption or entitlement to preferential tax treatment and will have personal knowledge of any amendment, revocation, expiration, change or any circumstance affecting the validity of the

exemption or preferential tax treatment, based on his official functions, if the Bondholder purchases or holds the Bonds for its account, or

- (ii) the trust officer, if the Bondholder is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (e.g., Employee Retirement Fund, etc.),

in each case:

- (i) declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and Paying Agent:
 - (1) of any suspension, revocation, amendment, or invalidation (in whole or in part) of the tax exemption or preferential rate entitlement certificate, ruling, or opinion issued by the BIR;
 - (2) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature, and method of operation, which are inconsistent with the basis of its income tax exemption or preferential rate entitlement; and or
 - (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential tax rate; and
- (ii) agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax;

provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and

- (d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, each of the Issuer and the Registrar and Paying Agent may assume that such Applicant or Bondholder is taxable and proceed to apply the tax due on the Bonds. Notwithstanding the submission by the Applicant or Bondholder, or the receipt by the Issuer or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, the Issuer may require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Bonds, upon submission of the Application to Purchase to the Issue Manager, Underwriter, and Bookrunner who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, through the intermediary to the Registrar upon submission of the Investor Registration Form (in a form attached as Schedule 8 to the Registrar and Paying Agency Agreement) and other applicable account opening documents, in accordance with the procedures of the Registrar. A selling or purchasing Bondholder claiming tax-exempt status or preferential tax rate is required to submit, together with the account opening documents submitted to the Registry, the documents described above.

Transfers taking place in the Register of Bondholders after the Bonds are listed in PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions, and guidelines of PDEX and PDTC and subject to the discussion above.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

11. FINANCIAL COVENANT

From the date of the Trust Agreement and for as long as the Bonds or any portion thereof remains outstanding, and unless the Majority Bondholders shall otherwise consent in writing, the Issuer undertakes to maintain the following financial ratios, with testing to be done on an annual basis, the calculations of which shall be done using the Issuer's year-end consolidated audited financial statements:

- (a) HTI shall maintain a Debt-to-Equity Ratio of not more than 1.50x. Debt-to-Equity ratio is computed as total Financial Indebtedness divided by Total Equity.
- (b) HTI shall maintain a minimum Current Ratio of 2.00x. Current Ratio means the ratio of Current Assets divided by Current Liabilities.
- (c) HTI shall maintain a Debt Service Coverage Ratio of not less than 1.00x. Debt Service Coverage Ratio means the ratio of EBITDA divided by total Debt Service by reference to the immediately preceding 12 months.

For clarity, the foregoing ratios shall be computed using the following definitions:

“Current Assets” represents cash, receivables, inventories, and other assets that are likely to be converted into cash, sold, exchanged, or expensed in the normal course of business within one year.

“Current Liabilities” represents debt, payables, or other obligations that are coming due within one year.

“Debt Service” means all amounts payable by HTI under any Financial Indebtedness, including all principal, interest, fees, commissions, costs, and expenses.

“EBITDA” represents net income after adding provisions for income tax, depreciation, and amortization and interest expense.

“Financial Indebtedness” means any outstanding indebtedness of HTI and/or any or all of its subsidiaries for or in respect of:

- (i) money borrowed, which, in accordance with PFRS, shall be treated as loans payable, notes payable, bonds payable, or other similar borrowing;
- (ii) any amount raised by acceptance under any acceptance credit facility;
- (iii) any obligation in respect of a standby or documentary letter of credit or any other similar instrument issued by a bank or financial institution;
- (iv) receivables sold or discounted other than receivables to the extent they are sold on a non-recourse basis;
- (v) any amount of any liability (other than trade accounts payable, accrued expenses, and unearned revenues) under an advance or deferred purchase agreement if one of the primary reasons behind entering into that agreement is to raise finance or that agreement is in respect of the supply of assets or services;

- (vi) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with PFRS, be treated as a finance or capital lease;
- (vii) any currency swap, or interest rate swap, cap, or collar arrangement or any other derivative instrument;
- (viii) any amount raised by the issue of redeemable shares or preferred shares;
- (ix) any amount raised under any other transaction having the commercial effect of a borrowing; and/or
- (x) Any guarantee or indemnity or other assurance against financial loss of any person.

“**Total Equity**” means equity attributable to equity holders of the Company (excluding minority interest in a consolidated subsidiary).

For the avoidance of doubt, any indebtedness to be incurred to refinance, in the same currency or its equivalent amount, an existing indebtedness outstanding on the Issue Date, shall not be construed as an incurrence of additional indebtedness.

Testing of the financial covenants shall be done on the last Business Day of April of each year, using the fiscal year-end audited consolidated financial statements of the Company.

Financial Ratios

Based on the reviewed interim statement of comprehensive income as of the nine months ended September 30, 2025 and the reviewed statement of financial position as at September 30, 2025, the pro-forma Debt-to-Equity Ratio upon full subscription and issuance of the Base Offer of ₱1,000,000,000.00 would be 0.93x; and the pro forma Debt-to-Equity Ratio upon full exercise of the Oversubscription Option of ₱1,000,000,000.00 would be 1.18x.

The foregoing discussion is summarized as follows:

Financial Covenant	Threshold	Pre-Issuance	Post-Issuance (Base Offer)	Post-Issuance (Assuming the Oversubscription Option is Fully Exercised)
Debt-to-Equity Ratio	Not more than 1.50x	0.69x	0.93x	1.18x
Current Ratio	Minimum of 2.00x	4.60x	4.60x	4.60x
Debt Service Coverage Ratio	Minimum of 1.00x	1.53x	1.53x	1.53x

Failure by the Company to comply with any of the covenants under its loan agreements, including the failure to meet the required financial ratios, may constitute an event of default, unless such failure is cured within any applicable grace or remedy period. In case of default, the whole amount will be entirely due and demandable, imposition of interest and/or penalties, and as may be applicable, foreclosure of collateral.

12. NEGATIVE PLEDGE

For as long as any of the Bonds remain outstanding, the Issuer covenants that it shall not, without the prior written consent of the Majority Bondholders, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, security interest, pledge, lien or encumbrance constituted on any of the Issuer’s properties for the purpose of securing its or its Subsidiaries’ obligation in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of security, the benefit of which is extended equally or ratably among them to secure the Bonds, provided that the foregoing restrictions shall not apply to any Permitted Liens.

13. EVENTS OF DEFAULT

The Issuer shall be considered in default under the Bonds and the Trust Agreement in case any of the following events (each an “**Event of Default**”) shall occur and is continuing:

(a) *Payment Default*

The Issuer fails to pay when due and payable any amount which the Issuer is obliged to pay to the Bondholders under the Trust Agreement and the Bonds in the manner, at the place, and in the currency in which it is expressed to be payable, unless such failure arises solely as a result of an administrative or technical error and payment is made within three Business Days after the date such payment is due (“**Payment Default**”).

(b) *Representation/Warranty Default*

Any representation and warranty of the Issuer hereof and in other Bond Agreements or any certificate or opinion submitted pursuant thereto proves to have been untrue, incorrect, or misleading in any material respect as and when made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than 30 days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect.

(c) *Other Default*

The Issuer fails to perform, comply with, or violates any other provision, term, condition, covenant or obligation contained in the Trust Agreement (other than by reason of paragraph (a) above and other paragraphs under this section on “*Events of Default*”), and any such failure, non-compliance or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after 30 days (or such longer curing period as the Majority Bondholders shall approve) from the date after written notice thereof shall have been received by the Issuer from the Trustee; provided that this paragraph shall not apply in respect of any failure or violation that is specifically covered by the other paragraphs under this section on “*Events of Default*” and, for the avoidance of doubt, such other paragraphs shall apply accordingly.

(d) *Cross Default*

The Issuer and/or any of its Subsidiaries violates any material term or condition of any contract executed by the Issuer or any of its Subsidiaries with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer or such Subsidiary within 10 Business Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer or such Subsidiary, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation shall, further, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Issuer of its obligations under the Trust Agreement and the Bonds.

(e) *Insolvency Default*

The Issuer or any of its Subsidiaries becomes insolvent or unable to pay its debts when due or commits or permits any act of bankruptcy, which term shall include, but shall not be limited to: (i) filing of a petition in any bankruptcy, reorganization (other than a labor or management reorganization), winding-up, suspension of payment or liquidation proceeding, or any other proceeding analogous in purpose and effect; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors; (iv) the admission in writing by the Issuer or such Subsidiary of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal, or administrative agency or body

confirming the bankruptcy or insolvency of the Issuer or such Subsidiary or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation, or appointment of trustee or receiver of the Issuer or such Subsidiary or a substantial portion of its property or assets; provided, that items (i) and (ii) shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within 90 days from filing of a petition in the case of item (i) or the appointment of a trustee or receiver in the case of item (ii);

(f) *Closure Default*

The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of 30 calendar days except in the case of: (i) strikes or lockouts or when necessary to prevent business losses; (ii) shutdowns or regular preventive repairs; or (iii) when due to fortuitous events or force majeure.

(g) *Expropriation Default*

The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or the substantial portion of the operations of the Issuer and to condemn, seize, nationalize, or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such acts, deeds, or proceedings are contested in good faith by the Issuer.

(h) *Cancellation of Licenses, Permits, etc.*

Any of the licenses, permits, rights, options, or privileges presently or hereafter enjoyed, utilized, or required in the conduct of the business or operations of the Issuer or any of its Subsidiaries shall be revoked, cancelled, or otherwise terminated with finality, or the free and continued use and exercise thereof shall be curtailed or prevented, in each case and in such manner as to materially and adversely affect the ability of the Issuer to meet its obligations under the Trust Agreement and the Bonds, or any similar events that occur which materially and adversely affect the ability of the Issuer to meet its obligations under the Trust Agreement and the Bonds.

(i) *Judgment Default*

Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of ₱150,000,000.00 or its equivalent in any other currency is entered against the Issuer or any of its Subsidiaries and the enforcement of which is not stayed, and is not paid, discharged, or duly bonded within 30 calendar days after the date when payment of such judgment, decree or award is due under the Applicable Law or agreement.

(j) *Writ and Similar Process Default*

Any final and executory judgment, writ, warrant of attachment, injunction, stay order, execution, or similar process shall be issued or levied against any material part of the Issuer's assets, business, or operations and such judgment, writ, warrant, or similar process shall not be released, vacated, or fully bonded within 30 calendar days after its issue or levy.

(k) *Non-Payment of Taxes*

Non-payment of any Taxes, or any assessments or governmental charges levied upon it or against its properties, revenues, and assets by the date on which such Taxes, assessments, or charges attached thereto, which are not contested in good faith by the Issuer or any of its Subsidiaries, or after the lapse of any grace period that may have been granted to the Issuer or any of its Subsidiaries by the BIR or any other Philippine tax body or authority.

(l) *Contest*

The Issuer shall contest in writing the validity or enforceability of the Trust Agreement or any other Bond Agreements or shall deny generally in writing the liability of the Issuer under the

Trust Agreement or any other Bond Agreements.

(m) *Illegality*

Any of the Trust Agreement or the other Bond Agreements or any material portion there is declared to be illegal or unenforceable in a final and executory judgment rendered by a court of competent jurisdiction, and the Bonds are not redeemed within a period of 30 calendar days after the judgment has become final and executory; provided that this paragraph shall be without prejudice to the right of the Majority Bondholders to require early redemption of the Bonds (e.g., even prior to a final and executory judgment) pursuant to redemption by reason of “*Change in Law or Circumstance*”.

14. NOTICE OF DEFAULT

The Trustee shall, within 10 Business days after the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of Payment Default stated under the section “*Events of Default*”, the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

The existence of a written notice required to be given to the Bondholders hereunder shall be published for at least once a week for two consecutive weeks in at least two newspapers of general circulation in the Philippines, further indicating in the published notice that the Bondholders or their duly authorized representatives may request any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification consistent with the Bondholders’ records in the Register of Bondholders. Otherwise, the Trustee may also provide notice via the other modes of notice as provided under Section 17.1 of the Trust Agreement or under “*Notice to the Bondholders*”.

15. CONSEQUENCES OF DEFAULT

If any one or more of the Events of Default shall have occurred and be continuing without the same being cured within the periods provided in the Trust Agreement and in these Terms and Conditions, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee, upon the written direction of the Majority Bondholders, shall, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the Issuer in default (“**Declaration of Default**”) and declare the principal of the Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than five Business Days from the receipt of the Declaration of Default (“**Default Payment Date**”) with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with the Registry and Paying Agency Agreement. Thereupon, the Issuer shall make all payments due on the Bonds in accordance with the Registry and Paying Agency Agreement.

All the unpaid obligations under the Bonds, including accrued Interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by the Issuer.

16. PENALTY INTEREST

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, fees due to Trustee, Registrar, Paying Agent or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, and other amounts, pay penalty interest on the defaulted amount(s) at the rate of 12% p.a. (the “**Penalty Interest**”) from the time the amount fell due until it is fully paid in accordance with the Terms and Conditions of the Bonds and the Trust Agreement.

17. PAYMENT IN THE EVENT OF DEFAULT

The Issuer covenants that upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Bonds by the Majority Bondholders, HTI shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys, and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee.

18. APPLICATION OF PAYMENTS

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows:

- (a) *First:* to the *pro rata* payment to the Trustee, the Paying Agent, and the Registrar, of the costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Bonds;
- (b) *Second:* to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest.
- (c) *Third:* to the payment of all other outstanding interest, in the order of maturity of such interest based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (d) *Fourth:* to the payment of the principal amount of the Bonds then due and payable based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (e) *Fifth:* the remainder, if any shall be paid to the Issuer, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Bonds shall require the conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

19. PRESCRIPTION

Claims with respect to principal and interest or other sums payable hereunder shall prescribe unless made within 10 years (in the case of principal or other sums) or 5 years (in the case of interest) from the date on which payment becomes due.

20. REMEDIES

20.1. General

Subject to the discussion below under “*Description of the Bonds – Remedies – Ability to File Suit.*”

- (a) all remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extrajudicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, and

- (b) Unless the claim has already prescribed as set out in the section above on “*Prescription*”, no delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

20.2. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action, or proceeding for the collection of any sum due from HTI hereunder on account of principal, interest, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (a) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds;
- (b) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name;
- (c) the Trustee for 60 days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit, or proceeding; and
- (d) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders,

it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb, or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable, and common benefit of all the Bondholders. For the protection and enforcement of this ability to file suit, each Bondholder and the Trustee shall be entitled to such relief as can be given under Applicable Law.

20.3. Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and on behalf of the Bondholders to waive any past default, except the events of default specified in Sections 13(a), (d), (e), (f), and (g) above, and its consequences. In case of any such waiver, the Issuer, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

21. SUBSTITUTION

Substitution of the Bonds is not contemplated.

22. TRUSTEE; NOTICES

- (a) *Notice to the Trustee*

All documents required to be submitted to the Trustee pursuant to the Trust Agreement and this Prospectus and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee : RCBC Trust Corporation
Attention : Ryan Roy W. Sinaon
Subject : Haus Talk, Inc. Bond Trusteeship
Address : 9F Yuchengco Tower 1,
RCBC Plaza, 6819 Ayala Avenue,
Makati City 0727
Telephone : 8894-9000 local 1278
E-mail address : rwsinaon@rcbc.com

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

(b) *Notice to the Bondholders*

Except where the Bonds and the Bond Agreements specifically require another party to send notice to the Bondholders, the Trustee shall send any and all notices to the Bondholders as may be required or necessary under the Bonds and the Bond Agreements to their contact details as set forth in the Registry of Bondholders, it being understood, however, that for purposes of fulfilling its obligations to deliver such notices, the Trustee shall be entitled to rely on the Registry of Bondholders in determining the Bondholders entitled to notice and their respective contact details. Further, while the Trustee shall exert best efforts to meet the periods relative to sending of notices as provided in the Trust Agreement, it shall not be liable for delays that are outside its control.

Except where a specific mode of notification is provided for in the Bond Agreements, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) e-mail; (iii) ordinary mail; (iv) by publication for at least once a week for two consecutive weeks in at least two newspapers of general circulation in the Philippines; (v) personal delivery to the address of record in the Registry of Bondholders; or (vi) disclosure through the Online Disclosure System of the PDEX. If notices to the Bondholders shall be sent by mail or personal delivery, such notices shall be sent to the mailing address of the Bondholders as set forth in the Registry of Bondholders. All notices shall be deemed to have been received (i) 10 days from posting if transmitted by registered mail; (ii) on the date of receipt of the e-mail in readable form; (iii) 15 days from mailing, if transmitted by ordinary mail; (iv) on the date of last publication, if notice is made by publication; (v) on the date of delivery, for personal delivery; or (vi) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEX.

A notice made by the Issuer to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the PDEX on a matter relating to the Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication or the date of the disclosure, as the case may be.

(c) *Binding and Conclusive Nature*

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations, and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith, or manifest error) be binding on the Issuer and all Bondholders. No liability of the Issuer, the Paying Agent, or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties, and discretions under the Trust Agreement resulting from the Trustee's reliance on the foregoing.

23. DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

- (a) The Trustee shall independently perform each of the following duties for the benefit of the Bondholders:

- (i) Coordinate with the Issuer, the Joint Underwriters and Joint Bookrunners, the Registrar and the Paying Agent in relation to the performance of their respective responsibilities under the relevant Bond Agreements.
- (ii) Have custody of and hold in its name, for and on behalf of the Bondholders, the Master Certificates of Indebtedness for the Bonds.
- (iii) Monitor compliance by the Issuer with the Trust Agreement, including the Issuer's compliance or non-compliance with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement; *provided*, that such monitoring shall be based solely on a sworn certification executed by an authorized officer of the Issuer and delivered to the Trustee within seven days from each Interest Payment Date, substantially in the form attached as Annex C to the Trust Agreement.
- (iv) Monitor compliance by the Registrar and the Paying Agent with their respective functions and responsibilities prescribed under the Registry and Paying Agency Agreement, and from time to time, request information from the Registrar and Paying Agent on the outstanding Bonds, list of Bondholders, and such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement; *provided*, that such monitoring shall be based solely on a sworn certification executed by an authorized officer of the Registrar and the Paying Agent and delivered to the Trustee within seven days from each Interest Payment Date, substantially in the form attached as Annex C to the Trust Agreement.
- (v) Report regularly to Bondholders any non-compliance by the Issuer with the Trust Agreement and any development with respect to the Issuer of which the Trustee may have actual notice or knowledge of based on official disclosures to PDEX, PSE, SEC and other regulatory agencies, or those which the Trustee may have been given actual notice or knowledge of that adversely affects the interest of the Bondholders, including any default by the Issuer on any of its obligations of which the Trustee may have actual notice or knowledge, and inform the Bondholders, upon the recommendation of legal counsel, of the alternative courses of action that they may take to protect their interest; *provided*, that for purposes hereof, the Trustee shall, without need of any further act or notice to the Issuer, publish a notice once in a newspaper of general circulation, binding upon all the Bondholders wherever situated or located, that the Bondholders or their duly authorized representatives may obtain a report regarding the Bonds at the principal office of the Trustee upon presentation of sufficient and acceptable identification. If the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under Section 17.1 of the Trust Agreement (or Section 17.2 (*Notice to the Bondholders*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds – Notice to the Bondholders*"). Upon advice of legal counsel, the Trustee shall inform the Bondholders of the alternative courses of action that they may take to protect their interest.
- (vi) Act on behalf of the Bondholders including calling for and/or attending meetings of the Bondholders in the manner set out in this section. A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of the Bonds under any under any provisions of the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds.
 - (1) A meeting (either a face-to-face meeting or a meeting held through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication) of the Bondholders, for purposes of taking any actions authorized under the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds may be called by the following: (a) the Trustee, on its own accord or upon the written request of the Issuer, or (b) the Bondholders representing more than 25% of the outstanding

principal amount of the Bonds. The meeting may be held at such time and at such place or via such mode (as applicable) as the Trustee shall determine.

- (2) Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must state the purpose thereof in reasonable detail and set forth the time, place, mode (as applicable), requirements and procedures for participating and voting in meetings held through remote communication, and purpose of such meeting in reasonable detail) to the Issuer and each of the registered Bondholders not earlier than 45 days nor later than 15 days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the notice shall be made at least five days prior to the date fixed for the meeting; provided further that, if the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under Section 17.1 of the Trust Agreement.

The Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than 45 days before the date of the meeting; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the record date shall not be earlier than 15 days before the date of the meeting.

- (3) Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Bondholders representing more than 25% of the outstanding principal amount of the Bonds within 10 Business Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of the Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure in accordance with Section 21(a)(vi)(2) and Section 25(a) (*Notice of Meetings*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds*."
- (4) The presence of the Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement, which list shall include (a) the complete names of the Bondholders (including the name of the authorized representative of the Bondholder, where applicable), (b) the amount of Bonds held by the Bondholders as of the relevant record date, (c) the complete address and contact details of the Bondholders, (d) the specimen signatures of the Bondholders' authorized signatories, and (e) such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement as may be requested by the Trustee. The Registrar shall, and the Issuer shall cause the Registrar to, provide the Trustee with a list of Bondholders at least five Business Days upon receipt of written request from the Trustee.
- (5) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided in Section 21(a)(vi)(3) and Section 25(b) (*Failure of the Trustee to Call a Meeting*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds*" in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the

meeting and/or the person appointed by a public instrument in writing as proxy or agent by any such Bondholder in accordance with Section 21(vi)(7) and Section 25(e) (*Voting Rights*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds*". The elected secretary shall immediately provide the Trustee with the copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request, provided that the cost of furnishing the same to the requesting party shall be for such person's account.

- (6) Any meeting of the Bondholders may be adjourned from time to time for a period not to exceed in the aggregate one year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.
- (7) To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Bonds as reflected in the Registry of Bondholders on the relevant record date fixed pursuant to Section 21(a)(vi)(2) of Annex A of the Trust Agreement or of this section "*Description of the Bonds*", as the case may be, or a Person should be appointed by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting and any representative of the Trustee, of the Issuer and their respective legal counsels. Please refer also to Section 25(e) of Annex A of the Trust Agreement or of this section "*Description of the Bonds – Meetings of the Bondholders – Voting Rights*".
- (8) Except as otherwise specifically provided in the Trust Agreement, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (which should present or represented in a meeting at which there is a quorum).

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee.

- (9) Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of Bonds may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined such action may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing in accordance with Section 21(a)(vi)(7) and Section 25(e) (*Voting Rights*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds*"; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instruments and any such record of meeting of the Bondholders.
- (10) Notwithstanding the provisions in this section and other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the terms and conditions of the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to the proof

of ownership of the Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit.

- (11) All costs and expenses incurred by the Trustee in connection with the meetings of the Bondholders shall be for the account of the Issuer and shall be paid or reimbursed by the Issuer within 10 Business Days from receipt of the duly supported billing statement.
 - (12) Whenever this section or any other provision of the Trust Agreement provides for a certain percentage of Bondholders who may take any action, this section or any such provision shall be construed (a) with respect to matters relating only to the Series A Bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Series A Bonds; (b) with respect to matters relating only to the Series B Bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Series B Bonds; or (d) with respect to matters affecting the Series A Bonds and Series B Bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Bonds.
- (vii) Safekeep (1) all records enumerated in Section 3.2 of the Trust Agreement, (2) copies of all submissions of the Issuer to the SEC in connection with the procurement and maintenance of the SEC Registration Documents (as such term is defined in the Trust Agreement), the Bonds Agreements, and (3) such other documents that may be deemed pertinent and as may be reasonably requested by the Trustee in the performance of its functions.
- (viii) Upon written request by the Issuer no later than 11:30 a.m. within 10 Business Days following the date the Trustee receives such request, send notice of any matter to the Bondholders, other than those matters the notice of which is specifically required to be given to the Bondholders by another party under the Bond Agreements.
- For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with respect to any matters that must be taken up with the Issuer.
- (ix) Prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, the Trustee shall perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such diligence, judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, will exercise in the management of their own affairs.
 - (x) The Trustee shall submit the reports described in Section 24 (*Reports to the Bondholders*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds – Reports to the Bondholders*".
 - (xi) The Trustee shall allow the inspection of documents described in Section 1 (*General*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds – General*."
- (b) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Agreement, and observe due diligence required of a prudent and reasonable Person under the same circumstances, in the performance of its duties and obligations under the Trust Agreement. The Trustee may perform any of its duties under the Trust Agreement through its directors, officers, employees, agents, or attorneys-in-fact. Subject to the

succeeding paragraph, the Trustee shall not be responsible for the inadequacy of the Issuer to meet and discharge any of its obligations under the Bonds or be liable for any depreciation in value or other losses of the Bonds. Neither shall the Trustee be a surety or a guarantor of the solvency or capacity of the Issuer, the Issue Manager, Underwriter and Bookrunner, the Registrar, the Paying Agent, or any of their authorized representatives. Each Bondholder is deemed to have represented and warranted to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee or the issuer, made its own credit investigation and appraisal of the financial position and affairs of the Issuer on the basis of such documents and information it has deemed appropriate and that it has subscribed to the Bonds on the basis of such independent appraisal, and that it shall continue to make its own credit appraisal without reliance on the Trustee or the Issuer.

In the absence of wilful misconduct, fraud, evident bad faith, gross negligence or breach of Applicable Law on the part of the Trustee, the Issuer and the Bondholders agree to indemnify and hold the Trustee free and harmless from and against any and all claims, liabilities, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations under the Trust Agreement.

- (c) Reliance in good faith on the information submitted by the Issuer, the Bondholders, the Issue Manager, Underwriter and Bookrunner, the Registrar and the Paying Agent, or any of their authorized representatives pursuant to the terms and conditions of the Bond Agreements shall absolve the Trustee from any liability. The Trustee shall be fully protected in acting in accordance with the written directions, requests, instructions, and certifications of the Issuer, the Bondholders, the Issue Manager, Underwriter and Bookrunner, the Registrar, or the Paying Agent, or any of their authorized representatives pursuant to the terms and conditions of the Bond Agreements, to the extent permitted by Applicable Law.

The Trustee may rely on any communication or document believed by it in good faith to be genuine, and may rely on the statements of any of the Issuer, the Bondholders, the Issue Manager, Underwriter and Bookrunner, the Paying Agent, the Registrar or any of their authorized representatives, on any matter or fact which might reasonably be expected to be within the knowledge of the latter.

The Trustee may request from the Issuer, the Bondholders, the Issue Manager, Underwriter and Bookrunner, the Paying Agent or the Registrar, or any of their authorized representatives, for any information and/or assistance as the Trustee may reasonably require to enable it to perform its rights, powers, duties, functions, authorities, and discretion under the Trust Agreement, including but not limited to a certification of compliance (in substantially the form attached as Annex C to the Trust Agreement) to be delivered by the Issuer on a quarterly basis to confirm the Issuer's compliance with its obligations and undertakings under the Bonds and the Trust Agreement. The Issuer shall submit the certification of compliance for the first three quarters of the Issuer's fiscal year within 45 days from the end of the relevant quarter, and the annual certification of compliance within 120 days from the end of its fiscal year.

The Trustee may presume that no Event of Default has occurred until it has received notice thereof and it may conclusively rely upon the certification of compliance to be delivered by the Issuer.

- (d) In coordination with the Issuer, the Trustee may seek the advice of legal counsel, and take any action in accordance with the written advice of such legal counsel; provided, however, that coordination with the Issuer shall not be necessary if there is an occurrence of an Event of Default. Any such action taken or suffered in good faith by the Trustee as a consequence of the reasonable opinion of the said legal counsel, shall be conclusive and binding upon the Issuer and the Bondholders, and the Trustee shall be fully protected from any liability for any loss or damage suffered or caused to be suffered by the Issuer and/or the Bondholders by virtue thereof, provided there is no concurrent breach by the Trustee of its obligations under the Trust Agreement.

The Trustee may assume that the Issuer has taken and obtained such necessary legal and other advice and opinion in respect of the actions taken or suffered by the Trustee in accordance

with the foregoing paragraph and that the same is satisfactory to it, so that the Trustee shall have no obligation or responsibility to seek or obtain any other independent or additional advice or opinion and shall not be liable for any loss or damage suffered or incurred by the Issuer and/or the Bondholders as a result thereof.

All costs and expenses (if any), including legal fees, incurred by the Trustee in connection with such action shall be reimbursed by the Issuer within five Business Days from receipt of the duly supported billing statement.

- (e) The Trustee may refrain from doing anything under the Trust Agreement that would or might in its reasonable opinion be contrary to Applicable Law or render it liable to any Person, and until it has been indemnified or secured to its satisfaction against any and all costs, losses, expenses, or liabilities which it would or might sustain or incur as a result. The Trustee may refrain from performing any action not expressly provided in the Trust Agreement unless it is first given the proper written instructions by the Issuer and until it has been indemnified or secured to its satisfaction against any and all costs, losses, expenses, or liabilities which it would or might sustain or incur as a result, except if there is an occurrence of an Event of Default.
- (f) Except as may be necessary to perform its duties under the Trust Agreement and as required by Applicable Law, the Trustee (i) shall permanently keep privileged and confidential, separate and distinct, any information, data, documents, files, properties, funds, or any other matter which it may acquire pursuant to the Trust Agreement or obtained in the course of the performance of its duties and functions as a Trustee, (ii) shall refrain from disclosing any such information or item in any manner, whether written, verbal, telegraphic, coded, or encrypted, whether in physical, electronic, or any other form or media, and (iii) hereby undertakes not to use any such information or item for its own benefit or for the benefit of any of its clients regardless of whether or not such use can be shown to cause disadvantage, injury, or damage to the Issuer; *provided*, that where any disclosure of the foregoing information is required by Applicable Law, the Trustee shall, to the extent permitted by Applicable Law, consult with and properly apprise the Issuer of such legal requirement prior to the proposed disclosure and give reasonable opportunity to the Issuer to consider the same before the Trustee makes any decision to release it. This paragraph (f) shall survive the Trust Agreement.
- (g) For the faithful performance of its duties under the Trust Agreement, the Trustee shall not be required to furnish any bond or undertaking.
- (h) Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be party or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the need for the execution or filing of any paper or any further act on the part of any parties hereto, anything to the contrary notwithstanding; provided that such successor trustee shall be eligible to act as trustee under the provisions of the Trust Agreement and under Applicable Law.
- (i) The Trustee shall collect, process, retain, share, dispose and destroy the personal and/or sensitive personal information (the "**Personal Information**") of the Bondholders in accordance with the Data Privacy Act of 2012 and its Implementing Rules and Regulations, as the same may be amended from time to time. The Trustee shall not sell, trade or otherwise share the Personal Information for marketing purposes to third parties without the written consent of the relevant Bondholder. The Trustee may disclose the Personal Information to:
 - (i) government or regulatory agencies if required by the Applicable Law, or if reasonably determined by the Trustee to be necessary in relation to the use of the Personal Information in connection with the provision of any service related to the Trust Agreement, and for data processing, storage, retention, collection, sharing, disposal and destruction as may be necessary for the provision of such service, anti-money laundering monitoring, combating the financing of terrorism, review and reporting, or for purposes of complying with any law or regulation, for law enforcement purposes, national security or public interest (the "**Purpose**");

- (ii) its employees, directors, officers, representatives, agents, advisors, counsels, and service providers as the Trustee deems it reasonably necessary in relation to the Purpose; and
- (iii) its Subsidiaries as well as employees, directors, officers, representatives, agents, advisors, counsels, and service providers of such Subsidiaries, as the Trustee deems it reasonably necessary in relation to the Purpose.

In addition to the above, the Trustee is appointed as trustee for and on behalf and benefit of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement.

Except as may be otherwise provided in the Trust Agreement, the Trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Trust Agreement if there is reasonable ground to believe that the repayment of such funds or liability is not reasonably assured to it under the terms of the Trust Agreement.

The Trust Agreement provides for other obligations of the Trustee and terms and conditions applicable to the Trustee's discharge of its functions under the agreement.

24. RESIGNATION AND CHANGE OF TRUSTEE

- (a) The Trustee may at any time resign by giving 30 days' prior written notice to the Issuer and to the Bondholders of such resignation (or such lesser period as may be agreed by the Issuer).
- (b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor trustee, who shall be acceptable to the Issuer, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a *bona fide* holder for at least six months (the "**Bona Fide Bondholder**") may, for and on behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.
- (c) A successor trustee should possess all the qualifications required under pertinent laws; otherwise, the incumbent trustee shall continue to act as such.
- (d) In case at any time the Trustee (i) shall fail to comply with the provisions of the Trust Agreement in relation to conflict of interest, after written request therefor by the Issuer or by any Bondholder, (ii) shall cease to be eligible in accordance with the provisions of the Trust Agreement or Applicable Law and shall fail to resign after written request therefor by the Issuer or by any Bondholder; (iii) in the reasonable opinion of the Issuer, has committed fraud, bad faith, willful misconduct or gross negligence or has otherwise violated Applicable Law, in each case, in the performance of any material obligation under the Trust Agreement; or (iv) shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then HTI may within 30 days from there remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If HTI fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

- (e) The Majority Bondholders may at any time remove the Trustee for just and reasonable cause, and with consent of the Issuer (provided that no consent of the Issuer shall be required if there has been an occurrence of an Event of Default), appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee, and to HTI of the required evidence of the action in that regard taken by the Majority Bondholders, which removal shall take effect 30 days from receipt of such notice by the Trustee; provided, that if no successor trustee shall have been appointed within 90 days from the receipt of the Issuer of the written evidence (as provided for in the Trust Agreement) of the action taken, the Majority Bondholders may appoint a successor trustee without the consent of the Issuer. This is without prejudice to whatever remedies may be available to the Majority Bondholders under the law or in equity.
- (f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions the Trust Agreement shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement (the “**Resignation Effective Date**”) provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by HTI.
- (g) Within 15 days from the effectiveness of the resignation or removal of the outgoing trustee and the appointment of the replacement trustee, the outgoing trustee shall transfer and turn over to the replacement trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the outgoing trustee, if any, provided, that if the outgoing trustee does not receive any objections on the final accounting report within 30 days from submission thereof, they shall be deemed to have absolutely and unconditionally accepted the accuracy of the final accounting report.

25. SUCCESSOR TRUSTEE

- (a) The successor trustee must have the following qualifications:
 - (i) it is a financial institution duly organized, validly existing, in good standing under and by virtue of the laws of the Philippines with full powers and authority to undertake its duties as trustee and duly authorized by the BSP to engage in trust and other fiduciary business;
 - (ii) it must be a third party that has no Subsidiary or Affiliate or any other relationship with the Issuer which would undermine its independence, including any conflict of interest under Section 11.1(c) of the Trust Agreement; and
 - (iii) it must have an adequate risk management and must be sufficiently capitalized as evidenced by its compliance with the risk-based capital adequacy ratio prescribed under applicable BSP regulations.
- (b) Any successor trustee appointed shall execute, acknowledge, and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties, and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the successor trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers, and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers, and duties.
- (c) Upon acceptance of the appointment by a successor trustee, the Issuer shall notify the Bondholders in writing and/or by publication once in a newspaper of general circulation in Metro

Manila, Philippines, of the succession of such trustee to the trusteeship. If the Issuer fails to notify the Bondholders within 10 days after the acceptance of appointment by the trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

26. REPORTS TO THE BONDHOLDERS

- (a) Only upon the occurrence of (i) and (ii) below shall the Trustee submit to the Bondholders on or before the 10th Business Day after the Issue Date and March 1 of each year from the Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:
 - (i) The property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and
 - (ii) Any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.
- (b) Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:
 - (i) Trust Agreement;
 - (ii) Registry and Paying Agency Agreement;
 - (iii) Articles of Incorporation and By-Laws of the Company; and/or
 - (iv) Permit to Sell the Bonds.

The Trustee shall submit to the Bondholders a brief report within 90 days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Registrar and Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, the remaining unpaid amounts of such advance is at least 10% of the aggregate outstanding principal amount of the Bonds at such time.

27. MEETINGS OF THE BONDHOLDERS

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

(a) *Notice of Meetings*

A meeting (either a face-to-face meeting or a meeting held through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication) of the Bondholders for purposes of taking any actions authorized under the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds may be called by the following: (a) the Trustee, on its own accord or upon the written request of the Issuer, or (b) the Bondholders representing more than 25% of the outstanding principal amount of the Bonds. The meeting may be held at such time and at such place or via such mode (as applicable) as the Trustee shall determine.

Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must state the purpose thereof in reasonable detail and set forth the time, place, mode (as applicable), requirements and procedures for participating and voting therein) to the Issuer and each of the registered Bondholders not earlier than 45 days nor later than 15 days prior to the date fixed for the meeting and shall publish

such notice once in a newspaper of general circulation; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the notice shall be made at least five days prior to the date fixed for the meeting; provided further that, if the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under Section 17.1 of the Trust Agreement (or Section 17.2 (*Notice to the Bondholders*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds – Notice to the Bondholders*").

The Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than 45 days before the date of the meeting; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the record date shall not be earlier than 15 days before the date of the meeting.

All costs and expenses incurred by the Trustee in connection with the meetings of the Bondholders shall be for the account of the Issuer and shall be paid or reimbursed by the Issuer within ten (10) Business Days from receipt of the duly supported billing statement.

(b) *Failure of the Trustee to Call a Meeting*

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Bondholders representing more than 25% of the outstanding principal amount of the Bonds within 10 Business Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of the Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure set forth under Section 18.1(a)(vi)(2) and Section 19.2 (*Notice of Meetings*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds – Notice of Meetings*".

(c) *Quorum*

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement, which list shall include (a) the complete names of the Bondholders (including the name of the authorized representative of the Bondholder, where applicable), (b) the amount of Bonds held by the Bondholders as of the relevant record date, (c) the complete address and contact details of the Bondholders, (d) the specimen signatures of the Bondholders' authorized signatories, and (e) such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement as may be requested by the Trustee. The Registrar shall, and the Issuer shall cause the Registrar to, provide the Trustee with a list of Bondholders and the foregoing information at least five (5) Business Days upon receipt of written request from the Trustee.

(d) *Procedure for Meetings*

(i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided under Section 23(a)(vi)(3) and Section 19.3 (*Failure of the Trustee to Call a Meeting*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds – Meetings of the Bondholders – Failure of the Trustee to Call a Meeting*" in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in Section 23(vi)(7) and Section 19.6 (*Voting Rights*) of Annex A of the Trust Agreement or of this section "*Description of the Bonds – Voting Rights*". The elected secretary shall immediately provide the Trustee with a

copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request, provided that the cost of furnishing the same to the requesting party shall be for such person's account.

- (ii) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) *Voting Rights*

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Bonds as reflected in the Registry of Bondholders on the relevant record date fixed by the Trustee, the Issuer or the Majority Bondholders (as the case may be) pursuant to the Trust Agreement, or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. Bondholders shall be entitled to one (1) vote for every ₱10,000.00 interest. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting, the Trustee, and any representative of the Issuer and its legal counsel.

(f) *Voting Requirement*

Except as otherwise specifically provided in the Trust Agreement, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (which should be present or represented in a meeting at which there is a quorum).

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee.

(g) *Role of the Trustee in Meetings of the Bondholders*

Notwithstanding the provisions in this section and other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit.

28. AMENDMENTS

The Issuer and the Trustee may, without notice to, or the consent of the Bondholders or other parties, amend or waive any provisions of the Agreements if such amendment or waiver is of a formal, minor, or technical nature, or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

- (a) without the consent of all Bondholders affected thereby: (i) extend the maturity date of the Bonds; or (ii) reduce the principal amount of the Bonds, or (iii) reduce the rate or extend the time of payment of interest and principal thereon;
- (b) impair the right of any Bondholder to (i) receive payment of principal of and interest on the Bonds on or after the due dates therefore, or (ii) to institute suit for the enforcement of any payment on or with respect to such Bondholder;
- (c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;
- (d) make any Bond payable in money other than that stated in the Terms and Conditions;
- (e) subordinate the Bonds to any other obligation of the Issuer;
- (f) amend or modify the provisions of the Terms and Conditions on Taxation, the Events of Default or the provisions under "*Description of the Bonds – Remedies – Waiver of Default by the Bondholders*";
- (g) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders; or
- (h) make any change or waiver of the conditions under this section (*Description of the Bonds - Amendments*).

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

Any consent given pursuant hereto shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Bonds or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Bonds.

Promptly after the execution by the Issuer and the Trustee of any supplemental agreement pursuant to the provisions of this section, the Issuer shall send a notice to the Bondholders setting forth in general terms the substance of such supplemental agreement. Any failure of the Issuer to send such notice or any defect therein shall not, however, in any way impair or affect the validity of any supplemental agreement.

29. EVIDENCE SUPPORTING THE ACTION OF THE BONDHOLDERS

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instrument and any such record of meeting of the Bondholders. The Trustee shall rely on the Bondholders' records with the Registrar at all times.

30. NON-RELIANCE

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of HTI on the basis of such documents and information as it has deemed appropriate and that he has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and

all liabilities, damages, penalties, judgments, suits, expenses, and other costs of any kind or nature with respect to its obligations under the Trust Agreement, except for its gross negligence, fraud, evident bad faith, willful misconduct, or breach of Applicable Law on the part of the Trustee.

31. OWN RISK

Investment in the Bonds is not covered by the Philippine Deposit Insurance Corporation. Any loss or depreciation in the value of the assets of the Bondholders resulting from the investments or reinvestment in the Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

32. GOVERNING LAW

The Bond Agreements are governed by and are construed in accordance with Philippine law.

33. VENUE

Any suit, action, or proceeding arising out of, or relating to, the Bonds or the Trust Agreement shall be brought in any competent court in the Cities of Makati and Pasig, to the exclusion of all other courts and venues, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer, the Trustee and the Bondholders expressly waiving other venue.

34. WAIVER OF PREFERENCE

The obligations created under the Bonds and the Trust Agreement shall not enjoy any priority of preference or special privileges by virtue of Article 2244, paragraph 14(a) of the Civil Code of the Philippines over any debt of the Issuer. Accordingly, whatever priorities or preferences that the Bonds and the Trust Agreement may have, or any Person deriving a right hereunder may have under Article 2244, paragraph 14(a) of the Civil Code of the Philippines, are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14(a) of the Civil Code of the Philippines shall be automatically revoked or deemed not given should any bank, lender or creditor to the Issuer or any claimant against the Issuer have a preference or priority over amounts owing under their respective agreements as a result of a notarization, and the Issuer has not either procured a waiver of this preference to the satisfaction of the Trustee in respect of the Bonds and the Trust Agreement, or equally and ratably extend such preference to the Bondholders and the Trustee in respect of the Bonds and the Trust Agreement.

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USE OF PROCEEDS

Following the Offer and sale of the Bonds, without the Oversubscription Option and after deduction of commissions and expenses, net proceeds would amount to approximately ₱977,186,015.00. If HTI fully exercises the Oversubscription Option, net proceeds would approximately amount to ₱1,957,929,155.00 after fees, commissions and expenses.

Net proceeds from the Bonds are estimated to be as follows (in ₱ and absolute amounts):

	For a ₱1.0 billion issue size	With a ₱1.0 billion Oversubscription Option
Issue Amount	1,000,000,000.00	2,000,000,000.00
Estimated Expenses:		
Documentary Stamp Tax	7,500,000.00	15,000,000.00
Issue Manager, Underwriting and Selling Fee ²	10,526,316.00	21,052,632.00
SEC Registration Fee	1,073,125.00	1,073,125.00
Trustee, registrar, paying agent fees ³	94,000.00	94,000.00
Listing Application Fee	224,000.00	448,000.00
Legal and Other Professional Fees ⁴	2,896,544.00	3,903,088.00
Out-of-pocket Expenses ⁵	500,000.00	500,000.00
Total Estimated One-time cost	22,813,985.00	42,070,845.00
Net Proceeds	₱977,186,015.00	₱1,957,929,155.00

Aside from the foregoing one-time costs, the Company expects the following annual expenses related to the Bonds:

- (1) PhilRatings Annual Monitoring Fee of ₱336,000.00;
- (2) PDEX Annual Listing Maintenance Fee of ₱336,000.00;
- (3) PDTC Registry and Maintenance Fees of ₱168,000.00;
- (4) PDTC Paying Agency Fee of ₱448,000.00; and
- (5) Trustee Annual Fee of ₱160,000.00.

² The Issue Manager, Underwriter and Bookrunner shall receive an Issue Management, Underwriting and Selling Fee equivalent to 105.26 basis points on the total face value of the Bonds issued. This shall be inclusive of all the fees to be paid to the Issue Manager, Underwriter and Bookrunner, and fees to be ceded to participating underwriters and selling agents, if any.

³ Consist of Trust Account opening fee of ₱10,000.00 and Registry Account Opening Fee of ₱84,000.00 (with estimated 1,000 Bondholders).

⁴ Consists of legal counsel fees amounting to ₱1,190,000.00, rating agency fee of ₱1,006,544.00 for the Base Offer or ₱2,013,088.00 if with Oversubscription Option and non-audit fees amounting to ₱700,000.00. The estimated expenses for the Offer will not cover fees payable to the Issue Manager, Underwriter and Bookrunner's legal counsel and advisor, SyCip Salazar Hernandez & Gatmaitan.

⁵ Miscellaneous fees pertain to allowances for marketing, printing, publication, listing ceremony expenses and out of pocket expenses, if any.

Expenses incurred in connection with the offering of the securities, including documentary stamp tax, fees of the Trustee, and the Registrar and Paying Agent will be for the account of the Issuer.

USE OF PROCEEDS AND DISBURSEMENT SCHEDULE

The allocation of the net proceeds of the Base Offer, amounting to approximately ₱977,186,015.00, assuming an issue size of ₱1,000,000,000.00, or ₱1,957,929,155.00, assuming the full exercise of the Oversubscription Option, will be used by the Company for the following in order of priority:

- (1) partially fund the Company's land banking activities;
- (2) partially support the Company's project developments; and
- (3) support the general corporate purposes requirement of the Company, in the following amounts:

Use of Proceeds	Allocated Percentage	Amount (in ₱)	Timing of Disbursement
Base Offer			
To partially fund the Company's land banking activities	55%	535,000,000.00	2 nd & 3 rd Quarter of 2026
To partially support the Company's project developments	40%	390,000,000.00	2 nd & 3 rd Quarter of 2026
To support the general corporate purposes requirement of the company	5%	52,186,015.00	within 12 months from issuance
TOTAL		977,186,015.00	
Oversubscription Option is Fully Exercised			
To partially fund the Company's land banking activities	55%	1,075,000,000.00	2 nd & 3 rd Quarter of 2026
To partially support the Company's project developments	40%	780,000,000.00	2 nd & 3 rd Quarter of 2026
To support the general corporate purposes requirement of the company	5%	102,929,155.00	within 12 months from issuance
TOTAL		1,957,929,155.00	

In the event that the actual expenses relating to the Bond Offer differ from the above estimates, the actual net proceeds may be higher or lower than the expected net proceedings set forth above. Any increase or decrease in the net proceeds will be addressed by corresponding adjustments to the Company's provision for general corporate purposes requirements.

Partially fund the Company's land banking activities

HTI intends to allocate majority of the portion of the net proceeds to fund its land acquisition and land banking initiatives. Expanding the Company's land portfolio is essential to ensure and sustain HTI's growth and development, ensuring long-term revenue and supporting the Company's mission to continue to serve the affordable housing market segment in different regions. The funds will be used to acquire new properties in key areas in the CALABARZON region, further strengthening and expanding HTI's presence in the region.

Location of the Property	Owner	Est. Area (sqm.)	Estimated Acquisition Cost (in ₱)	Net Proceeds from the Base Offer		Net Proceeds from the offer assuming the Oversubscription is Fully Exercised	
				%	(in ₱)	%	(in ₱)
Sto. Tomas Batangas	Juan Sta. Ana, Antonio Sta. Ana; Jose Sta. Ana; Antonio Sta. Ana; & Enrique Sta. Ana VII	93,337	337,480,000.00	40%	214,000,000.00	30%	322,500,000.00
Lipa, Batangas	Royals Asia, Michael Richard T. Bagatsing, et. Al.	172,384	603,344,000.00	40%	214,000,000.00	50%	537,500,000.00
Calamba, Laguna	Eduardo Manaig, Simeon Lubres, Nieves Sanque, et. Al	62,000	248,000,000.00	20%	107,000,000.00	20%	215,000,000.00
Total					535,000,000.00		1,075,000,000.00

The properties to be acquired by the Company over the next 12 months are the same properties intended to be purchased using the proceeds from the Offer. Any shortfall or variance between the estimated acquisition cost and the allocation of net proceeds will be funded from internally generated funds of the Company.

Partially support the Company's project developments

A portion of the net proceeds will be used to partially finance the construction and development of the Company's upcoming projects. This includes land development and housing construction, and other project-level expenditures required to accelerate the development of the projects and in turn the revenue conversion. The funds allow HTI to improve and make more efficient project execution timelines, leading to the timely delivery of units to buyers. Bolstering HTI's development funds supports quicker turnover time, better operating efficiencies, and increased capacity to support and contribute to the strong market demand in the affordable housing sector.

Project	Location	Net Proceeds from the Base Offer		Net Proceeds from the offer assuming the Oversubscription is Fully Exercised		Total Estimated Project Cost (₱ in thousands)	Estimated Cost-to-complete (before usage of proceeds) (₱ in thousands)	Estimated Completion Date
		%	Amount (₱ in thousands)	%	Amount (₱ in thousands)			
Molavera	Brgy. San Luis, Antipolo City	20%	78,000	20%	156,000	492,180	323,514	2028
Cornerstone	Brgy. Sorosoro, Binan City Laguna	20%	78,000	20%	156,000	2,345,464	2,199,302	2031
Ellery	Brgy. Hinapao, Antipolo City	20%	78,000	20%	156,000	95,358	87,885	2031
Canvas	Angono, Rizal	40%	156,000	40%	312,000	5,020,891	4,628,606	2032

Project	Location	Net Proceeds from the Base Offer		Net Proceeds from the offer assuming the Oversubscription is Fully Exercised		Total Estimated Project Cost (₱ in thousands)	Estimated Cost-to-complete (before usage of proceeds) (₱ in thousands)	Estimated Completion Date
		%	Amount (₱ in thousands)	%	Amount (₱ in thousands)			
Total		100%	390,000	100%	780,000	7,953,892	7,239,908	

Support the general corporate purposes requirement of the company

HTI will allocate a portion of the net proceeds from the Offer for general corporate purposes, which may include, but are not limited to, administrative expenses, operational requirements, and other day-to-day business activities. These funds are intended to support the increased HTI scale of the Company's operations arising from new investments and the projected expansion of HTI's total land portfolio and development pipeline.

The net proceeds from the Offer will be used directly by HTI. Funds earmarked for general corporate purposes will likewise be utilized by HTI, and no portion of the proceeds will be infused into any of its subsidiaries. None of the proceeds will be used to reimburse any officer, director, employee, or shareholder for services rendered, assets previously transferred, or for any money loaned, advanced, or otherwise provided to the Company.

The Issuer undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed above. However, the Issuer's plans may change, based on factors including changing macroeconomic and market conditions, or new information regarding the cost or feasibility of these plans. The Issuer'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 Issuer's management may find it necessary or advisable to reallocate the net proceeds within the categories described above, or to alter its plans, including modifying the projects described in the foregoing and/or pursuing different projects. In the event of any substantial deviation/adjustment in the planned uses of proceeds as approved by the Issuer's Board of Directors, the Issuer shall make the necessary disclosures, as may be required under Applicable Law and regulations and shall inform: (i) the SEC and the stockholders within 30 days prior to its utilization; and (ii) the Bondholders, in accordance with the terms of the Trust Agreement.

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DETERMINATION OF THE OFFER PRICE

The Bonds shall be issued at 100% of the principal amount or face value.

The interest rate of the Series A Bonds shall be based on the sum of (a) the simple average of the three-year PHP BVAL Reference Rate as published on the website of the Philippine Dealing System ("PDS") Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) at approximately 5:00 p.m., for the three consecutive Business Days immediately preceding and inclusive of the interest rate setting date and (b) the applicable final spread, to be determined via a book building process. The final interest rate on the Series A Bonds shall be rounded off to four decimal places.

The interest rate of the Series B Bonds shall be based on the sum of (a) the simple average of the five-year PHP BVAL Reference Rate as published on the website of the PDS Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) at approximately 5:00 p.m., for the three consecutive Business Days immediately preceding and inclusive of the interest rate setting date and (b) the applicable final spread, to be determined via a bookbuilding process. The final interest rate on the Series B Bonds shall be rounded off to four decimal places.

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PLAN OF DISTRIBUTION

HTI plans to issue the Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Issue Manager, Underwriter and Bookrunner. The Offer does not include an international offering. The Bonds will be issued with an aggregate principal amount of up to ₱2,000,000,000.00, consisting of a base issue amount of ₱1,000,000,000.00 and an Oversubscription Option of up to ₱1,000,000,000.00.

ISSUE MANAGER, UNDERWRITER AND BOOKRUNNER OF THE OFFER

Security Bank Capital Investment Corporation, pursuant to an Underwriting Agreement with HTI executed on February 26, 2026 (the “**Underwriting Agreement**”), has agreed to act as the Issue Manager, Underwriter and Bookrunner for the Offer and as such, distribute and sell the Bonds at the Offer Price. The Issue Manager, Underwriter and Bookrunner has also committed to underwrite an aggregate principal amount of ₱1,000,000,000.00 on a firm basis, subject to the satisfaction of certain conditions and in consideration of certain fees and expenses. The Oversubscription Option, to the extent exercised by the Issue Manager, Underwriter and Bookrunner, shall also be underwritten by the Issue Manager, Underwriter and Bookrunner on a firm basis.

The Issue Manager, Underwriter and Bookrunner will receive an underwriting fee of 1.05% on the final principal amount of the Bonds issued. Such fee shall be inclusive of underwriting fees and selling commission to be ceded to other potential underwriters and/or selling agents, if any. There is no arrangement for the Issue Manager, Underwriter and Bookrunner to return to HTI any unsold Bonds covered by the underwriting commitment. The Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Bonds being made to HTI. There is no arrangement as well giving the Issue Manager, Underwriter and Bookrunner the right to designate or nominate member(s) to the Board of Directors of HTI.

The Issue Manager, Underwriter and Bookrunner is duly licensed by the SEC to engage in underwriting or distribution of the Bonds. The Issue Manager, Underwriter and Bookrunner may, from time to time, engage in transactions with and perform services in the ordinary course of its business for HTI or its related parties.

Security Bank Capital Investment Corporation (formerly, SB Capital Investment Corporation) 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. Security Bank Capital provides a wide range of investment banking services including underwriting of debt and equity securities, project finance, loan syndications, mergers and acquisitions and other corporate/financial advisory services. Security Bank 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 debt and equity issues. As of 31 December 2024, its total assets amounted to ₱2.19 billion while capital base stood at ₱2.13 billion.

The Issue Manager, Underwriter and Bookrunner has no relation with HTI in terms of ownership and it has no right to designate or nominate any member of the board of directors of HTI.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Issue Manager, Underwriter and Bookrunner who shall sell and distribute the Bonds to third party buyers/investors. The Issue Manager, Underwriter and Bookrunners may appoint other underwriters and/or selling agents to distribute and sell the Bonds. Nothing herein shall limit the rights of the Issue Manager, Underwriter and Bookrunner from purchasing the Bonds for its own respective account.

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference. No finders are involved in the distribution of the Bonds.

OFFER PERIOD

The Offer Period shall commence at 9:00am on March 2, 2026 and end at 5:00pm on March 6, 2026 or such earlier day or later day as may be determined by HTI and the Issue Manager, Underwriter and Bookrunner.

APPLICATION TO PURCHASE

The Applicant shall submit a properly completed Application, whether originally signed or electronically submitted (through the e-SIP upon and subject to the e-SIP's approval by the SEC), together with all applicable supporting documentation in the prescribed form and submitted in the prescribed manner, with full payment of the Offer Price of the Bonds in the manner provided herein and in the Application. For the avoidance of doubt, for Applications that are originally signed and uploaded in bulk, the final Applications shall be those generated by an Issue Manager, Underwriter and Bookrunner /Selling Agent (as applicable) through the e-SIP upon submission of the sales report. In case of conflict between the originally signed Application and the electronically generated Application from e-SIP, the latter shall prevail

Corporate and institutional Applicants (including Trust Accounts) must also submit, in addition to the foregoing:

- (a) an original notarized certificate of the corporate secretary (or the managing director in case of a partnership) or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners, or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application, and (ii) designating the signatories, with their specimen signatures, for the said purposes;
- (b) Articles of Incorporation, By-Laws (or the Articles of Partnership in case of a partnership), and latest amendments thereof together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- (c) two duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies) (whose authority(ies) and specimen signatures will be submitted to the Registrar and Paying Agent);
- (d) BIR Certificate of Registration showing the Applicant's Tax Identification Number;
- (e) Identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- (f) such other documents as may be reasonably required by the Issue Manager, Underwriter and Bookrunner, Selling Agent, or the Registrar and Paying Agent in the implementation of its internal policies regarding "know your customer", anti-money laundering, and combating the financing of terrorism.

Individual applicants must also submit, in addition to accomplished Application and its required attachments, the following:

- (a) a photocopy of any one of the following identification cards (ID), which should be valid, bear a recent photo, and not be expired: Philippine Identification Card (PhilID), Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund,

Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age); or such other ID and documents as may be required or acceptable to the Issue Manager, Underwriter and Bookrunner or Registrar and Paying Agent, which must be valid as of the date of the application;

- (b) two (2) duly accomplished signature cards containing the specimen signature of the Applicant;
- (c) validly issued Tax Identification Number issued by the BIR; and
- (d) such other documents as may be reasonably required by the Issue Manager, Underwriter and Bookrunner, Selling Agent or the Registrar and Paying Agent in the implementation of their respective internal policies regarding “know your customer”, anti-money laundering, and combating the financing of terrorism.

An Applicant who is claiming exemption from the aforesaid withholding tax, or that it/he/she is subject to a preferential withholding tax rate shall be required to submit the following requirements, subject to acceptance by the Issuer as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current, and subsisting tax exemption certificate, ruling or opinion issued by the BIR and addressed to the Bondholder, confirming its/his/her exemption or its/his/her entitlement to the preferential rate as required under applicable BIR issuances, including Revenue Memorandum Circular No. 8-2014 and Revenue Memorandum Order No. 14-2021, including any clarification, supplement or amendment thereto, certified by the Corporate Secretary of the Bondholder that: (i) the original is in the possession of the Corporate Secretary as the duly authorized custodian of the same; and (ii) the Corporate Secretary has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting the said certification’s validity. Should the submitted tax exemption certificate, ruling or opinion expire during the Offer Period, the Bondholder must submit an updated/revalidated tax exemption certificate, and for tax-exempt Personal Equity Retirement Account (“**PERA**”) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator;
- (b) with respect to tax treaty relief, the Issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign Bondholder by relying on the submission by such Bondholder of the following documents before the interest income is paid or, if the Bondholder is a fiscally transparent entity, on the submission of each of the Bondholder’s owners or beneficiaries:
 - (i) three (3) originals of a duly signed and executed application form for tax treaty purposes (BIR Form 0901-I (Tax Treaty Relief Application for Interest Income)) or, if the Bondholder is a fiscally transparent entity, the following must also be attached to the duly signed and executed BIR Form 0901-I: (x) a copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the foreign fiscally transparent entity; (y) list of owners/beneficiaries of the foreign entity; and (z) proof of ownership of the foreign entity, in the form acceptable for recognition under Philippine laws;
 - (ii) an authenticated or apostilled tax residency certificate/s (TRCs) duly issued by the relevant foreign tax authority in favor of the Bondholder, or if the Bondholder is a fiscally transparent entity, in favor of each of the Bondholder’s non-resident foreign owners or beneficiaries, in the form acceptable for recognition under Philippine laws, and which should be updated for such relevant years as required under existing Philippine tax rules and regulations and/or the terms and conditions in the BIR approval document/s;

- (iii) the relevant provision of the applicable tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer, and
- (iv) three (3) originals of the duly notarized and consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder or the Bondholder's owners or beneficiaries is/are not doing business in the Philippines to support the applicability of a tax treaty relief.

Prior to the payment of subsequent interests due, the Issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign Bondholder upon the submission of the following documents:

- (i) three (3) originals of a duly signed and executed application form for tax treaty purposes (BIR Form 0901-I (Tax Treaty Relief Application for Interest Income));
- (ii) an authenticated or apostilled tax residency certificate/s (TRCs) duly issued by the relevant foreign tax authority in favor of the Bondholder, or if the Bondholder is a fiscally transparent entity, in favor of each of the Bondholder's non-resident foreign owners or beneficiaries, in the form acceptable for recognition under Philippine laws, if the validity period of the previously issued tax residency certificate has already lapsed; and
- (iii) other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, which shall be submitted by the Bondholder or Registrar and Paying Agent to the Issuer no later than the first (1st) day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

Failure to submit these documents will lead to withholding using the regular tax rates prescribed under the Tax Code, as amended, for non-resident foreign corporations or non-resident aliens not engaged in trade or business in the Philippines, as the case may be, and not the treaty rate.

If the tax treaty rate was applied by the Issuer based on the representations and supporting documents provided by the Bondholder, the Bondholder (either directly or through its duly authorized representatives) will file with the BIR's ITAD a request for confirmation of the use of the tax treaty rate no later than the last day of the fourth (4th) month following the close of the relevant taxable year after the payment of the withholding tax with supporting documents specified in Revenue Memorandum Order No. 14-2021 and in relation to Revenue Memorandum Circular No. 77-2021 and its allied BIR issuances, as may be amended from time to time. In relation thereto, the Issuer requires that copies of the BIR-stamped "Received" request for confirmation (with the complete accompanying documents) be provided by the Bondholder to the Issuer within sixty (60) days from the payment of the interest income to the Bondholder (either directly or through its duly authorized representatives), and without need of prior request or demand from the Issuer. The Bondholder shall submit to the Issuer the original of the Certificate of Entitlement to Treaty Benefit issued by the BIR within ten (10) days from the Bondholder's receipt of the Certificate of Entitlement to Treaty Benefit. The Bondholder shall ensure compliance with the requisites under the Certificate of Entitlement to Treaty Benefit for entitlement to the tax treaty benefits.

If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and the BIR will require the Issuer to pay the deficiency taxes with penalties. In such case, the Bondholder, as the ultimate income earner, shall either advance to the Issuer or reimburse the Issuer, at the option of the Issuer, the total amount of deficiency taxes and penalties imposed by the BIR, as well as all other reasonable and necessary fees that may be incurred by the Issuer as a result of the denial of the BIR application.

In case the Issuer used the regular tax rate under the Tax Code, the non-resident foreign Bondholder may file a tax treaty relief application with ITAD after it has received the interest income with supporting documents specified in Revenue Memorandum Order No. 14-2021 in relation to Revenue Memorandum Circular No. 77-2021. If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits, and the Bondholder may apply for a refund of excess withholding tax with the BIR within the two (2)-year period provided in Section 229 of the Tax Code. The claim for refund of the Bondholder may be filed simultaneously with the tax treaty relief application.

- (c) a duly notarized undertaking substantially in the form attached as Schedule 4 to the Registry and Paying Agency Agreement or in a form acceptable to the Issuer executed by
 - (i) the Bondholder, or in respect of juridical entities (save for a universal bank which is covered by item (ii) below), the corporate secretary or any authorized representative of such Bondholder, who is in possession of the relevant exemption documents as its authorized custodian, or who has personal knowledge of the exemption or entitlement to preferential tax treatment and will have personal knowledge of any amendment, revocation, expiration, change or any circumstance affecting the validity of the exemption or preferential tax treatment, based on his official functions, if the Bondholder purchases or holds the Bonds for its account, or
 - (ii) the trust officer, if the Bondholder is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (e.g., Employee Retirement Fund, etc.)

in each case:

- (i) declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and Paying Agent:
 - a. of any suspension, revocation, amendment, or invalidation (in whole or in part) of the tax exemption or preferential rate entitlement certificate, ruling or opinion issued by the BIR;
 - b. if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature, and method of operation, which are inconsistent with the basis of its income tax exemption or preferential rate entitlement, and or
 - c. if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential tax rate, and
- (ii) agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and
- (iii) such other documentary requirements as may be reasonably required by the Issuer or the Registrar and Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, each of the Issuer and the Registrar and Paying Agent may assume that such Applicant or Bondholder is taxable and proceed to apply the tax due on the Bonds. Notwithstanding the submission by the Applicant or Bondholder, or the receipt by the Issuer or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, the Issuer may require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Bonds, upon submission of the Application to Purchase to the Issue Manager, Underwriter and Bookrunner/Selling Agent who shall then forward the same to the Registrar and Paying Agent; or (ii) in respect of a transfer from a Bondholder to a purchaser, through the intermediary to the Registrar upon submission of the Investor Registration Form (in a form attached as Schedule 8 to the Registrar and Paying Agency Agreement) and other applicable account opening documents, in accordance with the procedures of the Registrar and Paying Agent. A selling or purchasing Bondholder claiming tax-exempt status or preferential tax rate is required to submit, together with the account opening documents submitted to the Registry, the documents described above.

Transfers taking place in the Register of Bondholders after the Bonds are listed in Philippine Dealing & Exchange Corp. (PDEX) may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions, and guidelines of PDEX and PDTC and subject to the discussion above.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates. .

MINIMUM PURCHASE

A minimum purchase of ₱50,000 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice to HTI's exercise of its right to the acceptance of applications as set out below.

ACCEPTANCE OF APPLICATIONS

HTI and the Issue Manager, Underwriter and Bookrunner, reserve the right to accept, reject, scale down or reallocate any Bond applied for and in case of oversubscription, allocate the Bonds available to the applicants in a manner they deem appropriate. If any application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the Issue Manager, Underwriter and Bookrunner.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate unused portion thereof shall be returned without interest to such applicant through the Issue Manager, Underwriter and Bookrunner and/or selling agent, if any, with whom such Application to Purchase the Bonds was made.

Withdrawal of the Offer

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PDEX.

The Company may, by prior written notice to the Issue Manager, Underwriter and Bookrunner, also withdraw the offer and sale of the Offer Bonds at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occur, in which case the Underwriting Agreement shall be deemed terminated, namely:

- (i) (1) 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 (2) 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 (3) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Bonds in the manner contemplated by the SEC order declaring effective the Registration Statement, or the Permit to Sell Securities (the “**Approvals**”) and this Prospectus, or would have a Material Adverse Effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Bonds in the Philippines, rendering it, in the reasonable determination of the Issuer after consultation with the Issue Manager, Underwriter and Bookrunner, impracticable to proceed with the Offer in the manner contemplated by the Approvals and this Prospectus;
- (ii) An order revoking, cancelling, suspending, preventing, terminating or imposing a condition that is not acceptable to the Issuer, the offer, sale, distribution, listing or issuance of the Offer Bonds by any court or Governmental Authority having jurisdiction on the matter, including the SEC and the PDEX;
- (iii) Suspension, cancellation, revocation, or termination of any of the Approvals or the imposition of a condition in respect of the issuance and/or validity of the Approvals that is not acceptable to the Issuer;
- (iv) Trading in the PDEX is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Bonds on the Issue Date or such other date as may be approved by the PDEX;
- (v) There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any Governmental Authority which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Bonds and enter into the transaction documents in connection with the Offer; (c) any of the features of the Offer Bonds, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by the Issuer and/or the Issue Manager, Underwriter and Bookrunner of their respective obligations hereunder;
- (vi) Any significant, adverse, and unforeseeable change or development in the Issuer’s long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Bonds unsuitable for offering to the public;
- (vii) The Issuer is compelled through an official order, decree, or ruling issued by any competent court or Governmental Authority to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or Governmental Authority (as the case may be);
- (viii) The Issuer 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 arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer 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; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the

institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

- (ix) 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;
- (x) The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Issue Manager, Underwriter and Bookrunner in connection with or with respect to the issuance or sale by the Issuer of the Offer Bonds or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;
- (xi) Any court, arbitral tribunal, or Governmental Authority which has jurisdiction on the matter issues an order restraining or prohibiting the Issue Manager, Underwriter and Bookrunner, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Issue Manager, Underwriter and Bookrunner to perform its underwriting obligations due to conditions beyond their control;
- (xii) Unavailability of PDTC's facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Issue Manager, Underwriter and Bookrunner to fully comply with the listing requirements of the PDEX, if the impact of such unavailability on the listing of the Offer Bonds remains unresolved after discussions between the Issuer and the Issue Manager, Underwriter and Bookrunner in good faith; and
- (xiii) Any other event which, in the reasonable judgment of the Issuer, may have a material or adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

The Underwriting Agreement also provides for grounds by which the said agreement may be terminated by the Issue Manager, Underwriter and Bookrunner.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the (i) Issuer's or the Issue Manager, Underwriter and Bookrunner's inability to sell or market the Offer Bonds or (ii) the refusal or failure to comply with any undertaking or commitment by the Issuer, the Issue Manager, Underwriter and Bookrunner, or any other entity/person to take up any Offer Bonds remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the Offer Bonds will be issued only upon listing of such Offer Bonds on the PDEX, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Bonds prior to the Issue 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 Bonds on Issue Date.

PAYMENTS

The Paying Agent shall open and maintain a payment account, which shall be operated solely and exclusively by said Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the payment account shall always remain with the Bondholders. The payment account shall be used exclusively for the payment of the relevant interest and principal on each Payment Date.

The Paying Agent shall maintain the payment account for six months from Maturity Date or date of early

redemption. Upon closure of the payment account, any balance remaining in such Payment Account shall be returned to HTI and shall be held by HTI in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments.

PURCHASE AND CANCELLATION

HTI may at any time purchase any of the Bonds, in accordance with PDEX rules, in the open market or by tender or by contract, without any obligation to purchase Bonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form and shall be registered in the electronic Register of Bondholders maintained by the Registrar. Master Certificates of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the Registrar. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all subsequent transfers of Bonds shall be entered in the Register of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the electronic Register of Bondholders.

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COMPANY'S BUSINESS

OVERVIEW

Haus Talk, Inc. ("**Haus Talk**") is a publicly-listed company incorporated on, and has been in the business since, June 21, 2004. Haus Talk is a residential real estate developer whose projects are based in Antipolo, Rizal and the Laguna areas. On January 17, 2022, the Company completed its initial public offering and was listed on the Small, Medium and Emerging Board of the PSE with the stock symbol 'HTI'.

For the past two decades, Haus Talk has become one of the top affordable residential housing developers in strategic locations where it operates to include the Rizal and Laguna provinces, providing its customers with top quality residential projects, and ever-growing reach. The success of Haus Talk can be credited to the Company's thorough strategic planning, timely completion and delivery of units, and the hands-on and personalized approach of the management towards their personnel and clients alike.

With Haus Talk's projects located in regions with improving accessibility, growing commercial industries, and increasing urbanization, the Company utilizes the locations of its projects by offering its products to the different classes i.e. having projects that classify as Mid-Market, Economic, and Socialized housing. The Company's ability to study and optimize the locations of its projects has optimized the company's business model leading to quicker return on investments.

Haus Talk prides itself in its strategic planning, timely construction, and delivery of completed projects. On the average, Haus Talk completes its projects within three to five years, with the first year being allocated to planning and land development.

Moreover, Haus Talk's offerings have consistently performed well in the market. Haus Talk's projects usually sell out within months after being opened to the market with the demand surpassing the supply regularly. Haus Talk's notable projects include, The Granary, a residential subdivision located in Barangay San Antonio, Binan, Laguna, Celestis I & II, residential projects which sit on a 1.3-hectare terrain in Barangay Bayugo, Antipolo, Rizal; Southview Homes Calendola, a residential subdivision located in San Pedro, Laguna; and Eastview Residences Premier, a residential subdivision located in Antipolo, Rizal. The strong demand and turnover for Haus Talk's product, as proven by the quick project completion period, has translated into a fast cash flow and is cemented by quick depletion of Haus Talk's inventory.

In total, Haus Talk has completed 14 projects comprising 1,644 housing units and has four ongoing projects covering 1,967 units, with at least seven more projects in the pipeline. Haus Talk aspires to continue its growth and become the leading developer in affordable housing segment in Rizal and Laguna areas.

Haus Talk aspires to continue its growth and become the leading developer in the Rizal and Laguna provinces.

HISTORY

The Company was registered in the Securities and Exchange Commission in 2004 with Registration Number CS200409462 as Haus Talk Project Managers, Inc. Guided by the Madlambayan family values, and passion for the real estate industry, the members of the family directed the Company to become one of the best performing residential real estate companies in the areas where they operate by being committed to their developments and the communities they serve. The Company amended its corporate name to Haus Talk, Inc. on June 7, 2017.

The Company's primary purpose is to engage in the business of general construction and builders of all kinds of houses, homes, building structures, edifices of all kinds whatsoever, roads, bridges, and in general, all kinds of vertical and all horizontal construction works including subdivision and in the connection with the above purposes to enter into all kinds of contracts, singly or jointly with any other persons juridical or otherwise, builders or consultants for the aforesaid works, for real estate

development and generally to perform any kinds of acts connected with the business above stated or incidental thereto including the hiring of employment of architects, engineers, consultants and other personnel to carry on the business of the Company.

From its incorporation, the Company has grown to be an established developer catering to affordable and middle-class sectors in emerging cities and suburban areas.

In 2006, Haus Talk ventured into its initial project, Eastview Homes 1 in Antipolo City. While on January 16, 2007, Tradition Homes Project Managers and Development, Inc. (now Tradition Homes, Inc.) (“**Tradition Homes**”) was established. Tradition Homes completed the development and marketing of Eastview Homes Marikina, and Tradition Square – Maceda which was started by Haus Talk in 2005. Likewise, in 2007 Tradition Homes acquired its first project, Southview Homes – Extension. Tradition Homes then acquired, developed and marketed Southview Homes 2 and South Hills – San Pedro Laguna.

In 2011, Tradition Homes entered into a Memorandum of Agreement with Allied Community Builders and Development, Inc. for the development and marketing of a parcel of land with an area of around 48,788 sqm with a total of 325 House and Lots Units. This project was known as Southview Homes 3.

In 2016, Tradition Homes started the development and house construction of Winn Residences project. Then in 2017, the Company started the development of Southview Homes Sta. Rosa and the following year, 2018, the development of Southview Homes - Calendola. Likewise, in 2017, Haus Talk acquired properties for the site of Celestis 2 (formerly known as: Eastview Residences 1), Celestis 1 (formerly known as: Eastview Residences 2), and Eastview Residences Premiere.

On January 18, 2018, Tradition Homes changed its name to “Tradition Homes, Inc.” Furthermore, on the same date, the Company acquired 100% of Tradition Homes through the conversion of the Company’s Advances to Tradition Homes and the sale of all existing shares of Tradition Homes to the Company.

In 2021, the Company developed Celestis 1, a residential subdivision with 36 units located in Buliran Road, Barangay San Luis, Antipolo Rizal and was completely sold out in 2025. During the same year, the Company acquired majority ownership and control of Lifestyle Development Corporation (Lifestyle Development) through conversion of the Company’s advances to Lifestyle Development and the sale of all existing shares of Lifestyle Development to the Company.

In 2022, various residential projects were developed by the Company including Celestis 2 located at Buliran Road, Barangay San Luis, Antipolo Rizal and The Granary Subdivision located at Bayabas Road., Barangay San Antonio, Binan, Laguna.

Haus Talk’s developments are exclusively residential projects. To date, Haus Talk has completed 14 residential developments, and currently has four ongoing projects in various stages in development. The Company has seven projects in its pipeline which the Company plans to launch in the coming months or years.

Remaining true to its core values and faithful to its humble roots, Haus Talk continues to experience sustained growth by building quality communities in strategic locations.

CORPORATE STRUCTURE



* Tradition Homes, Inc. is 99.99% by the Company while 0.01% is owned by a member of the Madlambayan family.

* Lifestyle Development Corporation is 98.39% by the Company while 1.61% is owned by a member of the Madlambayan family.

Subsidiaries

Tradition Homes, Inc.

Tradition Homes, Inc. ("**Tradition Homes**") was incorporated in 2007. Its primary purpose is to market, operate, manage, develop, improve, dispose, mortgage, pledge and deal with residential structure for lot buyers of the Company. Tradition Homes is a subsidiary of the Company.

Tradition Homes acquired and developed its first project, Southview Homes 1 – Extension in 2007, which was started by an affiliate company in 2006. The 105-unit Mid-Market residential project is located in San Pedro Laguna. The units found in the development had an average floor area of 48 sqm. Each unit has two bedrooms with the option to extend for a third bedroom.

In the same year, the Tradition Square – Maceda located in Sampaloc, Manila, which was started by Haus Talk in 2005, was assigned to Tradition Homes. The development had two room models, one for front facing units and another for rear facing units. The front facing units had footprints ranging from 29 sqm to 42 sqm, while the rear facing units typically had floor areas of 28 sqm.

In 2008, Tradition Homes began the development of Southview Homes 2, and Economic Housing project with 132 units. The project was completed and sold out in 2010. Southview Homes 2 had two different single attached models.

In 2010, Tradition Homes began its third development in San Pedro, Laguna, the South Hills – San Pedro Laguna which was completed in 2012. South Hills, offered 161 units for sale with two kinds of units to the market: (i) Townhouse with an area of 42 sqm with two bedrooms and one bath; and (ii) Studio type row house with an area of 24 sqm.

In 2013, development of Tradition Square – Cubao began. The project was a four-storey townhouse located in Barangay. Murphy, Cubao. The project had a total of eight units and was sold out and completed in 2016. Each Unit has a floor area of 132 sqm.

In 2017, Tradition Homes began development of Southview Homes Sta. Rosa. The 261-unit Economic housing development is comprised of units with floor areas that range from 48-55 sqm. and was completed in 2019.

In 2018, Tradition Homes started the development of Southview Homes – Calendola, a 292- residential unit subdivision project located in San Pedro, Laguna, and as of September 30, 2025, 251 units have been sold.

Lifestyle Development Corporation

Lifestyle Development Corporation (“**Lifestyle Development**”) was incorporated in 1999, but has yet to start its operations. Its primary purpose is to construct, develop, improve, mortgage, pledge and deal with residential structure for lot buyers of the Company. Lifestyle Development was acquired by Haus Talk in 2021.

Lifestyle Development owns parcels of land in Mariveles, Bataan, a portion of which will be developed into socialized housing by Haus Talk.

COMPETITIVE STRENGTHS

One of the leading residential developers in Rizal and Laguna with a distinguished brand and reliable track record of project execution

Haus Talk is one of the leading residential developers in Rizal and Laguna. Having multiple projects in these areas, Haus Talk has gained extensive knowledge and experience of its market. The Company has also grown strong relationships with the local brokers and agents. By delivering quality products, the Company’s brands are, and continue to be, trusted by its buyers and end users.

Haus Talk has been quick in responding to the market in areas where the Company operates, with the fast turn-around and completion of the Company’s project offerings. On the average, Haus Talk can develop and sell out its projects within three to five years from project launch, with the first year being used for planning and land development. Even with its fast project turnover the Company still produces quality housing units.

Strategic location selection to provide value-for-money proposition to customers

Haus Talk has always been meticulous when selecting areas to develop for its projects. The Company consistently studies and seeks location with high-value potential. It is key for the Company to ensure that its residential developments will be in safe areas. The Company also makes it a point to develop in areas which are easily accessible to the customers. This is evident in how Haus Talk’s projects are located in fast developing and urbanized regions (*i.e.*, Rizal and Laguna).

Having had multiple projects in Rizal and Laguna areas, Haus Talk has grown familiar with these areas and their respective communities. This gives the Company the ability to choose which locations are best to develop residential projects.

Haus Talk gives its customers good value for their purchase by providing competitive prices, along with best-in-class design units and generous amenities. To add to this, Haus Talk’s projects are constructed and delivered in a timely manner. These measures have been reflected in quick sales of the units, as majority of Haus Talk’s projects are deemed completed and sold out three to five years after the project’s launch.

Diversified portfolio of socio-economic housing markets

Haus Talk develops and offers residential real estate projects catering to the needs of the affordable housing market. The Company specializes in horizontal projects, but it also has some vertical projects in its portfolio. Haus Talk primarily produces Economic and Mid-Market housing projects, but the Company also has socialized housing development projects, such as Winn Residences in Quezon City.

Due to Haus Talk’s diverse residential housing projects, the Company should be less affected by negative trends in the economy, should there be any. Haus Talk is also able to optimize its potential by offering products to all economic classes and provide whatever the market demands.

Experienced management team and organizational culture

Management's effort to professionalize the Company from a young family business to a booming residential real estate company with more than 454 employees shows the Company's resilience, commitment and work ethic. Haus Talk's family-oriented team and the Company's competence to be one of the best in their field have enabled Haus Talk to establish their strong brand value.

The Company has adopted a customer-centric culture since its incorporation in 2004. Haus Talk's customer-centric initiatives include the creation of a separate customer care department that facilitates unit turnover. Moreover, the Company's customer care division extends its service post-turnover by helping the buyers process titles to the property and ensure the payment of real property taxes on the unit.

Socially responsible organization

The Company practices corporate social responsibility by taking part in tree-planting activities and feeding programs in and make donations to the communities in coordination with the concerned LGUs.

The Company does its best in giving back to those who need it most. The Company organizes its own feeding programs for the less fortunate. In these events, Haus Talk employees get the opportunity to give food to the less fortunate and join them over a meal. The Company likewise donates laptops to schools and makes such other donations when needed.

Employees are able to take part in these tree-planting activities and feeding programs.

Established track record of strong profitability and healthy margins

Haus Talk has consistently shown strong profitability throughout the years. Haus Talk's gross profits and net income have steadily increased year-on-year, showing significant growth on a yearly basis. The Company is also able to control its cost by having its own construction team to work on the projects. In addition, Haus Talk's senior management also keeps a keen eye on new technology and innovation that may help to further enhance the Company's operational efficiency which can subsequently lead to better profitability and margins.

Well defined and integrated set-up comprising key aspects of the real estate business

Haus Talk has a fully integrated real estate set up encompassing different areas of the business, namely, acquisitions, business development, technical planning, engineering and project management, sales and marketing, documentation and licensing, legal, customer care and property management. The Company prides itself of its hands-on and personalized approach, which allows the Company to respond effectively to its clients and other industry stakeholders.

Construction

For each development, Haus Talk relies on their group of project managers, engineers, and construction team, all of whom are well versed and experience in the industry. With members of the executive management looking over each project the Company is able to meticulously look over the projects, resulting in the efficient and timely construction of the units, all of which of top quality.

Sales

Haus Talk has a committed and competent sales and marketing team. The team collaborates and coordinates with quality accredited brokers and agents in the Rizal and Laguna areas which leads in the quick sales of the units as soon as the projects hit the market. With Haus Talk's competitive commission scheme, the brokers and agents regularly close deals and bring in new and old clients alike.

KEY STRATEGIES

Capitalize on the sustained growth of and demand for economic and middle-income housing segments

The Company's pipeline projects consist of seven projects: (1) Amberwood in Biñan, Laguna; (2) Molavera in Antipolo, Rizal; (3) Cornerstone in Biñan, Laguna; (4) Ellery Homes in Antipolo, Rizal; (5) Whistlewood in Antipolo, Rizal; (6) The Canvass in Angono, Rizal; and (7) Southview Homes 2 Extension in San Pedro, Laguna. Among these projects, one is a Socialized housing project, four are under the Economic housing brand, one is Mid-Market projects, while one is under mixed market of Economic and Mid-Market. Haus Talk intends to continue growing its Economic housing and Mid-Market brand offerings as this is the market with the most demand. By continuing to tap into this market Haus Talk will be able to optimize their opportunity in tapping into the B, C, and D markets, which is where most of the demand for housing units is.

Haus Talk has made its Economic Housing and Mid-Market brands stand out by locating them in well-planned and desirable sites. The Group's Economic Housing and Mid-Market projects are of top quality, offering best in class homes and amenities.

Integration of commercial developments to complement real estate projects leading to diversification of revenue streams

Haus Talk has land banking of properties assigned for commercial spaces within its project's vicinity. By developing these properties, the Company can further diversify its project portfolio and its source of income. The Canvass in Angono, Rizal is intended to be developed into mixed-use project – Haus Talk's first venture into the mixed-use market.

Capitalize on pipeline projects

Haus Talk has positioned itself for the next two years with key pipeline projects located in Rizal and Laguna areas. The Company intends to grow its current offerings with new horizontal residential developments in the said areas. Haus Talk expects to further improve its position in its located regions and further build its brand and reputation as one of the leading residential developers in Rizal and Laguna provinces.

Investing in new and innovative technologies aimed to further enhance operational efficiency

Haus Talk has actively invested in new technologies for both backdoor operations and construction. In terms of backdoor operations, the Company is installing a new real estate program that will enable to make recording of transactions, and preparation of models and reports faster. Haus Talk has actively invested in new technologies for both enterprise resource planning (“ERP”) systems, and construction work i.e. Light Gauge Steel System and Plaster and the Cast in Place (“CIP”) construction method. Haus Talk expects these investments to pay off in terms of cutting down costs and reducing processing time.

REAL ESTATE DEVELOPMENTS

Haus Talk focuses on affordable residential real estate development. The Company strengthened its position in the market by offering top quality homes for affordable prices within the different housing segments, with houses ranging from approximately ₱850,000.00 to ₱6.00 million. Today, Haus Talk continues to build its brand by continuously producing quality homes for the average Filipino family.

Overview of Property Development of the Company

Socialized Housing (BP 220). The Company has developed two Socialized Housing developments. It has completed Winn Residences Phase 1 (vertical) in Barangay Bagong Silangan, Quezon City, and will be launching The Ellery Homes located in Barangay Hinapao, Antipolo in 2031. Socialized housing unit has a minimum of 22 to 28 sqm.

WINN RESIDENCES- COMPLETED SOCIALIZED HOUSING UNIT OF THE COMPANY



Winn Residences – Quadruplex



Winn Residences – Dressed Up Unit

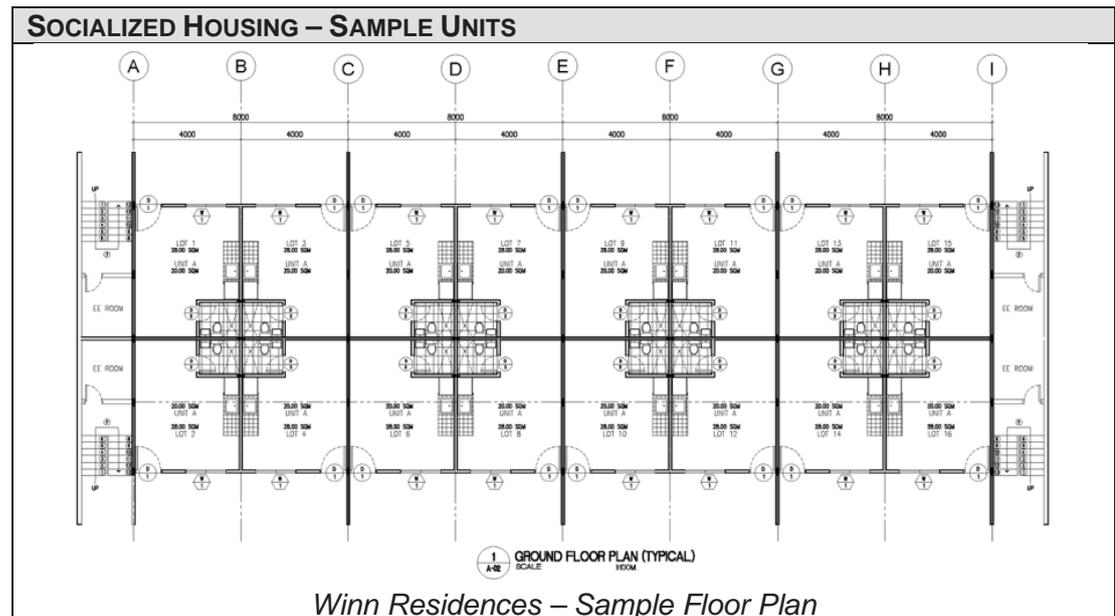


Winn Residences – Turn-over Unit



Winn Residences – Dressed Up Unit

Units in this project are priced between ₱450,000.00 to ₱750,000.00. Customers who availed or are to avail themselves of units are not required to pay equity as the socialized housing units are taken out through HDMF. A reservation fee, however, of ₱5,000.00 must be paid by the customer.



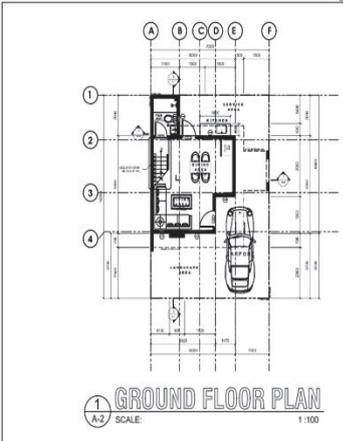
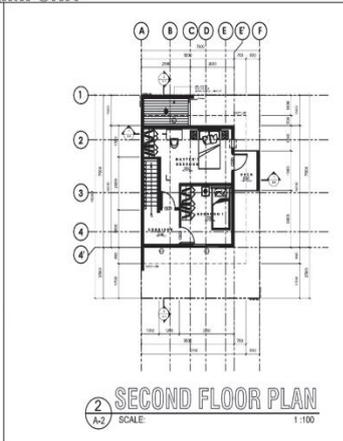
Economic Housing (BP 220). A number of the Company's property developments are Economic housing. These projects include: (i) Eastview Homes 1, (ii) Eastview Homes 2, (iii) Eastview Townhomes Marikina, (iv) Southview Homes 2, (v) South Hills – San Pedro, (vi) Southview Homes – Sta. Rosa, (vii) Southview Homes Calendola and (viii) The Granary. Economic Housing of the Company is offered as single attached units with a lot size of 55 sqm to 70 sqm or as townhouses with a lot size of 40sqm.



Economic Housing base units are sold at ₱2,500,000.00 million. Buyers, however, can opt for home improvement packages at a premium. Buyers of Economic Housing units pay a reservation fee between ₱10,000.00 to ₱20,000.00. Required equity ranges from 10% to 20% of the total contract price. After paying the Reservation Fee, buyers have options for their financing via HDMF, Bank Financing, or In-house Financing. The Company offers a payment scheme of up to 36 months for its in-house financing. The rates of the Company's in-house financing are at a premium versus prevailing bank rates.

Depending on the project, customers can choose from the following:

ECONOMIC HOUSING – SAMPLE UNITS	
OPTIONS AND SPECIFICATIONS	SAMPLE
<p>Option 1 (Old Base Model):</p> <p>Floor Area: 43 sqm.</p> <ul style="list-style-type: none"> - 2 Bedrooms - Balcony - 1 Bathroom - Outdoor Kitchen/ Service Area - Dining Area - Living Area - 1 Car Garage 	<p style="text-align: center;">43 SQ.M. UNIT</p> <p style="text-align: center;">1 GROUND FLOOR PLAN SCALE: 1:100</p> <p style="text-align: center;">2 SECOND FLOOR PLAN SCALE: 1:100</p> <p style="text-align: center;"><i>Southview Homes – Sta. Rosa</i></p>
<p>Option 2 (New Base Model):</p> <p>Floor Area 48 sqm</p> <ul style="list-style-type: none"> - 2 Bedrooms - Balcony - 1 Bathroom - Indoor Kitchen - Dining Area - Living Area - 1 Car Garage - Lanai 	<p style="text-align: center;">48 SQ. M. UNIT</p> <p style="text-align: center;">1 GROUND FLOOR PLAN SCALE: 1:100</p> <p style="text-align: center;">2 SECOND FLOOR PLAN SCALE: 1:100</p> <p style="text-align: center;"><i>Southview Homes – Sta. Rosa</i></p>
<p>Option 3 (Altered Plan):</p> <p>Floor Area: 51 sqm.</p> <ul style="list-style-type: none"> - 2 Bedrooms - Balcony - 1 Bathroom - Kitchen/ Service Area - Dining Area - Living Area - 1 Car Garage - Lanai 	<p style="text-align: center;">51 SQ. M. UNIT</p> <p style="text-align: center;">1 GROUND FLOOR PLAN SCALE: 1:100</p> <p style="text-align: center;">2 SECOND FLOOR PLAN SCALE: 1:100</p> <p style="text-align: center;"><i>Southview Homes – Sta. Rosa</i></p>

<p>Option 4 (Upgraded Unit)</p> <p>FLOOR AREA: 61 SQM</p> <ul style="list-style-type: none"> - 3 Bedrooms - Balcony - 2 Bathrooms - Kitchen/Service Area - Dining Area - Living Area - 1 Car Garage - Lanai 	<p style="text-align: center;">61 SQ.M. UNIT</p> <div style="display: flex; justify-content: space-around;">   </div> <p style="text-align: center;"><i>Southview Homes – Calendola</i></p>
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<p>TOWN HOUSE</p> <p>LOT SIZE: 40SQM Floor Area 43-46 sqm.</p> <ul style="list-style-type: none"> - 2 Bedrooms - 1 Bathroom - Kitchen/Service Area - Dining Area - Living Area - 1 Car Parking 	<p style="text-align: center;">46 SQ.M. UNIT</p> <div style="display: flex; justify-content: space-around;">   </div> <p style="text-align: center;"><i>Southview Homes – Calendola</i> <i>Sample Floor Plan for Townhouse</i></p>
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<p>TOWN HOUSE</p> <p>LOT SIZE: 45 sqm.</p> <ul style="list-style-type: none"> - 2 Bedrooms - 1 Bathroom - Kitchen/Service Area - Dining Area - Living Area - 1 Car Parking 	<div style="display: flex; justify-content: space-around;">   </div> <p style="text-align: center;"><i>The Granary</i> <i>Sample Floor Plan</i></p>
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All Economic Housing Developments of the Company include the following amenities:

- Open Area
- Club House/ Gazebo
- Basketball court
- Sidewalk
- Paved Roads
- Water & Electric Facilities
- Guard House
- Entrance Gate
- Greeneries

Mid-Market Subdivisions (PD 957). Haus Talk has developed various Mid-Market subdivisions, namely: (i) Eastview Homes Marikina, (ii) Eastview Homes 3, (iii) Eastview Residences Premiere, (iv) Southview Homes 1 Extension, (v) Tradition Square- Maceda (Vertical), (vi) Celestis I, and (vii) Celestis II, and (viii) has recently began construction of The Hammond.

Mid-Market units have a standard lot size of 70 sqm, and actual floor area ranges from 56 sqm. to 76 sqm.





The Hammond – Entrance Gate



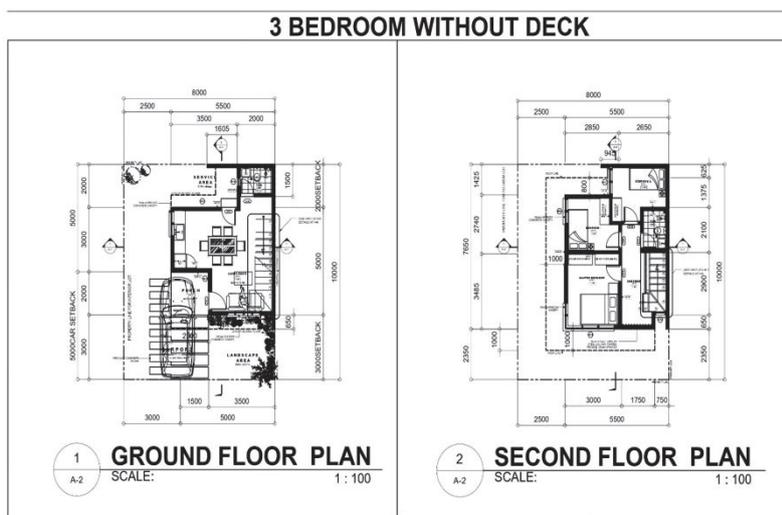
The Hammond-Sample Unit

Mid-Market units range from ₱3.00 million to ₱6.60 million and buyers can opt for home improvement packages at a premium. Buyers must pay a reservation of ₱20,000.00. Required equity ranges from 10% to 20% of the total contract price, and after paying the Reservation Fee, Buyers have options for their financing (*i.e.*, HDMF, Bank Financing, In-house Financing). The rates of the Company's in-house financing are at a premium compared to prevailing bank rates.

MID-MARKET PROJECTS – SAMPLE UNITS	
OPTIONS AND SPECIFICATIONS	SAMPLE
<p>Option 1: Floor area: 56 sqm.</p> <ul style="list-style-type: none"> - 2 Bedrooms - 1 Bathroom - Balcony - Kitchen/Service Area - Dining Area - Living Area - 1 Car Parking 	<p style="text-align: center;">2 BEDROOM UNIT (56 SQ.M.)</p> <p style="text-align: center;"><i>Eastview Residences 1 & 2</i></p>
<p>Option 2: Floor area: 61 sqm</p> <ul style="list-style-type: none"> - 2 Bedrooms - 1 Bathroom - 1 Balcony - Kitchen/Service Area - Dining Area - Living Area - 1 Car Parking 	<p style="text-align: center;">61 SQ.M. UNIT</p> <p style="text-align: center;"><i>Eastview Residences 1 & 2</i></p>

Option 3:
Floor area: 76 sqm

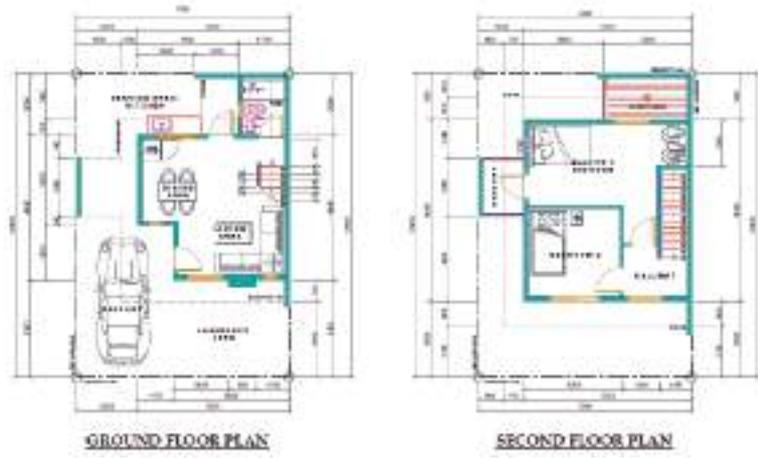
- 3 Bedrooms
- 2 Bathrooms
- 1 Balcony
- Kitchen
- Service Area
- Dining Area
- Living Area
- 1 Car Parking



Eastview Homes 3

Option 1:
Floor area: 61 sqm.

- 2 Bedroom
- 1 Bathroom
- Balcony
- Kitchen
- Service Area
- Dining Area
- Living Area
- 1 Car Parking



Celestis 1 & 2

Option 2:
Floor area: 76 sqm.

- 3 Bedroom
- 2 Bathroom
- Balcony
- Kitchen
- Service Area
- Dining Area
- Living Area
- 1 Car Parking



Celestis 1 & 2

<p>Option 1: Floor Area: 70 sqm.</p> <ul style="list-style-type: none"> - 3 Bedroom - 2 Bathroom - Kitchen - Service Area - Dining Area - Living Area - 1 Car Parking 	 <p style="text-align: center;">The Hammond</p>
<p>Option 2: Floor Area: 54 sqm.</p> <ul style="list-style-type: none"> - 2 Bedroom - 1 Bathroom - Kitchen - Service Area - Dining Area - Living Area - 1 Car Parking 	 <p style="text-align: center;">The Hammond</p>

All Mid-Market homeowners enjoy the following amenities:

- Open Area
- Club House/ Gazebo
- Basketball Court
- Sidewalk
- Paved Roads
- Water & Electric Facilities
- Guard House
- Entrance Gate
- Greeneries

High- End Subdivision (PD 957). Haus Talk has also forayed into the development of high-end project: Tradition Square – Cubao.

Development of Tradition Square – Cubao began in 2013. The project was a four-storey townhouse located in Brgy. Murphy, Cubao. The project had a total of eight (8) units and was sold out and completed in 2016.



Description of Projects

Haus Talk’s developments are exclusively residential projects. To date, Haus Talk has completed 14 developments, and currently has four ongoing projects in various stages in development. There are also seven pipeline projects which Haus Talk plans to launch and develop in the coming years.

Completed Projects

Haus Talk’s completed projects are exclusively residential developments, majority of which are horizontal residential projects, with the exception of one being a vertical development. All the said projects are fully sold out, demonstrating the Haus Talk brand is one that the local market trusts. The projects have a mix of Economic and Mid-Market housing projects. Total 697 units has been sold as of September 30, 2025. The details of the projects are seen in the tables below.

Haus Talk, Inc.

COMPLETED PROJECTS – HAUS TALK, INC.							
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	YEAR COMPLETED	UNITS SOLD	SALEABLE UNITS
Eastview Homes 1	Brgy. San Roque, Antipolo City	Horizontal	Economic BP 220	2006	2009	83	83
Eastview Homes 2	Brgy. San Roque, Antipolo City	Horizontal	Economic BP 220	2010	2013	157	157
Eastview Town Homes – Marikina	Marikina Heights, Marikina City	Horizontal	Mid-Market PD 957	2010	2012	20	20
Eastview Homes 3	Brgy. San Roque, Antipolo City	Horizontal	Mid-Market PD 957	2014	2018	325	377
Eastview Residences Premiere	Brgy. San Roque, Antipolo City	Horizontal	Mid-Market PD 957	2019	2024	42	42
Celestis I	Buliran Rd., Brgy. San Luis, Antipolo City	Horizontal	Mid-Market PD 957	2021	2025	36	36
TOTAL						663	715

Eastview Homes 1 (2006-2008). Development of Eastview Homes 1 began in 2006. The project is located in Brgy. San Roque in Antipolo. It has a total of 83 units and is classified as an Economic horizontal residential project. The project was sold out and completed in 2009, just three years after commencement of its development. Eastview Homes 1 also has facilities such as a park/playground, concrete sidewalks, a landscaped entrance, and a guard house. The project brought in an estimated sales of ₱70.00 million. Each unit had a footprint floor area of 42 sqm with each unit having two bedrooms, the perfect size for first time home owners. Buyers could finance their purchase by way of HDMF, bank financing, or in-house financing.

Eastview Homes 2 (2010-2013). Eastview Homes 2 began development in 2010, after the success

of the Eastview Homes 1 brand. The horizontal Economic housing project has 157 units, and is likewise located in Brgy. San Roque in Antipolo. The project was completed and sold out in 2013, having reported an estimated sales of ₱225.00 million. Each unit had a footprint floor area of at least 48 sqm with each unit having two bedrooms and one bathroom, with the option to increase this to three bedrooms and two bathrooms. Eastview Homes 2 was also equipped with facilities such as a club house, basketball court, and a landscaped main entrance and guard house. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Eastview Townhomes - Marikina (2010-2012). Eastview Townhomes Marikina began development in 2010. The project was completed in 2012 after selling out its 20 units. The units had an average area of 66 sqm. Each unit had at least three bedrooms and two toilet and baths. The units were also equipped with a garage per unit. The project brought in an estimated ₱58.00 million in sales. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Eastview Homes 3 (2014-2018). Eastview Homes 3 began development in 2014. The project is located in Brgy. San Roque, Antipolo City. Each unit has a floor area of 76 sqm. The units have at least three bedrooms and two bathrooms. The development also included features such as concrete roads and sidewalks, a landscaped entrance gate, and a guardhouse. The 325-unit Mid-Market housing project was deemed completed in 2018 and brought in sales of ₱885.80 million. Buyers could finance their purchase by way of Bank financing, or in-house financing

Eastview Residences Premiere (2019-2024). Eastview Residences Premiere began development in 2019. The project is located in Brgy. San Roque, and has a land area of about 5,300 sqm. Eastview Residences Premiere offers a 75 sqm. Three-bedroom units, with two bathrooms and car garage. The 42-unit Mid-Market housing project was deemed completed in 2024 and brought in sales of ₱182.48 million. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Celestis 1 (2021-2025). Celestis 1 began development in 2021. The project is located in Brgy. San Luis, Antipolo City. Each unit has a floor area of 61 sqm. for a two-bedroom unit with one bathroom, and 76 sqm. for a three-bedroom unit with two bathrooms. The development also included features such as concrete roads and sidewalks, a landscaped entrance gate, and a guardhouse. The 36-unit Mid-Market housing project was deemed completed in 2025 and brought in sales of ₱169.65 million. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Tradition Homes, Inc.

COMPLETED PROJECTS – TRADITION HOMES INC.							
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	YEAR COMPLETED	UNITS SOLD	SALEABLE UNITS
Tradition Square - Maceda	Maceda St., Sampaloc Manila	Vertical	Mid-Market PD 957	2005	2006	20	20
Southview Homes 1 - Extension	Brgy. San Vicente, San Pedro, Laguna	Horizontal	Mid-End PD 957	2006	2008	105	105
Southview Homes 2	Brgy. San Vicente, San Pedro, Laguna	Horizontal	Economic BP 220	2008	2010	132	132
South Hills – San Pedro Laguna	Brgy. San Vicente, San Pedro, Laguna	Horizontal	Economic BP 220	2010	2012	161	161
Eastview Homes - Marikina	B.G. Molina, Parang Marikina	Horizontal	Mid-Market PD 957	2010	2012	34	34
Tradition Square – Cubao	Cubao, Quezon City	Horizontal	High-End PD 957	2013	2016	8	8
Winn Residences Phase 1	Brgy. Bagong	Vertical	Socialized BP 220	2016	2020	278	278

COMPLETED PROJECTS – TRADITION HOMES INC.							
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	YEAR COMPLETED	UNITS SOLD	SALEABLE UNITS
	Silangan, Quezon City						
Southview Homes Sta. Rosa	Brgy. Ibaba, Sta. Rosa, Laguna	Horizontal	Economic BP 220	2017	2019	261	261
TOTAL						999	999

Tradition Square – Maceda (2005-2006). Started in 2005 and completed in 2006, Tradition Square – Maceda, located in Sampaloc, Manila was Haus Talk’s first vertical residential project. The project was assigned to Tradition Homes in 2007. The development has two room models, one for front facing units and another for rear facing units. The front facing units had footprints ranging from 29 sqm to 42 sqm, while the rear facing units typically had floor areas of 28 sqm. Both units have one bedroom and equipped with one toilet and bath, a kitchen, and a living area. The 20-unit project brought in sales of ₱24.00 million. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Southview Homes 1 Extension (2006-2008). Southview Homes 1 began development in 2007 and was deemed completed in 2008. The 105-unit Mid-Market residential project is located in San Pedro Laguna. The units found in the development had an average floor area of 48 sqm. Each unit has two bedrooms with the option to extend for a third bedroom. The units were also equipped with a toilet and bath, one-car garage. Southview Homes 1 had amenities, including a club house, open space, and a landscaped main entrance and guard house. The project brought in estimated sales of ₱186.00 million. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Southview Homes 2 (2008-2010). Southview Homes 2 began development in 2008. The project had 132 Economic housing units and was deemed completed and sold out in 2010. Southview Homes 2 had two different single attached models. One model with a floor area of 72 sqm, which had three bedrooms, two bathrooms and a one-car garage. The other model has a floor area of 51 sqm with two bedrooms, one bathroom, and a one-car garage. Southview Homes 2 also had amenities such as an open space, clubhouse, a landscaped main entrance and guard house. The project brought in sales of ₱155.00 million. The project is located in San Pedro, Laguna. Buyers could finance their purchase by way of Bank financing or in-house financing.

South Hills – San Pedro Laguna (2010-2012). Started in 2010 and completed in 2012, South Hills – San Pedro, was Haus Talk’s third project in the city of San Pedro. South Hills, offered two kinds of units to the market: (i) Townhouse with an area of 42 sqm with two bedrooms and one bath; and (ii) Studio type row house with an area of 24 sqm. The developments are equipped with amenities such as a landscaped entrance gate, and a guard house. The 161-unit Economic housing project brought in around ₱193.00 million. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Eastview Homes Marikina (2010-2012). Eastview Homes – Marikina began development in 2010. The project is located in Parang Marikina. Each unit has a floor area of 66 sqm. The units have at least three bedrooms and two bathrooms. The development also included features such as concrete roads and sidewalks, a landscaped entrance gate, and a guardhouse. The 34-unit Economic housing project was deemed completed in 2012 and brought in sales of ₱38.00 million. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Tradition Square - Cubao (2013-2016). Tradition Square – Cubao began development in 2013. The project was a four-storey townhouse located in Brgy. Murphy, Cubao. The project had a total of eight units and was sold out and completed in 2016. Each Unit has a floor area of 132 sqm. Each four-storey unit had at least three bedrooms, two and a half bathrooms, and were equipped with a two-car garage and a drying area found on the roof of each unit. Tradition Square – Cubao brought in estimated sales of ₱52.00 million. Buyers could finance their purchase by way of Bank financing, or in-house financing.

Winn Residences (2016-2020). Started in 2016, Winn Residences is a socialized housing project located in Brgy. Bagong Silangan in Quezon City. It is also Haus Talk's second vertical residential project. The project is the first of its kind, being the first private socialized housing project in Metro Manila. There 278-unit project will have average area 22 sqm per unit. Despite being a socialized housing project, Haus Talk still ensured that their signature workmanship in each and every unit built in the project. The facilities of the project include an open area, a parking lot and a landscaped main entrance. The project sold out in record time. Winn Residences is expected to contribute sales of ₱207.00 million.

Southview Homes Sta. Rosa (2017-2019). Southview Homes Sta. Rosa began development in 2017. The project had 261 Economic housing units and was deemed completed and sold out on 2019. Southview Homes 2 had two different unit models. One model with a floor area of 51 sqm, which had two bedrooms, Balcony, one bathroom and a one-car garage. The other model has a floor area of 48 sqm with two bedrooms, Balcony, one bathroom, and a one-car garage. Southview Homes – Sta. Rosa also had amenities such as an open space, clubhouse, a landscaped main entrance and guard house. The project brought in sales of ₱525 million. The project is located in Brgy. Ibaba, Sta. Rosa, Laguna. Buyers could finance their purchase by way of Bank financing or in-house financing.

Ongoing projects

Haus Talk and its subsidiaries have the following ongoing projects in various stages in development. The projects are located in the provinces of Rizal and Laguna.

Haus Talk, Inc.

ONGOING PROJECTS – HAUS TALK, INC.								
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	TARGET COMPLETION	SALEABLE UNITS	UNITS SOLD	% COMPLETE*
Celestis 2	Buliran Rd., Brgy. San Luis, Antipolo City	Horizontal	Mid-Market PD 957	2022	2026	58	54	81%
The Granary with Annex	Bayabas Rd., Brgy. San Antonio, Binan, Laguna	Horizontal	Economic BP 220	2023	2026	1,474	1,168	59%
The Hammond	Tagbak Rd., Sitio Hinapao, Brgy. San Jose, Antipolo City	Horizontal	Mid Market PD 957	2025	2027	143	0	0%
TOTAL						1,675	1,222	

*Percentage completion is based on the number of units available to the market, sold and turned over to the buyer.

Celestis 2 (2022). Celestis 2 began development in 2022 and is expected to be completed by 2026. The project is located in Brgy. Bayugo in Antipolo, and has a land area of about 5,258 sqm. The buyers have an option to choose between a three-bedroom, two-bathroom model or a two-bedroom, one-bathroom model. Celestis is a thoughtfully designed residential community that offers not only beautiful homes but also a variety of features and amenities that enhance the overall living experience. The project is expected to bring in sales of ₱320.36 million upon completion.

The Granary with Annex (2023). The Granary began development in 2023 and is expected to be completed by 2026. The 130,691 sqm Economic housing project is located in Brgy. San Antonio, Binan, Laguna. The Granary offers a two-bedroom, one-bathroom model and car garage housing unit. The Granary offers well-designed homes surrounded by green open spaces. Residents can enjoy outdoor amenities such as a clubhouse, basketball court, and a recreational area. The tree-lined walkways provide shaded paths that enhance the overall beauty of the community. Security is a top priority, ensuring a safe and peaceful living environment for homeowners. To date, The Granary has sold out

1,168 units to the market, with remaining 363 units for sale. The project is expected to bring in sales of ₱783.86 million upon completion.

The Hammond (2025). Started in 2025, The Hammond is Haus Talk's newest Mid-Market housing project located in Brgy. San Jose, Antipolo, Rizal. The buyers have an option to choose between a three-bedroom, two-bathroom model or a two-bedroom, one-bathroom model. The Hammond aims to replicate the design aesthetic and community planning that led to the rapid sell-out of previous Haus Talk projects like Celestis 1 & 2 and Eastview 3. The project is expected to bring in sales of ₱630.29 million upon completion.

Tradition Homes, Inc.

ONGOING PROJECTS – TRADITION HOMES, INC.								
PROJECT NAME	LOCATION	TYPE	CLASSIFICATION	YEAR STARTED	TARGET COMPLETION	SALEABLE UNITS	UNITS SOLD	% COMPLETE
Southview Homes Calendola	Brgy. Calendola, San Vicente, San Pedro Laguna	Horizontal	Mid-Market PD 957	2018	2027	292	251	71%
TOTAL						292	251	

*Percentage completion is based on the number of units available to the market, sold and turned over to the buyer

Southview Homes Calendola (2018-2027). Started in 2018, Southview Homes – Calendola is the fourth project of the Group in San Pedro, Laguna. Of the project's 292 units, 61 are townhouse units and 231 are single attached units. Customers have an option to choose between a two-bedroom model and a three-bedroom model. The facilities of the development include a clubhouse, open area, and a landscaped main entrance and guardhouse. The development also continues using Haus Talk's signature earthy colors to make sure that each house feels like a home. Southview Homes – Calendola is expected to bring in sales of ₱1.17 billion.

Pipeline Projects

The Company is planning to launch seven projects in Antipolo City, Angono, Rizal, and Binan City, Laguna, subject to compliance with the licensing requirements of the DHSUD. Majority of these projects are horizontal residential projects, with two vertical developments and one mixed-use project.

PIPELINE PROJECTS OF HAUS TALK, INC. AND ITS SUBSIDIARIES							
PROJECT NAME*	LOCATION	COMPANY	TYPE	CLASSIFICATION	TARGET YEAR		No. Of UNITS
					START	COMPLETE	
Molavera	Brgy. San Luis, Antipolo City	Haus Talk, Inc.	Horizontal	BP 220	1Q 2026	2028	240
Amberwood	Brgy. Sorosoro, Biñan, Laguna	Haus Talk, Inc.	Horizontal	PD 957	1Q 2026	2029	178
Cornerstone	Brgy. Sorosoro, Biñan, Laguna	Haus Talk, Inc.	Vertical	BP 220	1Q 2026	2031	2,100
Whistlewood	Brgy. San Luis, Antipolo City	Haus Talk, Inc.	Horizontal	BP 220	2Q 2026	2029	948

PIPELINE PROJECTS OF HAUS TALK, INC. AND ITS SUBSIDIARIES							
PROJECT NAME*	LOCATION	COMPANY	TYPE	CLASSIFICATION	TARGET YEAR		No. OF UNITS
					START	COMPLETE	
The Canvas	Mahabang Parang, Antipolo Rizal	Haus Talk, Inc.	Mixed-use	BP 220/ PD 957	3Q 2026 (Phase 1)	2032	1,891
Ellery Homes	Tagbak Rd., Sitio Hinapao, Brgy. San Jose, Antipolo City	Haus Talk, Inc.	Vertical	Socialized	2Q 2026	2031	144
Southview Homes 2 Extension	San Vicente, San Pedro, Laguna	Tradition Homes, Inc.	Horizontal	BP 220	To be determined	To be determined	83

*Project details are subject to change upon formal launch of the project.

Molavera. The 20,082 sqm. plot of land located in Brgy. San Luis, Antipolo, Rizal will be developed into a 240-unit residential project. Of the project's 240 units, 200 units will have a lot area of 40 sqm. and a base floor area of 43 sqm and 40 units will have a lot area of 60 sqm. and a base floor area of 50 sqm. The development is projected to bring in estimated sales of ₱748.00 million.

Amberwood. The 16,486 sqm. plot of land located in Brgy. Soro-soro, Biñan, Laguna will be developed into a 243-unit residential project. The units of Amberwood housing project will have a lot area of 50.40 sqm. and a base floor area of 54.74 sqm. The development is projected to bring in estimated sales of ₱607.5 million.

Cornerstone. The 37,109 sqm. plot of land located in Brgy. Soro-soro, Biñan, Laguna will be developed into a sprawling 2,100 vertical residential project. The units of Cornerstone housing project will have an average floor area ranging from 27 to 28 sqm. The development is projected to bring in estimated sales of ₱4.8 billion.

Whistlewood. The 82,989 sqm. plot of land located in Brgy. San Luis, Antipolo, Rizal will be developed into a 948-unit residential project. The 773 units will have a lot area of 42 sqm. and a base floor area of 46.65 sqm and the 175 units will have a lot area of 60 sqm. and a base floor area of 50 sqm. The development is projected to bring in estimated sales of ₱3.785 billion.

The Canvass. The 372,201 sqm. plot of land located in Mahabang Parang, Antipolo Rizal is envisioned to be Haus Talk's first mixed-use development in Rizal. Phase 1 of the development will be a residential project with approximately 1,891 units. The units of this housing project will have an average lot area of 60 sqm. and a base floor area of 65 sqm. The development is projected to bring in estimated sales of ₱9.3 billion.

Ellery Homes. The 2,060 sqm. plot of land located in Brgy. Soro-soro, Biñan, Laguna will be developed into a sprawling 144-unit vertical residential project. The units of this housing project will have an average floor area of 28 sqm. The development is projected to bring in estimated sales of ₱259.2 million

Southview Homes 2 Extension. Located in San Vicente, San Perdo Laguna, this Mid-Market Project will be developed by Tradition Homes. Plans are currently being drawn up and is targeted to launch next year. The development is projected to bring in an estimated sales of ₱241.6 Million.

Development Activities

The Company undertakes all land development and construction through its in-house planning and design, and construction and development teams. Haus Talk designs and develops its products on a per

project basis. The offerings or house design is based on the kind of project. The Company has a unique design per type of project (i.e. vertical or horizontal), classification (Socialized, Economic, Mid-Market), location, and topography.

Socialized Housing

For Socialized Housing, Year 1 will be spent on land development such as clearing, road excavation, and the start of the construction of the barracks and warehouse. In Year 2, land development will continue with the filling and compaction of the land and the start of the construction of the concrete pavement, curbs and gutters, sidewalks, and waterline distribution. By the second half of Year 2, Phase 1 of the construction of the units will begin. In the beginning of Year 3, Phase 2 of the units will start and the by the end of the second quarter of Year 3, Phase 1 will be complete. With Phase 1 completed, Phase 3 will begin right after in the 3Q of the same year. Year 4 will be more on the finishing Phase 3 and the completion of the remaining sidewalks and private poles. In Year 5, the first quarter will be spent on the construction of the parking area and the following quarter for demolition of barracks and clearing of the worksite.

Economic Housing, Mid-Market, and High-End

For the rest of the developments, Year 1 will be spent on clearing and grubbing, road excavation, construction of barracks and warehouse and other land development activities. In Year 2, land development will continue with the continuation of the filling and compaction of the land and the start of the construction of the concrete pavement, curbs and gutters, sidewalks, and waterline distribution. By the second half of Year 2, the construction of the housing units and private poles will begin. Year 3 will be the continuation of the construction of the housing units. In Year 4, the remaining units will be constructed. In the second half of Year 4, the demolition of barracks and warehouse will start and the completion of clearing the worksite by the end of the year. A sample of the Company's land development timeline is below:

SAMPLE LAND DEVELOPMENT SCHEDULE

Work Item	SWI	Base 2024		Year 2025												Year 2026											
		Jan to Dec	Jan to Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
I. GENERAL REQUIREMENTS																											
a. Reprovider/Design Initiative	0.15%	0.15%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
b. Temporary Facilities	0.40%	0.40%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
c. Permits and Clearances	0.05%	0.05%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
II. SITE PREPARATION AND EARTHWORKS																											
a. Clearing and Grubbing	0.54%	0.54%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
b. Excavation and Backfilling	1.06%	1.06%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III. ROAD NETWORKS																											
a. Main Road	1.34%	0.70%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Sidewalks and Alleys	0.00%	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Curbs and Gutters	0.40%	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. DRAINAGE AND SEWERAGE SYSTEM																											
a. Lining in and Piping System	1.57%	1.12%	0.00	0.00	0.00	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
b. Manholes and Catch Basins	1.44%	0.00%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
c. Culvert	0.99%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
V. WATER DISTRIBUTION SYSTEM																											
a. Water Distributor Lines	1.50%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Fire Hydrants	1.42%	--	--	--	--	--	--	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VI. ELECTRICAL DISTRIBUTION SYSTEM																											
a. Electrical Lines and Cables	0.75%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VII. LANDSCAPE AND RECREATION WORKS																											
a. Planting Shrubs and Trees	0.10%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
b. Other Outdoor Amenities & Open Spaces	1.09%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
c. Storage & Street Markers	0.04%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII. OTHER MISCELLANEOUS																											
a. Entrance Gate and Guard House	0.30%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
b. Slope Protection / Retaining Walls	2.14%	--	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX. HOUSE CONSTRUCTION (268 UNITS)																											
YTD Amount																											
Monthly Accomplishment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cumulative Accomplishment	0.0%	0.0%	0.7%	0.4%	13.7%	18.9%	34.3%	29.3%	34.3%	39.2%	44.4%	48.4%	54.5%	59.6%	64.7%	69.5%	74.5%	79.4%	84.4%	89.4%	94.4%	99.4%	99.6%	99.8%	99.9%	99.9%	99.9%

Land Acquisition

The Company is meticulous in its land acquisition process. Due diligence is always undertaken to know the issues and address these properly. Ocular inspections by Management together with geodetic engineers are necessary when considering the purchase land. Equally important is the assessment of the land for commercial viability for its Socialized, Economic, and Mid-Market potential offerings, that is why after the inspection, the Company conducts a feasibility study to determine project cash flows and projections.

Strategically, the Company only does direct purchase to avoid any difficulties in the transaction. The main criteria for land acquisition is that it must meet the minimum requirements for subdivision purposes, applicable LGU's zoning ordinances and the pertinent provisions of the Building Code for project with housing components. Important factors for the Company to consider when are acquiring land are as follows:

1. **Location and Classification.** Subdivision projects must be located in residential zones or in areas appropriate for residential purposes, ideally within Metro Manila, or within the cities and provinces near Metro Manila such as Rizal, Laguna, Batangas, Cavite and Bulacan. If no zoning ordinance in the areas or approved comprehensive land use plan, the dominant land use principle shall be considered in determining the suitability of the area (topography/terrain, soil analysis). Also considered is the availability of water and power supply as its absence or inaccessibility could considerably raise the project cost.
2. **Safety.** Subdivision project shall be in areas appropriate for housing and outside hazard zones as provided for by pertinent laws. The area must be stable to accommodate the required foundation loads of the project housing component.
3. **Accessibility.** The proposed project area should be accessible to public transportation routes, with roads adequate to accommodate and anticipated demand caused by development in the area. No subdivision project shall be approved without access road or right-of-way either constructed by the developer or the LGU.
4. **Clean Title.** It is paramount for the Company that the land acquired is not riddled with encumbrances that would affect the peaceful possession, occupation and enjoyment of the land by the future homeowners.
5. **Marketability.** The Company also conducts a cost-benefit analysis to determine whether the return of investment and a decent projected profit margin can be realized within a reasonable time from the completion of the project.
6. **Size.** One of the main criteria for land acquisition is the area and location. The Company targets a minimum of 5,000 sqm
7. **Value for Money.** The value of the land is the most important in acquisition of the raw land. The reference of Haus Talk in negotiating for the purchase of land is the Fair Market Value, which in most cases higher than zonal value (i.e., Rizal/Antipolo, ranging about ₱5,000.00 to ₱6,000.00 per sqm for raw land; Laguna, ₱3,500.00 to ₱4,500.00 per sqm, Bataan ranges from ₱2,500.00 to ₱3,500.00 per sqm.

DISTRIBUTION METHODS OF PRODUCTS AND SERVICES

Marketing and Sales

Haus Talk has top quality sales and support team. The Company's sales support personnel collaborate and coordinate with Haus Talk's accredited brokers and agents. Haus Talk also has a highly competitive commission scheme which pushes brokers and agents to strive to do more. This strategy also entails that Haus Talk works alongside its brokers in facilitating customer queries until sales are closed, documented, and turned over.

Haus Talk's sales team is based in the Company's head office. The Company markets its products through launches, open houses, billboards, and social media. Haus Talk also has a strong influence on its buyers as a good amount of new clients come in by word of mouth. The Company has been

successful with its pre-selling as majority of their projects sell out even before the projects are formally launched, with clients submitting letters of intent just as soon as the projects are announced. This reaction by the clients of Haus Talk is brought about by the Company's competitive prices and win-win mentality when it comes to their offerings.

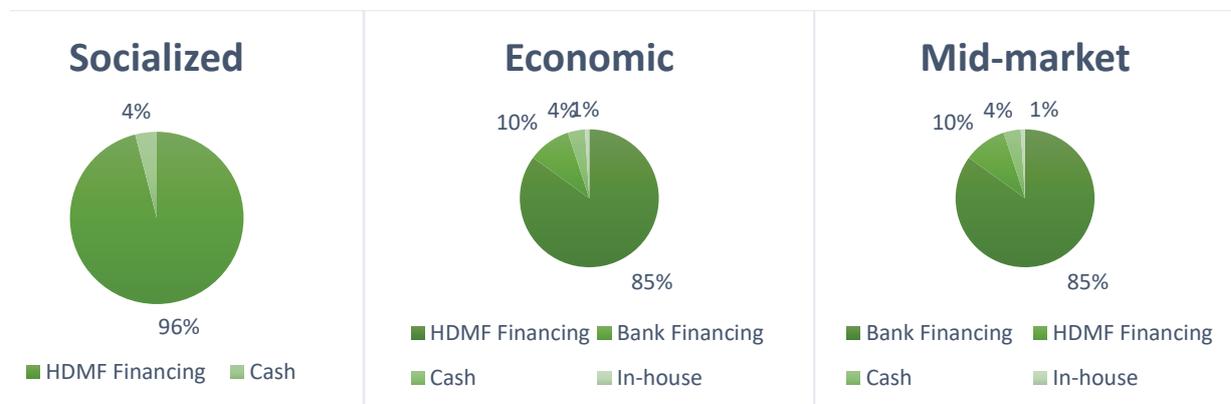
Financing

For Mid- Market Housing projects, a vast majority of the units are taken out through bank financing with the Company's partner banks (i.e., Bank of the Philippine Islands, ChinaBank, Sterling Bank of Asia, Security Bank, Bank of Commerce and Banco de Oro).

For Economic Housing projects, majority of the units are taken out through HDMF financing. That said HDMF has a greater presence in this sector.

For the Socialized Housing Market, the market greatly relies on HDMF financing.

In case the buyers do not pass the credit investigation of the banks or HDMF, Haus Talk offers in-house financing.



Credit and Collection

Credit and collection functions are assigned to the Company's billing and collection team. The team is responsible for collecting equity payments, move-in fees, and association fees. The Company has a core billing and collection team who oversee all of Haus Talk's projects.

The Company's equity payment terms usually have a maximum payment period of 15 months. Buyers are required to pay a reservation fee ranging from ₱10,000.00 to ₱20,000.00 upon signing the reservation agreement. The first monthly equity payment is due 30 days after the signing of said agreement. All equity payments are covered by post-dated checks. Construction of the units starts once 80% of the equity has been paid.

Buyers primarily avail themselves of units via HDMF or Bank financing. The Company assists the buyers by matching them with a bank who could support their loan needs. In special cases (i.e. buyer finds it difficult to secure bank financing), however, the Company extends in-house financing. Default/Cancellation rates for the Company's in-house financing is less than 5%.

SUPPLIERS

Haus Talk sources construction materials from third party suppliers. These suppliers must be approved by the management committee, with the basis of whether the products are reliable and suitable for the projects. The Company does not experience a shortage of raw materials needed for its day-to-day business as these items are readily available in the market. The company has many local suppliers in Laguna, Cavite, Bulacan and Metro Manila.

Major suppliers of the Company are as follows:

Major Suppliers
Magnificon Incorporated
Tokwing Infinite Ready Mix Concrete Products, Inc.
Glory Lumber Construction Supplies, Inc.
Somico Steel Mill Corporation
World Home Depot Corporation
Union Galvasteel Corporation
Pacific Paint Boysen Phils.
Lb7 Movers Trucking And Trading
Moldex Products Inc.
El Fuego Motors Enterprises

The Company has no outstanding supply contract with any suppliers. The Company orders its raw materials as the need arises.

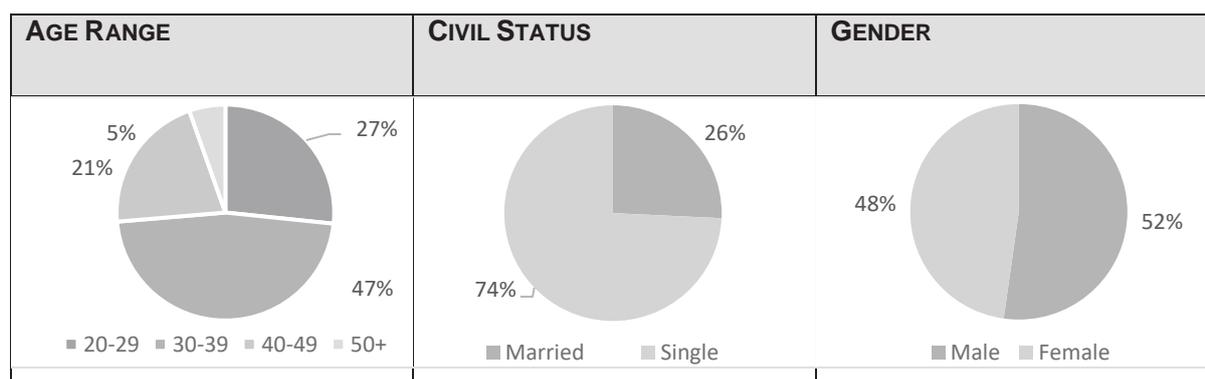
CUSTOMERS

Haus Talk caters to several residential real estate categories - Socialized, Economic, and Mid-Market. It should also be noted that Haus Talk is primarily a residential real estate company.

Majority of the Company's projects fall under the Economic housing category, with some offerings in the midmarket and socialized housing category. Regardless of which housing category the project classifies as, each development is well-built, well planned, and strategically located.

Haus Talk is committed to continuously address the growing needs and demand of the market in each segment the Company caters to. The Company strives to remain consistent with the quality of its developments, the selection of location, the personalized service that goes with it, and to continue innovating in new ways.

Due to the nature of the business – developing and selling low-cost/Economic housing, the Company caters to a host of different buyers, and thus is not dependent on a single customer. The typical customers of Haus Talk are young professionals who are first time homeowners. Around 74% of the Company's customers are 25 years old and above. This supports the Company's mission of providing quality homes for young family and professionals.



The Company's products are strong amongst local, middle-class professionals with 67% of the Company's customers working locally and the remaining 33% from OFW. That leaves room for growth in terms of OFW sales.

Although OFW customers, the sale is consummated in the Philippines and it cannot be considered foreign sales because a Special Power of Attorney (SPA) is executed by the OFW working abroad in favor of the designated representative who will execute and sign the transfer document in the Philippines.

The Company is not dependent on any single customer or a limited number of customers. No customer accounts for, or is expected to account for, 20% or more of the Company's sales, and the Company has no major sales contracts that would materially affect its operations.

Customer service and warranties

Haus Talk commits to deliver the products and services that conform exactly to stated or agreed specifications to their customers. Prior to unit turnover, the units undergo a final inspection to ensure that the final product is in the right condition to be turned over to the customer. In cases where there are issues arising after turnover, Haus Talk responds to the customer concerns or complaints and facilitates a resolution that is done expeditiously by the concerned department.

The Company has established procedures for receiving, documenting, and addressing customer complaints and feedback in a timely and structured manner. Complaints and concerns may be received through various channels, including customer service touchpoints, electronic communications, and social media platforms.

Upon receipt, complaints are reviewed and evaluated by the appropriate operational or customer relations personnel, and corrective actions are implemented where necessary. The Company aims to resolve valid complaints promptly and to the satisfaction of the customer, while ensuring compliance with Applicable Law, internal policies, and service standards.

A Customer Satisfaction Survey is also conducted every month to measure our customers' satisfaction levels and identify opportunities to further improve our processes and overall service quality.

Negative reviews and feedback are monitored on a regular basis and are used as part of the Company's continuous improvement process. Management assesses recurring issues and undertakes corrective or preventive measures, including service enhancements, employee training, or process improvements, as may be appropriate.

The Company believes that its complaint-handling and feedback management practices help mitigate reputational risks and support the maintenance of customer trust and service quality.

COMPETITION

Haus Talk's competitors are PHirst Park Homes, Inc., Camella Homes, Amaia, Suntrust Properties, Inc. and P.A. Alvarez Properties and Development Corp. These companies are part of bigger conglomerates that focus on real estate and have strong track record and resources to develop large scale developments. HTI can compete by providing affordable developments while offering competitive amenities and landscaping.

The Company develops similar projects as those mentioned above. Where Haus Talk differentiates itself is in the quality, pricing, and over all attention to detail given by management to each project.

The Company prides itself in building quality affordable housing for the common Filipino and it has a proven track record in doing so. As a result of the Company's competitive prices and the build quality of its units, its project revenues are solid year to year. The Company also keeps everything in-house, from procurement to construction, and by doing so the Company is able to easily monitor expenses and quality of materials. Moreover, the Company provides its customers or buyers with competitive financing options which the buyers can choose from such as bank financing, HDMF financing, cash payments, or in-house financing.

Haus Talk also distinguishes itself in the passion and deep involvement of its management in the Company's projects. The Madlambayan family is very much involved throughout the development process. The family ensures that each project is well planned and that no shortcuts are taken so that it may only deliver the best product to its customers.

EMPLOYEES

As of September 30, 2025, the Company has a total of 454 employees broken down per department

as follows:

Employees of Haus Talk and its Subsidiaries	
Department	Number of Employees
Admin	8
Admin Workers	291
Audit	2
Billing and Collection	6
Business Development	5
Construction	36
Controllership	5
Cost Accounting	4
Customer Relations	6
Document Control Center	1
General Accounting	8
Human Resources	8
Information and Technology	2
Legal	3
Planning and Design	10
Procurement & Warehouse Inventory	14
Property Management	7
Sales and Marketing	16
Top Management	14
Treasury	8
TOTAL	454

Within the ensuing 12 months, the Company anticipates having approximately 497 employees, reflecting its current business plans and operational requirements. The anticipated additional employees consist of 19 administrative and 24 operations personnel.

The Company does not have any collective bargaining agreement with its employees and there are no labor unions in the Company. There have been no employee strikes in the past 3 years nor have there been any supplemental benefits or incentive arrangements.

The Company complies with occupational requirements such as minimum compensation and benefits standards, child-free labor and other employment practices. Further, the Company provides statutory employee benefits in accordance with Applicable Law and regulations, including contributions to SSS, PhilHealth, and Pag-IBIG. In addition, the Company may provide supplemental benefits or incentive arrangements such as bonuses, allowances, leave benefits, or performance-based incentives, including travel incentives, subject to criteria set by management. Such supplemental benefits and incentives are discretionary, non-binding, and subject to management determination and approval of the Board of Directors.

Below is the organizational chart of the Company:

ORGANIZATIONAL STRUCTURE

DESCRIPTION OF PROPERTY

The following table provides a summary of the real properties owned by Haus Talk and its subsidiaries, all of which form part of the inventory of the Company.

LIST OF PROPERTIES OF HAUS TALK, INC. & ITS SUBSIDIARIES			
COMPANY	NAME OF PROPERTY	LOCATION	AREA
HAUS TALK, INC.	The Hammond (Formerly: Eastview Residences-Hinapao)	Tagbak Road, Sitio Hinapao, Brgy. San Jose, Antipolo City	16,041 sqm.
	Ellery Homes (Formerly: Eastview Condominiums)	Tagbak Road, Sitio Hinapao, Brgy. San Jose, Antipolo City	2,060 sqm.
	Celestis 1	Buliran Road, Brgy. San Luis, Antipolo City	5,258 sqm.
	Celestis 2	Buliran Road, Brgy. San Luis, Antipolo City	7,963 sqm.
	The Granary with Annex	Brgy. San Antonio, Biñan, Laguna	130,691 sqm.
	Amberwood	Brgy. Soro-Soro, Biñan, Laguna	16,486 sqm.
	Cornerstone	Brgy. Soro-Soro, Biñan, Laguna	37,109 sqm.
	The Canvass	Mahabang Parang, Angono, Rizal	372,201 sqm.
	Molavera	Brgy. San Luis, Antipolo City	20,082 sqm.
	Whistlewood	Brgy. San Luis, Antipolo City	82,989 sqm.
TRADITION HOMES, INC.	Southview Homes Sta. Rosa	Brgy. Ibaba, Santa Rosa, Laguna	25,000 sqm.
	Southview Homes Calendola	San Vicente, San Pedro, Laguna	34,384 sqm.
	Southview Homes 2 - Extension	Pacita 2, San Pedro City, Laguna	12,712 sqm.
LIFESTYLE DEVELOPMENT CORPORATION	Costa Aurea	Barangay Alas-Asin, Mariveles, Bataan	240,647 sqm.

The following are the mortgaged properties of Haus Talk, Inc. and its subsidiaries:

NAME OF PROPERTY	TYPE OF PROPERTY	LOCATION/ DESCRIPTION	NATURE AND AMOUNT OF LOAN SECURED	REMARKS
Celestis 1 & Celestis 2	Subdivision Development	Buliran Road, Brgy. San Luis, Antipolo City	Term Loan of ₱60 Million	Real Estate Mortgage executed in favor of Asia United Bank (AUB)
The Hammond (Formerly: Eastview Residences-Hinapao)	Subdivision Development	Tagbak Road, Sitio Hinapao, Brgy. San	Term Loan of ₱45 Million	Real Estate Mortgage executed in favor of

NAME OF PROPERTY	TYPE OF PROPERTY	LOCATION/ DESCRIPTION	NATURE AND AMOUNT OF LOAN SECURED	REMARKS
		Jose, Antipolo City		Sterling Bank of Asia
The Granary – Annex	Subdivision Development	Brgy. San Antonio, Biñan, Laguna	Term Loan of ₱65 Million	Real Estate Mortgage executed in favor of Sterling Bank of Asia
The Granary	Subdivision Development	Brgy. San Antonio, Biñan, Laguna	Term Loan of ₱450 Million	Real Estate Mortgage executed in favor of Security Bank
Mariveles Properties	Subdivision Development	Alas-Asin, Mariveles, Bataan	₱231 million	Real Estate Mortgage executed in favor of Atram Trust Corporation
Amberwood	Land for Subdivision Development	Brgy. Soro-Soro, Biñan, Laguna	Term Loan of ₱65 million	Real Estate Mortgage executed in favor of China Banking Corporation (CBC)
Molavera and Amberwood	Land for Subdivision Development	Brgy. San Luis, Antipolo	Term Loan of ₱500 million	Real Estate Mortgage executed in favor of Security Bank
The Canvas	Land for Subdivision Development	Mabang Parang, Angono Rizal	Term Loan of ₱250 million	Real Estate Mortgage executed in favor of Security Bank

The mortgaged properties of the Company are subject to customary limitations on mortgaged properties, such as:

- (i) Prohibition to sell, lease or dispose the mortgaged property, except as permitted under the relevant agreements;
- (ii) Use the mortgaged property other than for intended purpose;
- (iii) Remove or transfer the property, except in ordinary course of the business;
- (iv) Do or permit any act which may impair the security; and
- (v) Create or incur additional lien with respect to the relevant mortgaged properties

LEASED PROPERTY

Neither the Company nor any of its Subsidiaries leases any of their properties to third parties.

The Company leases its office extension located at Unit 1102 and 1103 of the Orient Square Building, for a term of 2 years and with monthly rent of ₱112,860.30 and ₱84,624.00 respectively. The lease is renewable upon mutual agreement of the parties and subject to the same terms and conditions, provided that there shall be a corresponding escalation of monthly rentals as may reasonably be determined by the parties.

The rental expenses incurred by HTI, as reflected in the Company's financial statements, relate to the lease of the office extension, office equipment (including a copier), storage space, an extension office, and a temporary staff house.

INSURANCE

The following motor vehicles are owned by the Company and are covered by pertinent insurance policies:

LIST OF INSURANCE				
MODEL/MAKE	TYPE OF INSURANCE	INSURANCE COMPANY	POLICY No.	INCEPTION DATE
Toyota Innova Zenix	Third Party Liability	AXA Philippines Life and General Insurance Corporation	TCM-NB-CTPL	05/10/2024 – 05/10/2027
	Property Insurance – HTI Head Office	Prudential Guarantee	FL-FLR-HOM-0181412	06/29/2025-06/29/2026
2022 Caterpillar BackHoe Loader	Property Floater Insurance	ALLIED INSURANCE CORPORATION	CA-PFL-HQ-25-0000033-01	11/10/2025 – 11/10/2026
2017 Komatsu backhoe, Crawler	Property Floater Insurance	ALLIED INSURANCE CORPORATION	CA-PFL-HQ-25-0000033-01	11/10/2025 – 11/10/2026
2024 Backho Excavator	Property Floater Insurance	ALLIED INSURANCE CORPORATION	CA-PFL-HQ-25-0000033-01	11/10/2025 – 11/10/2026
2022 Volvo Backhoe Excavator	Property Floater Insurance	ALLIED INSURANCE CORPORATION	CA-PFL-HQ-25-0000033-01	11/10/2025 – 11/10/2026
2023 Volvo Vibratory Compactor	Property Floater Insurance	ALLIED INSURANCE CORPORATION	CA-PFL-HQ-25-0000033-01	11/10/2025 – 11/10/2026
2023 Daswel Pumpcrete Mixer	Property Floater Insurance	ALLIED INSURANCE CORPORATION	CA-PFL-HQ-25-0000033-01	11/10/2025 – 11/10/2026
2018 Komatsu Backhoe, Crawler	Property Floater Insurance	ALLIED INSURANCE CORPORATION	CA-PFL-HQ-25-0000033-01	11/10/2025 – 11/10/2026
2025 Shantui Bulldozer, Crawler	Property Floater Insurance	ALLIED INSURANCE CORPORATION	CA-PFL-HQ-25-0000033-01	11/10/2025 – 11/10/2026
2023 ZOOMLION 24X-4Z MOUNTED CONCRETE PUMP	Comprehensive Motor Car Insurance	ALLIED INSURANCE CORPORATION	MC-CV-HQ-25-0001411-01	08/19/2025 – 08/19/2026

INTELLECTUAL PROPERTY

As of the date of this Prospectus, the Company has the following registered trademarks.

INTELLECTUAL PROPERTY		
TRADEMARK	STATUS	
Haus Talk, Inc. Where your stories begin.	Registered with Intellectual Property Office- Bureau of Trademarks on 30 March 2023 Registration No. 4/2022/00514079	Registered 3 rd Year DAU ⁶ filed

⁶ This refers to Declaration of Actual Use filed with the with the Intellectual Property Office of the Philippines to confirm that its registered trademarks are actively used in commerce. Timely filing of the DAU is required to maintain trademark registration and avoid cancellation.

INTELLECTUAL PROPERTY		
TRADEMARK	STATUS	
HAUS TALK, INC. Where your stories begin.	Registered with Intellectual Property Office- Bureau of Trademarks on 30 May 2024 Registration No.4/2022/00514081	Registered 3 rd Year DAU filed
THE GRANARY BY HAUS TALK, INC.	Registered with Intellectual Property Office- Bureau of Trademarks on 30 March 2023 Registration No.4/2022/00525155	Registered 3 rd Year DAU filed
CELESTIS	Registered with Intellectual Property Office- Bureau of Trademarks on 30 March 2023 Registration No.4/2022/00514080	Registered 3 rd Year DAU filed
MOLAVERA	Registered with Intellectual Property Office- Bureau of Trademarks on 08 November 2025 Registration No. 4/2025/0052511	Registered
WHISTLEWOOD	Registered with Intellectual Property Office- Bureau of Trademarks on 08 November 2025 Registration No. 4/2025/00525114	Registered

The Company's operations are not materially dependent on any patents, trademarks, copyrights, licenses, franchises, concessions, or royalty agreements. Relevant rights are maintained through timely registration and renewal in the ordinary course of business.

Legal Proceedings on Properties

Other than cases in the usual course of business, there is no pending material litigation or arbitration proceedings where the Haus Talk or any of its subsidiaries is a party, and no litigation or claim of material importance is known to the Directors to be pending or threatened against its properties.

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MATERIAL CONTRACTS

On September 20, 2024, the Company entered into a Memorandum of Agreement (the “**MoA**”) with Liberty Flour Mills for the acquisition of certain parcels of land located in Rizal for a total contract price of ₱1.0 billion.

Under the MoA, the purchase price shall be payable in five semi-annual installments. The transaction is subject to customary conditions and deliverables for real estate acquisitions of this nature. Liberty Flour Mills is required to deliver the transfer certificates of title and full and complete possession of the properties, while the Company is obligated to pay the purchase price as the same becomes due and payable.

Taxes and expenses related to the transaction shall be allocated as follows: payment of creditable withholding tax, VAT, and real property tax until full payment of the purchase price shall be for the account of the Seller, while documentary stamp tax, transfer tax, and registration expenses shall be for the account of the Company.

Other than that disclosed in this Prospectus, 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 the Company'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 10% of such total 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; and
- 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.

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 usual contracts being entered into by the Company:

- 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 with Banks as additional funding to the Company's development costs.

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REGULATORY COMPLIANCE

The Company has obtained, and are in the process of obtaining, all material permits, licenses, and/or certificates of compliance from the relevant and appropriate LGUs and regulatory agencies in relation to their continued business, as confirmed by Atty. Enrico V. Agcaoili in his opinion dated December 19, 2025.

Material Permits/Licenses

Detailed below are all the major permits and licenses necessary for the Company and its subsidiaries to operate their businesses. The Company believes that it has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

Haus Talk Inc.

HAUS TALK, INC. – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSES ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Incorporation	SEC	06/21/2004	Not Applicable	CS200409462
Certificate of Registration	BIR	09/24/2004	Not Applicable	233-687-508-000
Certificate of Registration	SSS	09/01/2005	Not Applicable	03-9054470-0-000
Certificate of Registration	PHIC	07/30/2021	Not Applicable	001000018255
Certificate of Registration	Pag-Ibig	07/23/2021	Not Applicable	201593410002
Business Permit	LGU of Pasig City	02/11/2026	12/31/2026	SA2004007857
Business Permit	LGU of Biñan City Laguna	01/13/2026	12/31/2026	2026-01255
Business Permit	LGU of Antipolo City, Rizal	01/30/2026	12/31/2026	2026-008536
Business Permit	LGU of San Pedro Laguna	01/20/2026	12/31/2026	07713
Business Permit	LGU of Santa Rosa Laguna	01/13/2026	12/31/2026	11576-26

The following projects of Haus Talk Inc. were issued the following material licenses:

Eastview Homes- Marikina

EASTVIEW HOMES MARIKINA – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
License to Sell	HLURB	01/23/2006	Not Applicable	14591
Certificate of Registration	HLURB	01/23/2006	Not Applicable	13591

Eastview Homes-Antipolo

EASTVIEW HOMES – ANTIPOLO – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
License to Sell	HLURB	09/14/2006	Not Applicable	16656
Certificate of Registration	HLURB	09/14/2006	Not Applicable	15552

Eastview Homes 2

EASTVIEW HOMES 2 – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
License to Sell	HLURB	08/10/2010	Not Applicable	23644
Certificate of Registration	HLURB	08/10/2010	Not Applicable	22338

Eastview Homes 3

EASTVIEW HOMES 3 – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Environmental Compliance Certificate	DENR	07/05/2013	Not Applicable	ECC-R4A-1306-0405
License to Sell	HLURB	01/17/2019	Not Applicable	034564
Certificate of Registration	HLURB	01/17/2019	Not Applicable	029480
Certificate of Registration	BOI	03/20/2014	03/20/2018	2014-056

Eastview Residences Premiere

EASTVIEW RESIDENCES PREMIERE – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Non-Coverage*	DENR	02/02/2018	Not Applicable	CNC-OL-R4A-2018-02-00346
License to Sell	DHSUD	07/20/2020	Not Applicable	101
Certificate of Registration	DHSUD	07/20/2020	Not Applicable	065

* Subdivision Project in Flat Areas

Celestis 1 (Formerly: Eastview Residences 2)

CELESTIS 1 – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Non-Coverage*	DENR	01/30/2019	Not Applicable	CNC-OL-R4A-2019-01-00112
Provisional License to Sell	DSHUD	06/29/2022	Not Applicable	815
Provisional Certificate of Registration	DSHUD	06/29/2022	Not Applicable	637

* Subdivision Project in Flat Areas

Celestis 2

CELESTIS 2 – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Non-Coverage*	DENR	02/01/2019	Not Applicable	CNC-OL-R4A-2019-02-00174
Provisional License to Sell	DSHUD	06/29/2022	Not Applicable	816
Provisional Certificate of Registration	DSHUD	06/29/2022	Not Applicable	638

* Subdivision Project in Flat Areas

Ellery (Formerly: Eastview Condominium)

ELLERY (FORMERLY: EASTVIEW CONDOMINIUM) – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Non-Coverage*	DENR	08/13/2019	Not Applicable	CNC-OL-R4A-2019-08-02684
License to Sell	DHSUD	10/02/2019	Not Applicable	007

ELLERY (FORMERLY: EASTVIEW CONDOMINIUM) – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Registration	DHSUD	10/02/2019	Not Applicable	002
<i>*All Office and Residential Building including Storage Facilities with no Hazardous or Toxic Materials</i>				

The Granary with Annex

THE GRANARY WITH ANNEX – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Registration	DSHUD	12/19/2022	Not Applicable	00004445
License to Sell- Phase 1	DSHUD	12/19/2022	Not Applicable	0001556
License to Sell- Phase 2	DSHUD	10/12/2023	Not Applicable	0001682
License to Sell- Phase 3	DSHUD	04/04/2024	Not Applicable	0000571
License to Sell- Annex	DSHUD	04/04/2024	Not Applicable	0000571
Certificate of Registration	BOI	08/08/2023	08/08/2027	2023-152
Certificate of Registration	BOI	03/22/2024	03/22/2027	2024-069
Certificate of Registration	BOI	12/16/2024	12/16/2027	2024-362

Hammond

HAMMOND – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
License to Sell	DHSUD	07/11/2025	Not Applicable	0003548
Certificate of Registration	DHSUD	07/11/2025	Not Applicable	3053

Amberwood

AMBERWOOD – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Environmental Compliance Certificate	DENR	06/09/2025	Not Applicable	ECC-OL-R4A-2025-0354

Tradition Homes, Inc.

TRADITION HOMES, INC. – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Incorporation	SEC	01/16/2007	Not Applicable	CS200700454
Certificate of Registration	BIR	01/16/2007	Not Applicable	006-602-505-000
Certificate of Registration	SSS	07/30/2021	Not Applicable	03-9202003-1-000
Certificate of Registration	PHIC	07/30/2021	Not Applicable	001000016326
Certificate of Registration	Pag-Ibig	07/23/2021	Not Applicable	200481800001
Business Permit	LGU of Pasig City	02/11/2026	12/31/2026	SA2007018967
Business Permit	LGU of Antipolo City, Rizal	01/20/2026	12/31/2026	2026-003828
Business Permit	LGU of San Pedro Laguna	01/30/2026	12/31/2026	07714
Business Permit	LGU of Santa Rosa Laguna	01/13/2026	12/31/2026	8808-26

The following projects of Tradition Homes, Inc. were issued the following material licenses:

South Hills

SOUTH HILLS – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Environmental Compliance Certificate	DENR	11/19/2009	Not Applicable	ECC-LDBW-0909-0108
License to Sell	HLURB	03/25/2010	Not Applicable	23989
Certificate of Registration	HLURB	03/25/2010	Not Applicable	22657

Southview Homes 1

SOUTHVIEW HOMES 1 – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
License to Sell	HLURB	11/10/1997	Not Applicable	R4-98-06-0092
Certificate of Registration	HLURB	11/10/1997	Not Applicable	10639-R4A-04-08

Southview Homes 2

SOUTHVIEW HOMES 2 – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Environmental Compliance Certificate	DENR	03/02/2008	Not Applicable	ECC-LLDA-2007-371-8420
License to Sell	HLURB	01/23/2009	Not Applicable	21300
Certificate of Registration	HLURB	01/23/2009	Not Applicable	20331

Southview Homes Extension

SOUTHVIEW HOMES EXTENSION – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
License to Sell	HLURB	11/09/2007	Not Applicable	029036
Certificate of Registration	HLURB	11/09/2007	Not Applicable	25842

Winn Residences

WINN RESIDENCES – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Environmental Compliance Certificate*	DENR	05/27/2015	Not Applicable	ECC-NCR-1504-0113
License to Sell	HLURB	01/25/2019	Not Applicable	033496
Certificate of Registration	HLURB	01/25/2019	Not Applicable	028195

*ECC was issued to Tradition Homes, as the original developer of Winn Residences

Southview Homes - Santa Rosa

SOUTHVIEW HOMES - SANTA ROSA – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Environmental Compliance Certificate	DENR	12/12/2014	Not Applicable	ECC-4A-2004-1112-8410

SOUTHVIEW HOMES - SANTA ROSA – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
License to Sell	HLURB	08/30/2017	Not Applicable	033098
Certificate of Registration	HLURB	08/30/2017	Not Applicable	028698
Certificate of Registration	BOI	03/06/2019	03/06/2022	2019-041

Southview Homes - Calendola

SOUTHVIEW HOMES – CALENDOLA – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Environmental Compliance Certificate	DENR	01/19/2007	Not Applicable	ECC-LLDA-2006-192-8420
Provisional License to Sell	DSHUD	06/08/2018	Not Applicable	103
Provisional Certificate of Registration	DSHUD	06/08/2018	Not Applicable	067

Lifestyle Development Corporation

LIFESTYLE DEVELOPMENT CORPORATION – MATERIAL PERMITS AND LICENSES				
PERMITS/LICENSE ISSUED	ISSUING AGENCY	DATE ISSUED	DATE OF EXPIRY	PERMIT / LICENSE No.
Certificate of Incorporation	SEC	11/18/1999	Not Applicable	A199918322
Certificate of Registration	BIR	11/18/1999	Not Applicable	205-373-197

The Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

The Company notes that not all of its project plans are required to be submitted to and approved by the DHSUD. Some project plans are required to be submitted to the respective government agencies which were authorized by law to monitor or regulate the said required plans (e.g., site development plans that are being submitted to the LGU and once approved, development permits will be issued that would allow the developer to mobilize development on site). Other plans like Verified Survey Returns (“VSR”) are being submitted to and approved by the Land Management Bureau, which is under the DENR. VSR is one of the requirements for application of Certificate of Registration and License to Sell application.

Compliance with Regulations

The Company is required to secure various permits, licenses, and regulatory approvals in connection with its operations and projects, including development permits, licenses to sell, and environmental permits and clearances. Delays in obtaining such approvals, changes in Applicable Law or regulatory requirements, more stringent regulatory enforcement, or increases in compliance-related or tax costs may result in project delays, higher development costs, and adverse effects on the Company’s sales, profitability, and cash flows.

The costs incurred by the Company to comply with environmental laws and regulations, including those related to environmental permits and clearances, are not material and are recognized in the ordinary course of project development and operating expenses.

Status of BOI Certificate of Registration

The Company and its subsidiaries have projects that are registered with the BOI and covered by the corresponding certificates of registration (“**COR**”). The BOI-registered projects, including the applicable BOI COR numbers and their current status, are summarized below:

BOI COR of the Company and its Subsidiaries							
Company	Name of Project	Location	Type	BOI COR No.	Date Issued	Date of Expiry	Remarks
Haus Talk, Inc.	Eastview Homes 3 - Antipolo	New	So. Colaquie, Brgy. San Roque, Antipolo City	2014-056	03/20/2014	03/20/2018	Completed
Tradition Homes, Inc	Southview Homes- Sta Rosa	New	Brgy. Ibaba, Sta Rosa City Laguna	2019-041	03/06/2019	03/06/2022	Completed
Haus Talk, Inc.	The Granary-Phase 1	New	Bayabas Road, Brgy. San Antonio, Biñan City Laguna	2023-152	08/08/2023	08/08/2027	Active
Haus Talk, Inc.	The Granary-Phase 2	Expansion	Bayabas Road, Brgy. San Antonio, Biñan City Laguna	2024-069	03/22/2024	03/22/2027	Active
Haus Talk, Inc.	The Granary-Phase 3	Expansion	Bayabas Road, Brgy. San Antonio, Biñan City Laguna	2024-362	12/16/2024	12/16/2027	Active
Haus Talk, Inc.	The Granary Extension	New	Bayabas Road, Brgy. San Antonio, Biñan City Laguna				For Application

The Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

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LEGAL PROCEEDINGS

The Company and/or its Subsidiaries are not parties to any pending legal proceedings which will be considered “material” under the SRC. However, the Company and/or its Subsidiaries are parties to legal proceedings which real estate industry players are usually exposed to.

The following is the list of the Legal Proceedings filed by and against HTI and its Subsidiaries as of the date of filing this prospectus

1. Tradition Homes Project Managers and Development Inc. (*Respondent-Appellant*) vs. Cristina A. Inoue (*Complainant-Appellee*) - O.P. Case No. 16-J-216

This case involves a claim for refund filed by Ms. Cristina A. Inoue, buyer of Block 2, Lot 22, Phase 2 of the South Hills Subdivision, against Tradition Homes Project Managers and Development Inc. before the HLURB.

On June 30, 2022, Tradition Homes Project Managers and Development Inc. received the Decision dated May 20, 2022 issued by the Office of the President, which affirmed the Decision dated September 9, 2016 of the Board of Commissioners of the HLURB in favor of the Complainant-Appellee. The Decision: (1) declared the cancellation of the contract covering Block 2, Lot 22, Phase 2 of the South Hills Subdivision Project in San Pedro, Laguna; (2) directed the Company to refund the Complainant the amount of ₱342,262, with interest at 6% per annum from the filing of the complaint until full payment; and (3) ordered the Company to pay ₱50,000 as moral damages, ₱50,000 as attorney’s fees, ₱30,000 as exemplary damages, and costs of suit.

On July 14, 2022, Tradition Homes Project Managers and Development Inc. filed a Motion for Reconsideration of the Decision dated May 20, 2022. As of December 2025, Tradition Homes Project Managers and Development Inc. has not yet received a Resolution from the Office of the President on the appeal.

2. Sps. Rafael and Marites Inocando (*Complainant-Appellees*) vs. Haustalk Project Managers, Inc. (*Respondent-Appellant*) - HSAC-REM-A-220426-0681

This case involves an action for cancellation of the Contract to Sell and refund filed by Spouses Rafael and Marites Inocando, buyers of Block 6, Lot 21, Eastview Homes 3, against Haustalk Project Managers, Inc. before the Human Settlements Adjudication Commission (“**HSAC**”).

The Company received the Decision dated August 25, 2022 issued by HSAC on the appeal filed by the Company from the Decision dated February 02, 2022 of OIC-Assistant Regional Adjudicator Atty. Michelle Ligsay. HSAC ruled as follows: (a) ordering the Company to refund Spouses Inocando the amount of ₱139,875.96; and (b) ordering Spouses Inocando to vacate and turn over possession of the house and lot (Block 6, Lot 21, Eastview Homes 3, Brgy. San Roque, Antipolo) to the Company.

Sometime in 2024, the Company filed a Motion for Issuance of Writ of Execution which as of August 05, 2024 was submitted for resolution. However, since there was an error in the Entry of Judgment as attorneys’ fees and damages were erroneously included, Haus Talk was directed to file necessary motions to correct the Entry of Judgment, in order to proceed with the execution. As of the date of this Prospectus, Haustalk Project Managers, Inc. is still waiting for the release of the corrected Entry of Judgment and the resolution of the Motion.

3. Cornelio Vasquez (*Petitioner*) vs. Haus Talk Project Managers, Inc. and Maria Leah Madlambayan (*Respondents*) - CA G.R. SP No. 185824 / HSAC Case No. RIVA-REM-230126-00657

This case stemmed from an action for refund filed by Mr. Cornelio M. Vasquez, buyer of Block 3, Lot 17, Eastview Homes 3, against Haus Talk Project Managers, Inc. and Maria Leah Madlambayan before HSAC.

On February 22, 2024, HSAC Regional Adjudication Branch directed the Respondents to refund the Complainant ₱813,519.49, with legal interest of 6% per annum from finality of decision until full

payment. On appeal, HSAC issued the Decision dated August 6, 2024 granting the appeal and: (a) dismissing the complaint against Ms. Madlambayan; (b) declaring the Contract to Sell valid and existing; and (c) ordering the Company to abide by the terms of the Contract.

On September 19, 2024, the Complainant filed a Petition for Review with the Court of Appeals (“CA”). The CA, in a Decision dated December 3, 2024, denied the Petition. Mr. Vasquez filed a Motion for Reconsideration, which was denied in the Decision dated May 13, 2025. On June 10, 2025, Vasquez, through counsel, filed a Motion for Extension to File Petition for Certiorari before the Supreme Court. No Petition was received as of this date. Meanwhile, on 30 May 2025, HSAC already issued an Entry of Judgment for the Decision dated August 6, 2024, and due to the withdrawal of the counsel of the Complainant due to lack of coordination by the Complainant, the CA issued Entry of Judgment.

4. Dion Ducusin et al. (Complainants) vs. Haustalk Project Managers, Inc. (Respondent) - NLRC Case No. 11-00064-22

This case stemmed from a complaint for illegal dismissal and money claims filed by Dion D. Ducusin and five others against Haustalk Project Managers, Inc. before the National Labor Relations Commission.

In a Decision dated October 26, 2023, the Labor Arbiter ruled in favor of the Complainants and ordered the Company to pay full back wages and other monetary claims. Haustalk Project Managers, Inc. appealed, and the appeal was partly granted in the Decision dated July 11, 2024. In February 2025, Haustalk Project Managers, Inc. filed a Petition for Certiorari with Application for Temporary Restraining Order before the Court of Appeals. Haustalk Project Managers, Inc. is presently awaiting the CA’s Resolution.

On April 3, 2025, the Pre-Execution Conference commenced and was terminated on July 16, 2025. On July 28, 2025, Haustalk Project Managers, Inc. filed its Comment on the computation of the monetary award amounting to ₱5,880,362.41. On August 8, 2025, the Complainants filed a Motion for Issuance of Writ of Execution. On November 21, 2025, Haustalk Project Managers, Inc. received an Order from the Labor Arbiter granting the Motion for Execution filed by the Complainants. On December 01, 2025, Haustalk Project Managers, Inc. availed of the extraordinary remedies under the NLRC Rules and filed a Verified Petition with Application for a Temporary Restraining Order (“TRO”) and/or a Writ of Preliminary Injunction (“WPI”) before the NLRC.

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MARKET PRICE OF AND DIVIDENDS ON ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price of the Issuer's Common Share

As of the date of this Prospectus, the common equity of Haus Talk, Inc. is listed and traded on the PSE beginning January 17, 2022 under the ticker symbol HTI.

The PSE is the principal market for trading the Company's shares.

The high and low prices of the common shares for each quarter are indicated in the table below.

Fiscal Year / Quarter	High Price (in ₱)	Low Price (in ₱)
2024 Q1	1.18	0.92
2024 Q2	1.14	0.97
2024 Q3	1.13	1.02
2024 Q4	1.10	0.99
2025 Q1	1.19	1.01
2025 Q2	1.18	1.04
2025 Q3	1.26	0.93
2025 Q4	1.10	0.95
January 2026	1.10	0.99

As of January 31, 2026, the closing price of the shares is P1.02/share.

Stockholders

The following are the top 20 stockholders of the Company as of December 31, 2025:

Rank	Name	Classification of Securities	No. of Shares	Percentage
1	PCD NOMINEE CORPORATION-FILIPINO	COMMON	1,087,664,245	43.51%
2	MARIA AGNES M. SIAPNO	COMMON	168,181,364	6.73%
3	NOEMI D. MADLAMBAYAN	COMMON	168,181,363	6.73%
4	RUFINO ALBERT D. MADLAMBAYAN	COMMON	168,181,363	6.73%
5	JOSELITO D. MADLAMBAYAN	COMMON	168,181,363	6.73%
6	LUIS PIO D. MADLAMBAYAN	COMMON	168,181,363	6.73%
7	MA. LEAH D. MADLAMBAYAN	COMMON	168,181,363	6.73%
8	EDWARD D. MADLAMBAYAN	COMMON	168,181,363	6.73%
9	GLORIA JUDITH D. MADLAMBAYAN	COMMON	168,181,363	6.73%
10	PCD NOMINEE CORPORATION-FOREIGN	COMMON	66,883,850	2.68%
11	JENNIFER T. RAMOS	COMMON	1,000	0.00%
Subtotal			2,500,000,000	100.00%
Others			0	0.00%
TOTAL ISSUED AND OUTSTANDING SHARES			2,500,000,000	100.00%

The stockbrokers under the PCD Nominee Corporation owning at least 5% of the Company as of December 31, 2025 are as follows:

BP NAME	Holdings	Ownership
A. T. DE CASTRO SECURITIES CORP.	748,389,595	29.94%
Total	748,389,595	29.94%

The beneficial owners owning at least 5% of the Company's shares under PCD Nominee Corporation as of December 31, 2025 are as follows:

No.	Name	Classification of Securities	No. of Shares	Percentage
1	MADLAMBAYAN, TERENCE RESTITUTO D.	COMMON	170,222,361	6.81%
2	MADLAMBAYAN, MA. RACHEL D.	COMMON	170,181,363	6.81%
3	MHOLDINGS, INC.	COMMON	168,186,369	6.73%
TOTAL			508,590,093	20.34%

A list of the Company's Top 100 shareholders as of December 31, 2025 can be accessed through this link: https://edge.pse.com.ph/openDiscViewer.do?edge_no=d9d78221a373714e64d70b69f0a3140b.

Dividends

On September 28, 2023, the Board of Directors of the Company approved the amendment of its dividend policy. Based on the previous Dividend Policy, the Company shall maintain an annual dividend payout ratio of at least 20% of the Company's recurring net income for the preceding calendar year. Under the amended Dividend Policy, the Company shall maintain an annual dividend payout ratio of at least 20% of the Company's net income as of period to be determined by the Board of Directors of the Company.

The Board of Directors shall have the authority to declare dividends subject to the requirements of Applicable Law and regulations and the absence of any circumstances which may restrict their declaration and payment.

On October 16, 2023, the Board of Directors approved the declaration of cash dividend in the amount of ₱27,688,773.40, equivalent to ₱0.0110755093600 per common share. The cash dividend was taken from the unrestricted retained earnings of the Company as of December 31, 2022, made available to all stockholders as of record date November 8, 2023 and payable on December 5, 2023.

On October 9, 2024, the Board of Directors approved the declaration of cash dividend in the total amount of ₱50,000,000.00, equivalent to ₱0.02 per common share. The cash dividend was taken from the unrestricted retained earnings of the Company as of December 31, 2023, made available to all stockholders of record as of November 8, 2024 and payable on December 2, 2024.

For the year 2025, the Board of Directors approved in the meeting held dated October 14, 2025, the declaration of cash dividend in the amount of ₱75,000,000.00, equivalent to ₱0.03 per common share. The cash dividend was taken from the unrestricted retained earnings of the Company as of December 31, 2024, made available to all stockholders as of record date November 17, 2025 and payable on December 10, 2025.

The Company has complied with its dividend payout policy of declaring dividends of at least twenty percent (20%) of its net income. Dividends declared during the relevant periods met or exceeded the minimum payout requirement under the policy.

Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction

Under the SRC and the SRC Rules, securities are not permitted to be sold or offered for sale or distribution within the Philippines unless such securities are approved for registration by the SEC or are otherwise exempt securities under Section 9 of the Code or sold pursuant to an exempt transaction

under Section 10 of the SRC.

The Company has not sold unregistered or exempt securities, nor has it issued securities constituting an exempt transaction, within the past three years.

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CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Company's consolidated liabilities, equity, and capitalization as of September 30, 2025. The table should be read in conjunction with the Company's consolidated financial statements and the notes thereto, included in this Prospectus.

In ₱ '000	As at Sept. 30, 2025	As adjusted for an Issue Size of up to ₱1.00 billion	As adjusted for an Issue Size of up to ₱2.00 billion
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts and other payables	153,188	153,188	153,188
Contract Liabilities - current	13,960	13,960	13,960
Income tax payable	2,671	2,671	2,671
Lease liability	318	318	318
Loans and borrowings - current portion	1,073,161	1,073,161	1,073,161
Total Current Liabilities	1,243,298	1,243,298	1,243,298
NON-CURRENT LIABILITIES			
Loans and borrowings, net of current portion	1,407,588	1,407,588	1,407,588
Bonds payable		1,000,000	2,000,000
Advances from related parties	168,159	168,159	168,159
Defined benefit obligation	12,704	12,704	12,704
Total Non-Current Liabilities	1,588,451	2,588,451	3,588,451
TOTAL LIABILITIES	2,831,749	3,831,749	4,831,749
EQUITY			
Share capital	2,500,000	2,500,000	2,500,000
Share premium	218,850	218,850	218,850
Retained earnings	1,390,645	1,390,645	1,390,645
Actuarial gain (loss) on defined benefit obligation	11,011	11,011	11,011
TOTAL EQUITY	4,120,506	4,120,506	4,120,506
TOTAL CAPITALIZATION	6,952,255	7,952,255	8,952,255

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BOARD OF DIRECTORS AND OFFICERS

The Company is ultimately managed and supervised by its Board of Directors. The Company's executive officers provide the Company's Board of Directors the appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review and decision for short term and long-term plan of action. Pursuant to the Company's latest amended articles of incorporation, approved by the SEC on June 7, 2017, the Board shall consist of seven members, of which two are independent directors.

Directors and Principal Officers of the Company

All of the directors were elected at the Company's annual shareholders' meeting on July 30, 2025 and will hold office until their successors have been duly elected and qualified.

The table sets forth each member of the Company's Board of Directors and the Group's executive officers as of the date of this Prospectus.

DIRECTORS AND PRINCIPAL OFFICERS OF THE COMPANY			
NAME	AGE	NATIONALITY	POSITION
Terence Restituto D. Madlambayan	61	Filipino	Chairman of the Board
Maria Rachel D. Madlambayan	59	Filipino	Director / President
Luis Pio D. Madlambayan	57	Filipino	Director
Ma. Leah D. Madlambayan	58	Filipino	Director / Vice President for Sales and Marketing
Joselito D. Madlambayan	60	Filipino	Director
Atty. Angelico T. Salud	63	Filipino	Independent Director
Atty. Jose Ferdinand M. Rojas II	59	Filipino	Independent Director
Atty. Lyra Gracia Y. Lipae-Fabella	49	Filipino	Corporate Secretary
Noemi D. Madlambayan	49	Filipino	Asst. Corporate Secretary / VP-Procurement & Warehouse
Maria Agnes M. Siapno	56	Filipino	Chief Finance Officer
Gloria Judith D. Madlambayan	51	Filipino	Treasurer
Francis Miguel R. Madlambayan	33	Filipino	Head – Corporate Planning and Investor Relations
Noemi V. Aniban	43	Filipino	Compliance Officer

The following is a brief write-up of the Board of Directors and Executive Officers which include positions held as of September 30, 2025 and in the past five years, and personal data as of September 30, 2025:

TERENCE RESTITUTO D. MADLAMBAYAN

Chairman of the Board

Mr. Madlambayan has been the Chairman of Haus Talk, Inc. since 2021. He was also the Chairman and Vice- President of Tradition Homes, Inc., a subsidiary of Haus Talk, Inc., since 2004. He is also a Chairman of the following companies; Mholdings, Inc. from July 2025 to present, Allied Community Builders and Development, Inc., from February 2025 to present, Lifestyle Development Corporation from 2021 to present and Tradition Solar Generation, Inc. from 2017 to present. A treasurer of Mholdings, Inc from 2017 to present. He obtained his degree in Bachelor of Science in Mechanical Engineering in Don Bosco Technical School in Pampanga.

MARIA RACHEL D. MADLAMBAYAN

Director and President

Ms. Madlambayan is a Director and has served as the President of Haus Talk, Inc. since 2018 up to present. She is also the President of Tradition Homes, Inc. from 2007 to present; Allied Community Builders and Development Inc., from 2011 to present; Mholdings, Inc., from 2017 to present; Tradition Solar Energy Generation, Inc., from 2015 to present and Lifestyle Development Corporation from April 2025 to present. She obtained her degree in Bachelor of Science in Mathematics from St. Scholastica's

College.

LUIS PIO D. MADLAMBAYAN

Director

Mr. Luis Pio D. Madlambayan has been part of the Board of Directors of Haus Talk, Inc. since April 2021. Mr. Madlambayan holds the position of President of Lifestyle Development Corporation from 1999 to present. He is also a member of the Board of Directors of Mholdings, Inc., from 2017 to present and a president of Madlambayan Dimson Realty Development Corporation since 2025.

MA. LEAH D. MADLAMBAYAN

Director and Vice President for Sales and Marketing

Ms. Ma. Leah D. Madlambayan is a Director and has served as the Vice President for Sales and Marketing of Haus Talk, Inc. since 2006 up to present. She is also the Vice-President for Sales & Marketing of Tradition Homes, Inc. from 2007 to present. A director and Vice-President of Tradition Solar Energy Generation Inc. from 2015 to present, an Assistant Corporate Secretary of Allied Community Builders & Development, Inc. from 2015 to present. Ms. Madlambayan obtained her degree in Bachelor of Science in Nutrition and Dietetics from St. Scholastica's College.

JOSELITO D. MADLAMBAYAN

Director

Mr. Joselito D. Madlambayan has been part of the Board of Directors of Haus Talk, Inc. since April 2021. He is also a Director and elected Vice- President of Mholdings, Inc., from 2017 to present, and Director and Vice- President of Allied Community Builders & Development, Inc. from 2011 to present.

ANGELICO T. SALUD

Independent Director

Atty. Angelico T. Salud is an Independent Director of Haus Talk, Inc. since April 2021. He was the Executive Vice President of Converge ICT Solutions, Inc. from year 2022 to 2023 and a Consultant from 2023 up to present. He is a Consultant of San Miguel Holdings Corp. from 2019 to 2024 and Siklab Pilipinas Sports Foundation from 2016 to 2017. Atty. Salud also served as Commissioner of the Philippine Basketball Association from 2010 to 2015, and was appointed as the Chief Executive Officer of the Association in 2015. He obtained his degree in Bachelor of Science in Legal Management from the Ateneo de Manila University and his law degree from the University of the Philippines.

JOSE FERDINAND M. ROJAS II

Independent Director

Atty. Jose Ferdinand M. Rojas II is an Independent Director of Haus Talk, Inc. since October 2022. He is currently engaged in the general practice of law through the firm he established, Jose M. Rojas Law Office. He was the former Vice-Chairman and General Manager of the Philippine Charity Sweepstakes Office. He is also an opinion columnist for the Business Mirror and Pilipino Mirror. Atty. Rojas obtained his bachelor's degree in economics and political science from the University of Massachusetts, where he graduated Cum Laude, and he obtained his law degree from the Ateneo de Manila University in 1994.

Executive Officers

LYRA GRACIA Y. LIPAE-FABELLA

Corporate Secretary

Atty. Lyra Gracia Y. Lipae-Fabella is a Certified Public Accountant and member of the Integrated Bar of the Philippines. She is the Corporate Secretary of Haus Talk, Inc. since April 1, 2022. She is also an Officer and/or Trustee to a number of publicly-listed corporations and private companies. At present, she is the Managing Partner of the Fabella and Fabella Law Office. She previously worked as Junior Auditor in a leading auditing firm, Associate in a law firm and Securities Counsel III with the Securities and Exchange Commission. Atty. Lipae-Fabella obtained her Bachelor of Science degree in Business

Administration and Accountancy from the University of the Philippines in Quezon City and her Bachelor of Laws degree (now Juris Doctor) from San Beda College (now San Beda University) in Manila.

NOEMI D. MADLAMBAYAN

VP for Procurement and Warehouse and Asst. Corporate Secretary

Ms. Noemi D. Madlambayan holds the position of Vice-President for Procurement and Warehouse of Haus Talk, Inc. from 2021 up to present, and is currently the Asst. Corporate Secretary of the Company. She is also elected as the Vice-President for Procurement and Warehouse and Corporate Secretary of Tradition Homes, Inc., a subsidiary of Haus Talk, Inc., and a Corporate Secretary of Mholdings, Inc. from July 2025 to present. A Director of Tradition Solar Energy Generation Inc. from 2015 to present. She obtained her degree in Bachelor of Science in Commerce Major in Entrepreneurship at Assumption College.

MARIA AGNES M. SIAPNO

Chief Finance Officer

Mrs. Maria Agnes M. Siapno is the Chief Finance Officer of Haus Talk, Inc. since April 2021. She also holds the position of Chief Finance Officer at Tradition Homes, Inc a subsidiary of Haus Talk, Inc. Mrs. Siapno serves as Corporate Secretary to various private companies such as Mholdings, Inc, Allied Community Builders & Development, Inc, and Tradition Solar Energy Generation, Inc. She formerly served as the Corporate Secretary of Haus Talk Inc. from 2017 up to 2021. She obtained her degree in Bachelor of Science in Commerce Major in Entrepreneurship at Assumption College.

GLORIA JUDITH D. MADLAMBAYAN

Treasurer

Ms. Gloria Judith D. Madlambayan is the Treasurer of Haus talk, Inc. since January 2006. She also serves as Treasurer to various private companies such as Tradition Homes, Inc. from 2007 up to present and Tradition Solar Energy Generation, Inc. from 2015 up to present. She obtained her degree in Bachelor of Science in Commerce Major in Entrepreneurship at Assumption College.

FRANCIS MIGUEL R. MADLAMBAYAN

Head of Corporate Planning and Investor Relations

Mr. Francis Miguel R. Madlambayan is the Head for Corporate Planning and Investor Relations of Haus Talk, Inc. since July 2023. Prior to this, he served as the Business Development Manager of Haus Talk, Inc. from 2016 to 2021. He is an Assistant Corporate Secretary of Mholdings, Inc from 2023 up to present. He previously worked as Operations Associate Manager of Station Square East Commercial Corporation from 2014 to 2016. Mr. Madlambayan earned a Bachelor of Science degree in Management Major in Communication Technology and Minor in Financial Management at the Ateneo de Manila University, and obtained a Master's Degree from the IESE Business School in Barcelona, Spain.

NOEMI V. ANIBAN

Compliance Officer

Ms. Noemi V. Aniban has been the Compliance Officer of Haus Talk, Inc. since July 21, 2023. Before her current appointment, she held various roles in accounting and compliance, including Internal Audit Manager at Haus Talk, Inc (September 2024 to present), Finance and Accounting at Haus Talk, Inc (September 2019 to September 2024), Accountant and Compliance Officer at Super Guardian Corp. (April 2010 to November 2013), Assistant Accounting Manager at Shang Properties Realty Corp. (November 2013 to June 2015), Senior Accountant at TOA Global (June 2016 to June 2017), and Accounting Manager at Metro Combined Logistics Corp. (June 2017 to July 2019). She earned her Bachelor of Science in Accountancy from the National College of Business and Arts in 2003 and subsequently became a Certified Public Accountant. She later pursued and completed a Master's degree in Business Administration at Philippine Christian University.

Family Relationships among Directors and Executive Officers

The following directors and officers are siblings: Terence Restituto D. Madlambayan, Maria Rachel D. Madlambayan, Joselito D. Madlambayan, Luis Pio D. Madlambayan, Ma. Leah D. Madlambayan, Maria Agnes M. Siapno, Noemi D. Madlambayan, and Gloria Judith D. Madlambayan. Francis Miguel R. Madlambayan is the son of Terence Restituto D. Madlambayan and the nephew of the directors and officers named above. Other than as disclosed herein, there are no other familial relationships (by consanguinity or affinity) among the Company's directors and officers.

Involvement in Certain Legal Proceedings

There has been no occurrence in the past five years up to the date of this Prospectus of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or control person of the Company:

- 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;
- Being subject to 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 or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; and
- Being 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, and the judgment has not been reversed, suspended, or vacated.

Significant Employees

The Company believes in the concept of shared responsibility and teamwork. For this reason, no single employee is expected by the Company to make significant contribution to the business.

Executive Compensation

The following table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer ("CEO"), the four (4) most highly compensated executive officers, and all officers and directors as a Group as of September 30, 2025.

	Year	Salary (In Philippine Pesos)*	Bonus	Annual Compensation
CEO and top four (4) highest compensated officers	2026	16,372,400.00	None	None
	2025	16,372,400.00	None	None
	2024	9,360,000.00	None	None
	2023	8,072,025.00	None	None
	2022	4,476,700.00	None	None
All officers and directors as a group unnamed	2026	9,583,100.00	None	None
	2025	25,955,500.00	None	None
	2024	16,518,600.00	None	None
	2023	16,072,050.00	None	None
	2022	6,794,440.00	None	None

FOUR (4) MOST HIGHLY COMPENSATED OFFICERS OTHER THAN THE CEO	
YEAR	EXECUTIVE OFFICERS
	Madlambayan, Ma. Leah D.

FOUR (4) MOST HIGHLY COMPENSATED OFFICERS OTHER THAN THE CEO	
YEAR	EXECUTIVE OFFICERS
2025	Madlambayan, Noemi D.
	Madlambayan, Gloria Judith D.
	Siapno, Maria Agnes M.
2024	Madlambayan, Ma. Leah D.
	Madlambayan, Noemi D.
	Madlambayan, Gloria Judith D.
	Siapno, Maria Agnes M.
2023	Madlambayan, Ma. Leah D.
	Madlambayan, Noemi D.
	Madlambayan, Gloria Judith D.
	Siapno, Maria Agnes M.
2022	Madlambayan, Ma. Leah D.
	Madlambayan, Noemi D.
	Madlambayan, Gloria Judith D.
	Siapno, Maria Agnes M.

Compensation of Directors

Under the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than 10% of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may determine, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders. As of date, the directors have yet to pass a resolution fixing their per diem.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

Significant Employees

The Company believes in the concept of shared responsibility and teamwork. For this reason, no single employee is expected by the Company to make significant contributions to the business.

Management Incentive Plans

The Company plans to establish a Bonus Scheme to provide executives and key managers a long-term incentive that is designed to reward the achievements of those who exhibit exemplary performance in the business. The Bonus Scheme will grant cash bonuses to executives and managers of different salary grade levels assuming they have exceeded expectations on their Key Performance Indicators ("KPIs"), usually based on financial objectives. The Company's Board of Directors intends to set up several committees, one of which is the compensation committee that will provide oversight on its policies and implementation procedure. Its approval will be based on the discretion and approval of the Board of Directors.

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OWNERSHIP AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Stockholders

Security Ownership of Certain Record and Beneficial Stockholders					
Title of Class of Securities	Name / Address of Record Owner and Relationship with HTI	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares held	% of Ownership
Common	PCD Nominee Corporation-Filipino 29th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City	Please see below the name of shareholder who owns at least 5% of total shares	Filipino	1,087,664,245	43.51%
Common	Maria Agnes M. Siapno #26-G Avelino St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	168,181,364	6.73%
Common	Noemi D. Madlambayan #19 Jocson St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	168,181,363	6.73%
Common	Rufino Albert D. Madlambayan 107 Gonzales St., Cosmopolitan Townhomes, Xavierville II, Loyola Heights, Quezon City	Same as the Record Owner	Filipino	168,181,363	6.73%
Common	Joselito D. Madlambayan #39 Nicanor Reyes St., Varsity Hills, Loyola Heights, Quezon City	Same as the Record Owner	Filipino	168,181,363	6.73%
Common	Luis Pio D. Madlambayan #34 Don Roman St., Don Enrique Heights, Quezon City	Same as the Record Owner	Filipino	168,181,363	6.73%
Common	Ma. Leah D. Madlambayan #19 Jocson St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	168,181,363	6.73%
Common	Edward D. Madlambayan #9 Avelino St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	168,181,363	6.73%
Common	Gloria Judith D. Madlambayan #19 Jocson St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	168,181,363	6.73%
Common	PCD Nominee Corporation-Foreign 29th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City	No single shareholder owns at least 5% of total shares	Non-Filipino	66,883,850	2.68%
Common	Jennifer T. Ramos 1546- A. Galvani St. Makati City	Same as the Record Owner	Filipino	1,000	0.00%
Total Issued and Outstanding Shares				2,500,000,000	100.00%

The stockbrokers under the PCD Nominee Corporation owning at least 5% of the Company as of December 31, 2025 are as follows:

BP NAME	Holdings	Ownership
A. T. DE CASTRO SECURITIES CORP.	748,389,595	29.94%
Total	748,389,595	29.94%

The beneficial owners owning at least 5% of the Company's shares under PCD Nominee Corporation as of December 31, 2025 are as follows:

No.	Name	Classification of Securities	No. of Shares	Percentage
1	MADLAMBAYAN, TERENCE RESTITUTO D.	COMMON	170,222,361	6.81%
2	MADLAMBAYAN, MA. RACHEL D.	COMMON	170,181,363	6.81%
3	MHOLDINGS, INC.	COMMON	168,186,369	6.73%
TOTAL			508,590,093	20.34%

The beneficial owners owning at least 5% of the MHOLDINGS, INC as of December 31, 2025 are as follows:

Title of Class of Securities	Name / Address of Record Owner and Relationship with MHOLDINGS	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares held	%
Common	Terence Restituto D. Madlambayan #40C Nicanor Reyes St., Varsity Hills, Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Maria Rachel D. Madlambayan #19 Jocson St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Maria Agnes M. Siapno #26-G Avelino St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Noemi D. Madlambayan #19 Jocson St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Rufino Albert D. Madlambayan 107 Gonzales St., Cosmopolitan Townhomes, Xavierville II, Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Joselito D. Madlambayan #39 Nicanor Reyes St., Varsity Hills, Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Luis Pio D. Madlambayan #34 Don Roman St., Don Enrique Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Ma. Leah D. Madlambayan #19 Jocson St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Edward D. Madlambayan #9 Avelino St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Common	Gloria Judith D. Madlambayan #19 Jocson St., Xavierville Subd., Loyola Heights, Quezon City	Same as the Record Owner	Filipino	1,250	10.00%
Total Issued and Outstanding Shares				12,500	100.00%

Security Ownership of the Company's Directors and Management

The following table shows the security ownership of directors and officers in the common shares of the Company as of December 31, 2025:

SECURITY OWNERSHIP OF THE DIRECTORS						
Title of Class of Securities	Name / Address of Record Owner and Relationship with HTI	Name of Beneficial Owner and Relationship with Record Owner	Position	Citizenship	No. of Shares held	%
Common	Terence Restituto D. Madlambayan	Same as the Record Owner	Chairman of the Board	Filipino	170,222,361 ⁷	6.81%
Common	Maria Rachel D. Madlambayan	Same as the Record Owner	Director / President	Filipino	170,181,363 ⁸	6.81%
					168,186,369	6.73%
Common	Luis Pio D. Madlambayan	Same as the Record Owner	Director	Filipino	168,181,363	6.73%
Common	Ma. Leah D. Madlambayan	Same as the Record Owner	Director / Vice President for Sales and Marketing	Filipino	168,181,363	6.73%
Common	Joselito D. Madlambayan	Same as the Record Owner	Director	Filipino	168,181,363	6.73%
Common	Angelico T. Salud	Same as the Record Owner	Independent Director	Filipino	1	0.00%
Common	Jose Ferdinand M. Rojas II	Same as the Record Owner	Independent Director	Filipino	1,000	0.00%
Common	Noemi D. Madlambayan	Same as the Record Owner	VP – Procurement & Warehouse / Asst. Corporate Secretary	Filipino	168,181,363	6.73%
Common	Maria Agnes M. Siapno	Same as the Record Owner	Chief Finance Officer	Filipino	168,181,364	6.73%
Common	Gloria Judith D. Madlambayan	Same as the Record Owner	Treasurer	Filipino	168,181,363	6.73%
Common	Lyra Gracia Y. Lipae-Fabella	N/A	Corporate Secretary	Filipino	-	0.00%
Common	Noemi V. Aniban	N/A	Compliance Officer	Filipino	-	0.00%
Common	Francis Miguel R. Madlambayan	N/A	Investor Relations Officer	Filipino	-	0.00%
				TOTAL	1,517,679,273	60.71%

⁷ As of December 31, 2026, The 130,500,000 common shares were pledged as collateral, allocated as follows: Carlos S. Rufino – 9,375,000 shares; Famipaz, Inc. – 2,500,000 shares; Richway Enterprises Inc. – 3,125,000 shares; Coventry Corporation – 1,875,000 shares; PAMM Inc. – 1,875,000 shares; Investors Equity Management Inc. – 18,000,000 shares; Zarcon Development Corporation – 9,000,000 shares; Maria Beatriz Ortoll Manahan – 27,000,000 shares; Tamaraw Investors Management Enterprises, Inc. – 9,000,000 shares; Maria Auxillo Prieto – 6,250,000 shares; Caravier, Inc. – 6,250,000 shares; and Ramon D. Rufino – 6,250,000 shares.

⁸ The 150,500,000 common shares were pledged as collateral and are allocated as follows: Carlos S. Rufino – 9,375,000 shares; Famipaz, Inc. – 2,500,000 shares; Richway Enterprises Inc. – 9,375,000 shares; Coventry Corporation – 8,125,000 shares; PAMM Inc. – 8,125,000 shares; Investors Equity Management Inc. – 18,000,000 shares; Zarcon Development Corporation – 9,000,000 shares; Maria Beatriz Ortoll Manahan – 27,000,000 shares; Tamaraw Investors Management Enterprises, Inc. – 9,000,000 shares; Marilex Realty Development Corporation – 12,500,000 shares; Caravier, Inc. – 6,250,000 shares; Ramon D. Rufino – 6,250,000 shares; and Emmanuel Francis Javier – 25,000,000 shares.

Voting Trust

The Company is unaware of any person holding more than 5% of shares under a voting trust or similar agreement.

Change in Control

There are no arrangements which may result in a change in control of Haus Talk, Inc. or its Subsidiaries.

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CORPORATE GOVERNANCE

The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in its Corporate Governance Manual. An evaluation system has been established by the Company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance. The Board of Directors should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. This self-assessment should be supported by an external facilitator every three years.

The Board of Directors are primarily responsible 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. The Company's board's independent directors are aware of their duties as such under the Manual. These independent directors are expected to look after the interests of minority shareholders as well as other stakeholders.

The Company is unaware of any non-compliance with or deviation from its Manual of Corporate Governance. The Company will continue to monitor compliance with the SEC Rules on Corporate Governance, and shall remain committed in insuring the adoption of other systems and practices of good corporate governance to enhance its value for its shareholders.

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 and 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.

Independent Directors

Atty. Angelico T. Salud and Atty. Jose Ferdinand M. Rojas II were elected as Independent Directors of the Company in compliance with the requirements of Rule 38 of the Securities Regulation Code.

Committees of the Board

To aid in complying with the principles of good governance, the Manual provides that the Board shall create and appoint Board members to each of the committees set forth below. Each member of the respective committees named below holds office as of the date of this Prospectus and will serve until his successor is elected and qualified.

Audit Committee

The Audit Committee shall be composed of at least three appropriately qualified non-executive directors, two of whom, including the Chairperson, should be independent directors. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairperson of the Audit Committee should not be the Chairperson of the Board or of any other committees. Preferably, the members shall have accounting and finance backgrounds, and at least one (1) member shall have audit experience. Each member shall have adequate understanding at least, or competence at most, of the Company's financial management systems and environment.

The Audit Committee shall have the following duties and responsibilities:

- i. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with Applicable Law, rules and regulations;
- ii. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company; This function shall include regular receipt from Management of information on risk exposures and risk management activities.

- iii. Perform oversight functions over the Company's Internal and External Auditors; It should ensure that the Internal and External Auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- iv. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- v. Review that annual internal audit plan to ensure its conformity with the objectives of the Company; The plan shall include the audit scope, resources and budget necessary to implement it.
- vi. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- vii. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- viii. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system including financial reporting control and information technology security;
- ix. Review the reports submitted by the Internal and External Auditors;
- x. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- xi. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- xii. Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses; The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.
- xiii. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities;
- xiv. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
- xv. In case of the absence of a Related Party Transactions ("RPTs") Committee, evaluates all RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied;
- xvi. In case of the absence of an RPT Committee:

- Determines any potential reputational risk issues that may arise as a result of or in connection with RPTs. In evaluating RPTs, the Committee takes into account, among others, the following:
 1. The related party's relationship to the Company and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The benefits to the Company of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed RPT is undertaken on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
 - Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on potential and/or actual conHTIcts of interest. The disclosure should include information on the approach to managing material conHTIcts of interest that are inconsistent with such policies, and conHTIcts that could arise as a result of the Company's affiliation or transactions with other related parties;
 - Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
 - Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
 - Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and
- xvii. Meets internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the Internal Audit.

The Audit Committee is responsible for overseeing the integrity of the Company's financial reporting, internal control system, risk management framework, and compliance with Applicable Laws, rules, and regulations.

In accordance with its Charter, the Audit Committee reviews and approves, among others:

- (a) the Company's audited and unaudited financial statements prior to submission to the Board of Directors;
- (b) the scope, plan, and results of the external audit;
- (c) the appointment, reappointment, replacement, and fees of the external auditor;
- (d) related party transactions and other material contracts requiring Audit Committee approval under applicable regulations; and
- (e) significant accounting policies, estimates, and judgments.

The Audit Committee also reviews the effectiveness of the Company's internal audit function, internal controls, and risk management processes, and ensures that appropriate corrective actions are implemented to address identified deficiencies. Matters requiring approval are presented to the Audit Committee through formal memoranda and supporting documents and are approved by a majority vote of its members.

The Audit Committee reports its actions and recommendations to the Board of Directors on a regular basis.

The Audit Committee is currently composed of the following:

Chairman	Atty. Angelico T. Salud (ID)
Member	Atty. Jose Ferdinand M. Rojas II (ID)
Member	Mr. Luis Pio D. Madlambayan

Board Risk Oversight Committee

The Board also established a separate Board Risk Oversight Committee that is responsible for the oversight of the Company's Enterprise Risk Management System to ensure its functionality and effectiveness. Under the Company's Manual on Corporate Governance, this refers to the Risk Management and Oversight Committee which, as much as practicable be composed of two regular directors and one independent director.

The committee has the following duties and responsibilities, among others:

- i. Develops a formal ERM plan which contains the following elements:
 - a. common language or register of risks,
 - b. well-defined risk management goals and objectives,
 - c. uniform processes of assessing risks and developing strategies to manage prioritized risks,
 - d. designing and implementing risk management strategies, and
 - e. continuing assessments to improve risk strategies, processes and measures;
- ii. Oversees the implementation of the ERM plan through a Management Risk Oversight Committee. The committee conducts regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- iii. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The committee revisits defined risk management strategies, looks for emerging or changing material exposures, and keeps abreast of significant developments that seriously impact the likelihood of harm or loss;
- iv. Advises the Board on its risk appetite levels and risk tolerance limits;
- v. Reviews at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events which may have occurred in the Company;
- vi. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
- vii. Oversees the Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- viii. Reports to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

The Board Risk Oversight Committee is currently composed of:

Chairman	Atty. Jose Ferdinand M. Rojas II (ID)
Member	Ms. Ma. Leah D. Madlambayan
Member	Atty. Angelico T. Salud (ID)

Corporate Governance Committee

A Corporate Governance Committee was likewise established by the Board. The Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the Nomination and Remuneration Committee. It should, as much as practicable, be composed of two regular directors and one independent director.

The Corporate Governance Committee (CG Committee) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

- i. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity of operations and business strategy, as well as its business and regulatory environments;
- ii. Oversees the periodic performance evaluation of the Board and its committees as well as the executive management, and conducts an annual evaluation of the said performance;
- iii. Ensures that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- iv. Recommends the continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- v. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- vi. Proposes and plans relevant trainings for the members of the Board;
- vii. Determines the nomination and election process for the Company's directors and defines the general profile of board members that the Company may need, and ensures that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election; and
- viii. Establishes a formal and transparent procedure for determining the remuneration of directors and officers that is consistent with the Company's culture and business strategy as well as the business environment in which it operates.

The Corporate Governance Committee is composed of the following:

Chairman	Atty. Jose Ferdinand M. Rojas II (ID)
Member	Mr. Terence Restituto D. Madlambayan
Member	Atty. Angelico T. Salud (ID)

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

The following is a discussion and analysis of the Company's historical financial condition and results of operations and certain trends, risks and uncertainties that may affect the Company's business and should be read in conjunction with the independent auditor's reports and the Company reviewed and audited consolidated financial statements and notes thereto contained in this Prospectus. The critical accounting policies section discloses certain accounting policies and management judgments that are material to the results of operations and financial condition for the periods presented in this report. Disclosure relating to liquidity and financial condition and the trends, risks and uncertainties that have had or that are expected to affect revenues and income complete the management's discussion and analysis.

Prospective investors should read the following discussion and analysis of the Company's financial condition and results of operations in conjunction with (i) the Company's unaudited consolidated financial statements as at September 30, 2025 and for the nine months ended September 30, 2025 and 2024 and the notes thereto; and (ii) the Company's audited consolidated financial statements as at December 31, 2024 and 2023 (restated) and December 31, 2022 and for the years ended December 31, 2024 and 2023 (restated), and December 31, 2022, and the notes thereto set forth elsewhere in this Prospectus.

This discussion contains forward-looking statements and reflects the Company's 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" and elsewhere in this Prospectus.

Factors Affecting the Company's Results of Operations

The Group's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected its results in the past, and which the Group expects to affect its results in the foreseeable future. Factors other than those discussed below could also have a significant impact on the Group's results of operations and financial condition in the future.

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

The Group derives substantially all its revenue from its Mass Housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Group's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from OFWs. Furthermore, as the Group continues expanding its business, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Group expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economic conditions.

Collection of Receivables

The Group's results of operations are also affected to some degree by the success and efficiency of its collection of receivables from its customers. Only when the Corporation or its subsidiaries experience any significant delay or default on the collection of its receivables, could it experience liquidity issues including the inability to meet its obligations as they come due.

In case of default, the Group typically has contractual rights, which may include the right to charge

penalties, interest of overdue amounts, or, as a last resort, to cancel the contract and potentially repossess the property. Given the current market conditions of the real estate sales, finding another interested buyer is manageable.

Liquidity Risk Management

To better manage its liquidity risk, interest risk, as well as improve its cash conversion cycle, the Corporation typically enters into take-out arrangements with the Home Development Mutual Fund (HDMF) and other financial institutions such as banks.

Interest Rates

The Company and its subsidiaries generally charge its customers an annual fixed interest rate of 18% on their in-house financing starting August 2022. The Company's financing arrangements with commercial banks and other financial institutions are typically on a fixed interest basis, with interest rates typically averaging approximately 7.5% or 18.00% per annum.

However, in cases of extraordinary increases in interest rates, such as during the Asian financial crisis of the late 1990s or the global economic downturn of 2008, the Company's financial position and results of operations could be adversely affected.

Tax Incentives and Exemptions

Tax incentives and exemptions play a big part in the decision-making and strategic plans of the Company. The Company and its subsidiaries have availed of income tax holidays and tax exemptions pursuant to the Strategic Investment Priority Plan (SIPP) of the Philippines which includes socialized housing projects. This has further bolstered the position of the Company and its subsidiaries in becoming a strong advocate of socialized housing and its benefit to the society.

Price Volatility of Construction Materials and Other Development Costs

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products, particularly as a Mass Housing developer.

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

Availability of Suitable Land for Development

The Company and its subsidiaries meticulously select the sites for its Mass Housing development projects, typically undergoing a research process of anywhere from six months to one year before deciding to acquire land for its contemplated developments. The Company and its subsidiaries are currently looking to expand its footprint in Luzon and also the Metro and Greater Manila areas. To this end, the Corporation and its subsidiaries are currently examining its options for the acquisition of parcels of land in these areas.

Demand for Residential Properties

The Corporation has benefited from greater demand for residential properties resulting from, among other factors, the growth of the Philippine economy, the increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In addition, the Corporation has also benefited specifically from the underserved backlog for Mass Housing in the Philippines in recent years. The increased demand for residential properties has been a significant factor in the Group's increased revenues and profits over the last three years. In

response to these developments, the Corporation has further increased the number of Mass Housing development projects. The Corporation has also begun to offer a variation of Mass Housing residential products, such as condominiums, to address potential demand from specific target markets. It is unclear whether the demand for housing in the Philippines will remain high or continue to grow or whether the demand for the Corporation's products will reach the levels anticipated by the Group. Negative developments with respect to demand for housing in the Philippines would in turn have a negative effect on the Corporation's operational results. Conversely, positive developments in housing demand would likely positively contribute to the Group's operational results as observed in the past.

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Corporation and its subsidiaries' financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how the Group's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the Corporation and its subsidiaries has identified the significant accounting judgments, estimates and assumptions as discussed in Notes 2, 3 and 4 of the notes to financial statement.

The main items subject to estimates and assumptions by management include, among others, due from related parties and refundable deposits, estimation of useful lives of property and equipment, realizability of deferred tax assets.

While the Corporation believes that all aspects of its financial statements, including the accounting policies as discussed in Note 3 to its note to financial statements should be studied and understood in assessing the Group's current and expected financial condition and results of operations, the Group believes that the significant accounting judgments, estimates and assumptions discussed in Notes 2, 3, and 4 of the notes to financial statements warrant particular attention.

Discussion on the Required Information on the Default Definition Aligned with PFRS 9

The Group will revisit and reassess its definition of default to ensure full compliance with the requirements of PFRS 9. In particular, the Group will evaluate whether the current criteria are appropriately supported by historical loss of experience and, where necessary, revise the definition to incorporate the 90-day past-due presumption. Any resulting changes to the definition of default will be implemented in the Group's 2025 Consolidated Audited Financial Statements (CAFS) and applied consistently in future financial reporting.

Discussion on the Impact of Adoption of IFRIC Agenda Decision on PAS 23 and the Required Information on the PIC Q&A 2018-12 for the Real Estate Industry

The adoption of new and revised accounting standards, particularly the provisions of PIC Q&A 2018-12 and PFRS 15 Implementation Issues Affecting the Real Estate Industry, wherein the Group concluded that the adoption did not result in a material impact on the consolidated financial statements.

In view of the foregoing, the Group assessed the impact of the adoption of the following matters and complied with the applicable requirements of the accounting standards and pronouncements in the preparation of its financial statements, as discussed below:

1. Assessing whether the transaction price includes a significant financing component

The Group assessed whether its customer contracts include a significant financing component in accordance with PFRS 15. Based on management's evaluation of the payment terms, timing of revenue recognition, and the reasons for the agreed payment arrangements, no significant financing component was identified. Accordingly, no adjustment to the transaction price was necessary.

2. Treatment of land in the determination of the Percentage of Completion (POC)

The cost of land is excluded from the computation of the Percentage of Completion (POC). However, the land cost is recognized as part of cost of sales in proportion to the related revenue recognized, consistent with the revenue recognition pattern under PFRS 15.

3. Impact of implementing the IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23 – Borrowing Costs

The IFRIC in its agenda decision concluded that the principles and requirements in Philippine Accounting Standard (PAS) 23, Borrowing Costs, provide an adequate basis for an entity to determine whether to capitalize borrowing costs in the fact pattern described as follows:

Fact Pattern	Group Pattern
A real estate developer (entity) constructs a residential multi-unit real estate development (building) and sells the individual units in the building to customers;	The Group is engaged in the development of horizontal residential real estate projects, comprising individual house-and-lot units, as opposed to vertical or multi-unit residential buildings. The Group constructs and sells distinct residential units together with the underlying land to customers under contracts to sell.
The entity borrows funds specifically for the purpose of constructing the building and incurs borrowing costs in connection with that borrowing;	The Group specifically borrows funds to finance the acquisition and development of land for its horizontal residential real estate projects. Borrowing costs that are directly attributable to the acquisition and development of qualifying assets are capitalized as part of project costs
Before construction begins, the entity signs contracts with customers for the sale of some of the units in the buildings (sold units);	Before the construction begins, the Group entered into reservation agreements for the sale of subdivision land and residential units.
The entity markets for sale the remaining units (unsold units). Accordingly, the entity intends to enter into contracts with customers for the unsold units as soon as it finds suitable customers; and,	The Group markets for sale the remaining units (unsold units). Accordingly, the entity intends to enter into contracts with customers for the unsold units as soon as it finds suitable customers; and,
The terms and relevant facts and circumstances of the contracts with customers are such that, applying International Financial Reporting Standard (IFRS) 15, Revenue from Contracts with Customers, par. 35(c), the entity transfers control of each unit over time and therefore, recognizes revenue over time.	The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Background

The Group is engaged in the development of horizontal residential real estate projects, consisting of house-and-lot units. In the course of its operations, the Group obtains specific and general borrowings to finance the acquisition and development of land, including site development works, land improvements, and activities necessary to secure regulatory approvals, particularly the License to Sell (LTS).

The Group incurs borrowing costs directly attributable to these development activities, which management has capitalized as part of the cost of land under development.

Discussion of the Company's Results of Operations

For the nine months ended September 30, 2025 vs. nine months ended September 30, 2024
For the nine months ended September 30,

(₱ in thousands, except EPS numbers)	Unaudited		Horizontal Analysis		Vertical Analysis	
	2025	2024	(nominal)	(in %)	2025	2024
REVENUE						
Real Estate Sales	1,201,062	1,190,559	10,503	0.88%	99.27%	99.30%
Other Operating Income	8,779	8,397	381	4.54%	0.73%	0.70%
Total Revenue	1,209,841	1,198,956	10,885	0.91%	100.00%	100.00%
COST OF REAL ESTATE SALES	660,419	646,276	14,143	2.19%	54.59%	53.90%
GROSS PROFIT	549,422	552,680	(3,258)	(0.59%)	45.41%	46.10%
OPERATING EXPENSES						
Selling Expenses	63,462	99,730	(36,268)	(36.37%)	5.25%	8.32%
General and Administrative Expenses	161,323	127,722	33,602	26.31%	13.33%	10.65%
Total Operating Expenses	224,786	227,452	(2,666)	(1.17%)	18.58%	18.97%
Net Operating Income	324,636	325,228	(592)	(0.18%)	26.83%	27.13%
Finance Cost, Net	12,229	22,127	(9,898)	(44.73%)	1.01%	1.85%
Income Before Tax	312,408	303,102	9,306	3.07%	25.82%	25.28%
Income Tax Expense	(9,750)	7,973	(17,723)	(222.30%)	(0.81%)	0.66%
NET INCOME	302,658	311,074	(8,417)	(2.71%)	25.02%	25.95%
OTHER COMPREHENSIVE INCOME						
Actuarial gain on retirement plan	-	-	-	-	--	-
TOTAL COMPREHENSIVE INCOME	302,658	311,074	(8,417)	(2.71%)	25.02%	25.95%
BASIC EARNINGS PER SHARE	0.121	0.124	0.003	0.00%		

Revenue

HTI generated consolidated revenues of ₱1.21 billion for the nine-month period ended September 30, 2025, reflecting an increase of ₱10.88 million or 0.91% from ₱1.20 billion in the same period in 2024. The growth was primarily driven by a 0.88% increase in real estate sales, supported by broker network expansion, and a 4.54% increase in other operating income from in-house financing activities.

Cost of Real Estate Sales

Cost of real estate sales increased by 2.19%, outpacing revenue growth due to higher material costs and project mix, resulting in a decline in gross profit by ₱3.26 million or 0.59%. Consequently, gross profit margin slightly decreased to 45.41% in 2025 from 46.10% in 2024, indicating modest margin compression.

Operating Expenses

Selling expenses decreased by 36.37%, or ₱36.27 million, primarily due to lower marketing and commission costs recognized during the period.

General and administrative expenses increased by 26.31%, or ₱33.60 million, due to the adjustment of the salary structure for existing personnel, and other overhead expenses incurred to support company projects.

Finance Costs, net

Finance costs decreased by 44.73%, or ₱9.90 million, primarily due to lower interest expenses resulting from the settlement of certain loan obligations.

Income Tax Expense

Income tax expense decreased by 222.30%, amounting to ₱9.75 million during the 9 months ending September 30, 2025, as there was an income tax holiday incentive granted which was applicable for the 9-month period ending September 30, 2024 through the BOI.

Net Income

HTI's consolidated net income declined by 2.71% to ₱302.66 million during the first nine months of 2025 as compared to the ₱311.07 million level recorded during the same period in the prior year due to an increase in income tax expense.

For the year ended December 31, 2024 vs. year ended December 31, 2023

(₱ in thousands, except EPS numbers)	As Restated		Horizontal Analysis		Vertical Analysis	
	2024	2023	(nominal)	(in %)	2024	2023
REVENUE						
Real Estate Sales	1,401,028	1,011,107	389,921	38.56%	99.12%	98.24%
Other Operating Income	12,491	18,149	(5,658)	(31.18%)	0.88%	1.76%
Total Revenue	1,413,519	1,029,256	384,263	37.33%	100.00%	100.00%
COST OF REAL ESTATE SALES	772,605	582,282	190,323	32.69%	54.66%	56.57%
GROSS PROFIT	640,914	446,974	193,940	43.39%	45.34%	43.43%
OPERATING EXPENSES						
Selling Expenses	65,275	58,523	6,752	11.54%	4.62%	5.58%
General and Administrative Expenses	181,076	125,684	55,392	44.07%	12.81%	11.97%
Total Operating Expenses	246,351	184,207	62,144	33.74%	17.43%	17.55%
Net Operating Income	394,563	262,767	131,796	50.16%	27.91%	25.53%
Finance Cost, Net	31,471	18,936	12,535	66.20%	2.23%	1.80%
Income Before Tax	363,092	243,831	119,261	48.91%	25.69%	23.69%
Income Tax Expense	3,722	(21,656)	25,378	(117.19%)	0.26%	(2.06%)
NET INCOME	366,813	222,174	144,639	65.10%	25.95%	21.59%
OTHER COMPREHENSIVE INCOME						
Actuarial gain on retirement plan	(2,764)	10,439	(13,203)	(126.48%)	(0.20%)	1.01%
TOTAL COMPREHENSIVE INCOME	364,049	232,614	131,436	56.50%	25.75%	22.60%
BASIC EARNINGS PER SHARE	0.147	0.089	0.058	65.10%		

Revenues

The Group posted total revenues of ₱1.41 billion for the year ended December 31, 2024, representing an increase of ₱384.26 million or 37.33% from ₱1.03 billion in 2023.

The increase in revenues was primarily attributable to real estate sales, which grew by 38.56% to ₱1.40 billion in 2024 from ₱1.01 billion in 2023. Real estate sales accounted for 99.12% and 98.24% of total revenues in 2024 and 2023, respectively. The majority of the revenues recognized during the year were attributable to the Company's the Granary Project in Laguna, reflecting higher construction accomplishments and sales take-up.

Other operating income declined by ₱5.66 million or 31.18% year-on-year, primarily due to lower income from in-house financing activities. During the year, the Company strategically reduced its in-house financing offerings and encouraged buyers to secure take-out financing through the Home Development Mutual Fund (HDMF) and bank financing.

Cost of Real Estate Sales

Cost of real estate sales amounted to ₱772.60 million in 2024, an increase of ₱190.32 million or 32.69% from ₱582.28 million in 2023. The increase was generally consistent with the growth in recognized real estate sales during the year.

Gross profit increased to ₱640.91 million in 2024 from ₱446.97 million in 2023, representing a 43.39% increase. Gross margin improved to 45.34% in 2024 from 43.43% in 2023 primarily due to project mix and cost management initiatives.

Operating Expenses

Total operating expenses increased to ₱246.35 million in 2024 from ₱184.21 million in 2023, representing an increase of 33.74%.

Selling expenses amounted to ₱65.27 million in 2024, reflecting an increase of 11.54% from ₱58.52 million in 2023. The increase was primarily driven by higher commissions and marketing-related expenses consistent with increased sales activity.

General and administrative expenses increased by 44.07% to ₱181.08 million in 2024 from ₱125.68 million in 2023. The increase reflected higher manpower requirements, professional fees, and project-related activities as the Company continued to strengthen its support functions to sustain ongoing expansion.

Finance Costs, Net

Net finance costs increased by ₱12.53 million or 66.20%, from ₱18.94 million in 2023 to ₱31.47 million in 2024. The increase was primarily attributable to higher loans and borrowings during the year and prevailing interest rates. The Company continues to monitor its capital structure and financing costs in light of market conditions.

Income Before Tax

Income before income tax increased by 48.91% to ₱363.09 million in 2024 from ₱243.83 million in 2023, mainly driven by higher revenues and improved operating performance, partially offset by higher finance costs.

Income Tax Expense

Income tax expense decreased by ₱25.38 million, representing a 117.19% decline compared to 2023. The decrease was primarily due to the availment of an income tax holiday incentive granted under the Company's registration with the Board of Investments (BOI). The incentive was applied to The Granary Project, which was the major contributor to revenues during the year. The availability and extent of such incentives are subject to compliance with Applicable Law, rules, and regulations.

Net Income

The Company recorded consolidated net income of ₱366.81 million for 2024, reflecting an increase of ₱144.64 million or 65.10% from ₱222.17 million in 2023. Net margin improved to 25.95% in 2024 compared to 21.59% in 2023. The increase in net income was primarily attributable to higher revenues and improved gross margins, as well as the impact of the income tax holiday, partially offset by increased operating and finance costs.

For the year ended December 31, 2023 vs. year ended December 31, 2022

(₱ in thousands, except EPS numbers)	For the years ended December 31,					
	As Restated 2023	Audited 2022	Horizontal Analysis		Vertical Analysis	
			(nominal)	(in %)	2023	2022
REVENUE						
Real Estate Sales	1,011,107	619,525	391,582	63.21%	98.24%	97.48%
Other Operating Income	18,149	16,006	2,143	13.39%	1.76%	2.52%
Total Revenue	1,029,256	635,531	393,725	61.95%	100.00%	100.00%
COST OF REAL ESTATE SALES	582,282	335,813	246,469	73.39%	56.57%	52.84%
GROSS PROFIT	446,974	299,718	147,256	49.13%	43.43%	47.16%
OPERATING EXPENSES						

For the year ended December 31, 2023 vs. year ended December 31, 2022

(₱ in thousands, except EPS numbers)	For the years ended December 31,					
	As Restated	Audited	Horizontal Analysis		Vertical Analysis	
	2023	2022	(nominal)	(in %)	2023	2022
Selling Expenses	58,523	23,603	34,920	147.95%	5.58%	3.71%
General and administrative expenses	125,684	80,327	45,357	56.47%	12.21%	12.64%
Total Operating Expenses	184,207	103,930	80,277	77.24%	17.90%	16.35%
Net Operating Income	262,767	195,788	66,979	34.21%	25.53%	30.81%
Finance Cost, Net	18,936	16,387	2,549	15.56%	1.84%	2.58%
Income Before Tax	243,831	179,401	64,430	35.91%	23.69%	28.23%
Income Tax Expense	-21,656	-41,254	19,598	-47.51%	-2.06%	-6.49%
NET INCOME	222,175	138,148	84,028	60.83%	21.59%	21.74%
OTHER COMPREHENSIVE INCOME						
Actuarial gain on retirement plan	10,439	-	10,439	NA	1.01%	0.00%
TOTAL COMPREHENSIVE INCOME	232,614	138,148	94,467	68.38%	22.60%	21.74%
BASIC EARNINGS PER SHARE	0.089	0.055	0.034	60.82%		

Revenues

The Group posted total revenues of ₱1.03 billion for the year ended December 31, 2023, representing an increase of ₱393.72 million or 61.95% from ₱635.53 million in 2022.

The increase in revenues was primarily attributable to real estate sales, which grew by 63.21% to ₱1.01 billion in 2023 from ₱619.52 million in 2022. The growth was mainly driven by higher recognized sales from HTI and THI projects, reflecting improved construction accomplishments and sales take-up during the year.

Other operating income increased by ₱2.14 million or 13.39%, from ₱16.01 million in 2022 to ₱18.15 million in 2023. The increase was primarily attributable to higher interest income earned from receivables under the Group's in-house financing arrangements. The level of other operating income may vary depending on the volume of in-house financing transactions and prevailing interest rates.

Cost of Real Estate Sales

Cost of real estate sales amounted to ₱582.28 million in 2023, representing an increase of ₱246.47 million or 73.39% from ₱335.81 million in 2022. The increase was primarily due to the higher volume of recognized sales during the year.

Gross profit increased by 49.13% to ₱446.97 million in 2023 from ₱299.72 million in 2022.

Operating Expenses

Total operating expenses increased to ₱184.21 million in 2023 from ₱103.93 million in 2022, reflecting an increase of 77.24%.

Selling expenses increased by 147.95% to ₱58.52 million in 2023 from ₱23.60 million in 2022. The increase was mainly attributable to higher commissions and marketing-related costs consistent with increased sales activity.

General and administrative expenses increased by 56.47% to ₱125.68 million in 2023 from ₱80.33 million in 2022. The increase was primarily due to additional manpower requirements, professional fees, and administrative costs as the Group continued strengthening its support functions to facilitate ongoing expansion.

Operating expenses represented 17.90% of total revenues in 2023 compared to 16.35% in 2022.

Net Operating Income

Net operating income increased by 34.21% to ₱262.77 million in 2023 from ₱195.79 million in 2022. Operating margin decreased to 25.53% in 2023 from 30.81% in 2022, reflecting higher operating expenses relative to revenues.

Finance Costs, Net

Net finance costs increased by 15.56% to ₱18.94 million in 2023 from ₱16.39 million in 2022, primarily due to higher outstanding borrowings during the year. Finance costs may vary depending on borrowing levels and prevailing interest rates.

Income Before Tax

Income before income tax increased by 35.91% to ₱243.83 million in 2023 from ₱179.40 million in 2022, mainly driven by higher revenues, partially offset by increased operating and finance costs.

Income Tax Expense

Income tax expense decreased by ₱19.60 million, representing a 47.51% decline from ₱41.25 million in 2022 to ₱21.66 million in 2023. The decrease was primarily attributable to the availment of income tax holiday incentives during the year.

Net Income

The Group recorded consolidated net income of ₱222.17 million in 2023, reflecting an increase of ₱84.03 million or 60.83% from ₱138.15 million in 2022. Net margin was 21.59% in 2023 compared to 21.74% in 2022. The increase in net income was primarily attributable to higher revenues, partially offset by increased operating and finance costs.

Total Comprehensive Income

Total comprehensive income increased by 68.38% to ₱232.61 million in 2023 from ₱138.15 million in 2022, reflecting improved operating performance and the actuarial gain recognized during the year.

Discussion of the Company's Financial Condition

As of September 30, 2025 vs. as of December 31, 2024

(₱ in thousands)	Unaudited	As	Horizontal Analysis		Vertical Analysis	
	September 30, 2025	Restated December 31, 2024	(nominal)	(in %)	2025	2024
Cash	104,003	244,378	(140,375)	(57.44%)	1.50%	4.08%
Receivables	1,195,250	762,917	432,333	56.67%	17.19%	12.72%
Contract assets - current portion	796,522	827,156	(30,634)	(3.70%)	11.46%	13.79%
Real estate inventories	3,630,014	2,948,627	681,388	23.11%	52.21%	49.17%
Prepayments and other current assets	2,588	17,404	(14,815)	(85.13%)	0.04%	0.29%
Total Current Assets	5,728,377	4,800,481	927,897	19.33%	82.40%	80.05%
Contract assets, net of current portion	121,761	90,280	31,481	34.87%	1.75%	1.51%
Property and equipment, net	1,072,100	1,075,445	(3,345)	(0.31%)	15.42%	17.93%
Other non-current asset	30,016	30,536	(520)	(1.70%)	0.43%	0.51%
Total Non-Current Assets	1,223,877	1,196,261	27,616	2.31%	17.60%	19.95%
TOTAL ASSETS	6,952,255	5,996,741	955,613	15.93%	100.00%	100.00%
LIABILITIES AND EQUITY						
Accounts and other payables	153,188	197,407	(44,220)	(22.40%)	2.20%	3.29%
Contract Liabilities - current	13,960	38,015	(24,055)	63.28%	0.20%	0.63%
Income tax payable	2,671	-	2,671	-	0.04%	0.00%
Lease liability	318	-	318	-	0.00%	0.00%
Loans and borrowings - current portion	1,073,161	782,701	290,461	37.11%	15.44%	13.05%

As of September 30, 2025 vs. as of December 31, 2024

(P in thousands)	Unaudited	As	Horizontal Analysis		Vertical Analysis	
	September 30, 2025	Restated December 31, 2024	(nominal)	(in %)	2025	2024
Total Current Liabilities	1,243,298	1,018,123	225,175	22.12%	17.88%	16.98%
Loans and borrowings, net of current portion	1,407,588	974,138	433,450	44.50%	20.25%	16.24%
Advances from related parties	168,159	173,929	(5,770)	(3.32%)	2.42%	2.90%
Defined benefit obligation	12,704	12,704	-	-	0.18%	0.21%
Total Non-Current Liabilities	1,588,451	1,160,770	427,681	36.84%	22.85%	27.18%
Share capital	2,500,000	2,500,000	-	-	35.96%	41.69%
Share premium	218,850	218,850	-	-	3.15%	3.65%
Retained earnings	1,390,645	1,087,987	302,658	27.82%	20.00%	18.14%
Actuarial gain (loss) on defined benefit obligation	11,011	11,011	-	-	0.16%	0.18%
Total Equity	4,120,506	3,817,848	302,658	7.93%	59.27%	63.67%
TOTAL LIABILITIES AND EQUITY	6,952,255	5,996,741	955,513	15.93%	100.00%	100.00%

Total Assets

Haus Talk and its Subsidiaries posted total assets of ₱6.95 billion as of September 30, 2025, representing a net increase of 15.93%, from ₱6.00 billion as of December 31, 2024. The growth was primarily driven by higher current receivables and real estate inventories.

Cash

The Company's cash decreased by 57.44% and had an ending balance of ₱104.00 million. The decrease is mainly attributable to the land acquisition and construction costs.

Current Receivables

Current receivables increased by 56.67%, reaching ₱1.120 billion as of September 30, 2025, driven mainly by higher operational advances mostly to buyers, suppliers and contractors.

Contract Assets (current)

Contract assets decreased by 3.70% mainly due to lower remaining equity portions of declared sales as these units progress toward bank take-out.

Real Estate Inventories

Real estate inventories increased by 23.11% or by ₱681.39 million due to ongoing development of units which form part of the real estate inventories.

Prepayments and Other Current Assets

Prepayments and other current assets decreased by 85.13%, mainly due to the utilization of prepaid expense during the period.

Receivables – net of current portion

Receivables, net of current portion increased by 34.87%, mainly due to sales declared with payment terms extending beyond 12 months.

Accounts and other payables

Accounts and other payables decreased by 22.40% or ₱44.22 million as of September 30, 2025 compared with December 31, 2024, primarily due to the settlement of outstanding trade payables and other accrued expenses during the period.

Contract Liabilities (current)

Contract liabilities – current, decreased by 63.28% or ₱24.06 million, primarily due to the recognition of the sales previously reflected as contract liabilities.

Current Loans and Borrowings

Loans and borrowings – current portion increased by 37.11% from December 31, 2024 to September 30, 2025 primarily due to loans obtained for land acquisition and to support ongoing project developments.

Non-current Loans and Borrowings

Loans and borrowings, net of current portion increased by 44.50% due to loan activities during the year.

Retained Earnings

Retained Earnings increased by 27.82%, reflecting higher sales and overall net income during the period.

As of December 31, 2024 vs. December 31, 2023

(P in thousands)	As restated		Horizontal Analysis		Vertical Analysis	
	December 31, 2024	December 31, 2023	(nominal)	(in %)	2024	2023
ASSETS						
Cash	244,378	211,855	32,523	15.35%	4.08%	4.22%
Receivables	762,917	244,838	518,079	211.60%	12.72%	4.88%
Contract assets - current portion	827,156	768,757	58,399	7.60%	13.79%	15.31%
Real estate inventories	2,948,627	2,626,815	321,811	12.25%	49.17%	52.33%
Prepayments and other current assets	17,404	12,039	5,364	44.55%	0.29%	0.24%
Total Current Assets	4,800,481	3,864,305	936,176	24.23%	80.05%	76.98%
Contract asset, net of current portion	90,280	90,110	170	0.19%	1.51%	1.80%
Property and equipment, net	1,075,445	1,046,538	28,907	2.76%	17.93%	20.85%
Other non-current asset	30,536	18,720	11,816	63.12%	0.51%	0.37%
Total Non-Current Assets	1,196,261	1,155,368	40,893	3.54%	19.95%	23.02%
TOTAL ASSETS	5,996,741	5,019,674	977,068	19.46%	100.00%	100.00%
LIABILITIES AND EQUITY						
Accounts and other payables	197,407	175,451	21,957	12.51%	3.29%	3.50%
Contract Liabilities - current	38,015	45,123	(7,108)	(15.75%)	0.63%	0.90%
Income tax payable	-	-	-	-	-	-
Lease liability	-	-	-	-	0.00%	-
Loans and borrowings - current portion	782,701	396,422	386,279	97.44%	13.05%	7.90%
Total Current Liabilities	1,018,123	616,996	401,127	65.01%	16.98%	12.29%
Loans and borrowings, net of current portion	974,138	713,986	260,152	36.44%	16.24%	14.22%
Advances from related parties	173,929	177,799	(3,870)	(2.18%)	2.90%	3.54%
Defined benefit obligation	12,704	7,095	5,609	79.06%	0.21%	0.14%
Total Non-Current Liabilities	1,160,770	898,879	261,891	29.14%	19.36%	17.91%
Share capital	2,500,000	2,500,000	-	-	41.69%	49.80%
Share premium	218,850	218,850	-	-	3.65%	4.36%
Retained earnings	1,087,987	771,174	316,813	41.08%	18.14%	15.36%
Actuarial gain (loss) on defined benefit obligation	11,011	13,775	(2,764)	(20.07%)	0.18%	0.27%
Total Equity	3,817,848	3,503,799	314,049	8.96%	63.67%	69.80%
TOTAL LIABILITIES AND EQUITY	5,996,741	5,019,674	977,067	19.46%	100.00%	100.00%

Total Assets

Haus Talk and its Subsidiaries posted total assets of ₱6.00 billion as of December 31, 2024, a net increase of 19.46%, from ₱5.02 billion as of year-end 2023.

Cash

The Company's cash increased by 15.35% or ₱35.52 million and had an ending balance of ₱244.38 million. The increase was derived from collections from prior year's and current year's sales and bank loan proceeds.

Receivables (current)

Current receivables rose by 211.60% mainly due to higher advances and sales already recognized but still awaiting bank take-out.

Contract Assets (current)

Current contract assets increased by 7.60% as these represent reported sales with remaining equity from buyers.

Real Estate Inventories

Real estate inventories rose by 12.25% during the period, driven by construction and development costs of ongoing projects.

Prepayments and Other Current Assets

The prepayments and other current assets increased by 44.55% or ₱5.36 million due to amortization of the prepayments.

Other Noncurrent Assets

Other noncurrent assets increased by 63.12% or ₱11.82 million due to the additional refundable deposits and increased deferred tax assets.

Accounts and Other Payables

Accounts and other payables increased by 12.51% or ₱21.96 million due to additional construction materials and services incurred during the period.

Contract Liabilities (current)

Current contract liabilities decreased by 15.75% or ₱7.11 million, primarily due to higher buyer reservations for house and lot units.

Loans and Borrowings (current)

The current portion of loans and borrowings increased by 97.44% or ₱386.28 million primarily due to additional funding requirements for the construction and development of projects, as well as to finance land acquisition activities.

Loans and Borrowings – net of current portion

Loans and borrowings, net of the current portion, increased by 36.44% or ₱260.15 million, also driven by the funding requirements of existing projects and the acquisition of new properties.

Defined Benefit Obligation

The Defined Benefit Obligation increased by 79.06% or ₱5.61 million, primarily due to the higher number of employees, longer service periods, and salary adjustments, which led to an increase in benefits earned during the year.

Retained Earnings

Retained Earnings increased by ₱316.81 million, representing a growth of 41.08%, reflecting the rise in sales and income.

The consolidated audited financial statements for the years ended December 31, 2024 and 2023 have been re-issued to reflect adjustments identified after the original issuance. These adjustments affect the previously reported profit or loss, certain reclassifications in the statements of financial position and cash flows under investing and financing activities.

The adjustments include the non-elimination of dividends received from affiliates in the consolidated financial statements, resulting in an overstatement of net income in 2023 but no effect in the consolidated retained earnings for both 2024 and 2023.

Comparative amounts for the prior period have been restated to reflect these adjustments. The effects of the adjustments on the previously reported consolidated financial statements as follows:

Line item	Amount	
	2024	2023
Consolidated statement of comprehensive income		
Other operating income		
Previously reported	12,491,008	38,621,508
Adjustments	-	(20,472,461)
Restated amount	<u>12,491,008</u>	<u>18,149,047</u>
Consolidated statement of changes in equity		
Retained earnings, end		
Previously reported	1,087,987,235	1,067,514,774
Adjustments	-	20,472,461
Restated amount	<u>1,087,987,235</u>	<u>1,087,987,235</u>

Actuarial Gain on the Defined Benefit Obligation

The actuarial gain on the defined benefit obligation decreased by ₱2.76 million, marking a decline of 20.07%, attributable to a change in assumption in actuarial valuation

As of December 31, 2023 vs. December 31, 2022

(₱ in thousands)	As restated	Audited	Horizontal Analysis		Vertical Analysis	
	December 31, 2023	December 31, 2022	(nominal)	(in %)	2023	2022
ASSETS						
Cash	211,855	51,715	160,140	309.66%	4.22%	1.20%
Receivables	244,838	585,482	(340,644)	(58.18)	4.88%	13.63%
Contract assets - current portion	768,757	-	768,757	-	15.31%	8.70%
Real estate inventories	2,626,815	2,507,806	119,009	4.75%	52.33%	58.38%
Prepayments and other current assets	12,039	14,259	(2,220)	(15.57%)	0.24%	0.33%
Total Current Assets	3,864,305	3,159,262	705,043	22.32%	76.98%	73.55%
Contract asset, net of current portion	90,110	92,186	(2,076)	(2.25%)	1.80%	2.15%
Property and equipment, net	1,046,538	1,026,234	20,304	1.98%	20.85%	23.89%
Other non-current assets	18,720	17,969	751	4.18%	0.37%	0.42%
Total Non-Current Assets	1,155,368	1,136,389	18,979	1.67%	23.02%	26.45%
TOTAL ASSETS	5,019,674	4,295,651	724,022	16.85%	100.00%	100.00%
LIABILITIES AND EQUITY						
Accounts and other payables	175,451	304,677	(129,226)	(42.41%)	3.50%	5.46%
Contract Liabilities - current	45,123	-	45,123	-	0.90%	0.00%
Income tax payable	-	6,004	(6,004)	(100.00%)	0.00%	0.14%
Lease liability	-	-	-	0.00%	0.00%	0.00%
Loans and borrowings - current portion	396,422	202,951	193,471	95.33%	7.90%	4.81%
Total Current Liabilities	616,996	513,632	103,364	20.12%	12.29%	11.96%
Loans and borrowings, net of current portion	713,986	223,073	490,913	220.07%	14.22%	5.19%
Advances from related parties	177,799	244,672	(66,873)	(27.33%)	3.54%	5.70%

As of December 31, 2023 vs. December 31, 2022

(₱ in thousands)	As restated December 31, 2023	Audited December 31, 2022	Horizontal Analysis		Vertical Analysis	
			(nominal)	(in %)	2023	2022
Defined benefit obligation	7,095	15,397	(8,302)	(53.92%)	0.14%	0.36%
Total Non-Current Liabilities	898,879	483,141	415,738	86.05%	17.91%	11.25%
Share capital	2,500,000	2,500,000	-	0.00%	49.80%	58.20%
Share premium	218,850	218,850	-	0.00%	4.36%	5.09%
Retained earnings	771,174	576,693	194,481	33.72%	15.36%	13.43%
Actuarial gain (loss) on defined benefit obligation	13,775	3,336	10,439	312.92%	0.27%	0.08%
Total Equity	3,503,799	3,298,878	204,920	6.21%	69.80%	76.80%
TOTAL LIABILITIES AND EQUITY	5,019,674	4,295,651	724,023	16.85%	100.00%	100.00%

Total Assets

Haus Talk and its Subsidiaries posted total assets of ₱5.02 billion as of December 31, 2023, a net increase of 16.85%, from ₱4.29 billion as of year-end 2022.

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Haus Talk and its Subsidiaries posted total assets of ₱5.02 billion as of December 31, 2023, a net increase of 16.85%, from ₱4.29 billion as of year-end 2022.

Total Current Assets

Total Current Assets increased by 22.32%, from ₱3.16 billion to ₱3.86 billion, primarily driven by higher cash balances and recognition of contract assets, partially offset by a significant reduction in receivables.

Cash

The Company's cash increased by 309.66% or ₱160.14 million and had an ending balance of ₱211.85 million. The increase was derived from collections from prior year's and current year's sales and bank loan proceeds at the end of the year.

Receivables (current)

Current receivables decreased by 58.18%, reaching ₱244.84 million as of December 31, 2023, largely attributable to the completion of bank take-outs and stronger collection efforts, resulting in the conversion of previously recognized sales into cash.

Contract Assets (current)

Contract assets – current portion increased by 105.62% mainly due to higher ongoing equity portions of declared sales awaiting bank take-out.

Prepayments and Other Current Assets

Prepayments and other current assets declined by ₱2.22 million or 15.57% mainly due to the utilization of prepaid expenses during the period.

Contract asset, net of the current portion

Contract asset, net of the current portion, decreased by ₱2.08 million or 2.25% mainly due to sales declared with payment terms extending beyond 12 months.

Total Current Liabilities

Total Current Liabilities increased by 20.12%, from ₱513.63 million to ₱617.00 million, primarily due to higher short-term borrowings.

Accounts and Other Payables

Accounts and other payables decreased by ₱129.22 million or 42.41% due to the payment of outstanding invoices from suppliers and subcontractors.

Income Tax Payable

Income tax payable decreased by ₱6 million or 100% due to tax incentives availed in the second and third quarters of 2023.

Loans and Borrowings – current portion

Loans and borrowings, the current portion, increased by ₱193.47 million or 95.33% due to drawdowns of bridge loans⁹ and bank loans.

Total Non-Current Liabilities

Total Non-Current Liabilities significantly increased by 86.05%, from ₱483.14 million to ₱898.88 million.

Loans and Borrowings – net of current portion

Loans and borrowings, net of the current portion, increased by ₱490.91 million, representing a growth of 220.07%, primarily due to the new acquisition of land.

Advances from related parties

Advances from related parties decreased by ₱66.87 million, indicating a decline of 27.33%, attributable to the repayment of advances.

Defined Benefit Obligation

Defined benefit obligation decreased by P8.30 million or 53.92% due to change in assumption in actuarial valuation

Retained Earnings

Retained Earnings increased by ₱194.48 million, representing a growth of 33.72%, reflecting the rise in sales and income.

Actuarial Gain on the Defined Benefit Obligation

The actuarial gain on the defined benefit obligation increased by ₱10.44 million, marking a surge of 312.92%, attributable to a change in assumption in actuarial valuation.

Other Disclosures Related to the Company's Financial Condition and Operations

The Company's business does not experience significant seasonality. While housing sales and construction activities may be affected by weather conditions, holidays, and economic factors at certain times of the year, these variations have not had a material effect on the Company's financial condition or results of operations during the periods covered by the financial statements.

Key Performance Indicators

The Company' top seven key performance indicators are listed below:

KEY PERFORMANCE INDICATORS: FOR THE 9 MONTHS PERIOD 2025 AND YEAR ENDED DECEMBER 31, 2024, 2023 & 2022				
	9M 2025	2024	2023	2022
Current Ratio ¹⁰	4.60:1	4.72:1	6.28:1	6.15:1
Debt to Equity Ratio ¹¹	0.69:1	0.58:1	0.43:1	0.30:1
Gross Profit Margin (%) ¹²	0.45:1	0.45:1	0.45:1	0.47:1
Before Tax Return on Sales (%) ¹³	0.26:1	0.26:1	0.25:1	0.28:1
Earnings per Share ¹⁴	0.12:1	0.15:1	0.10:1	0.06:1

⁹ The outstanding bridge loans amounting to ₱1.07 billion refers to the total current liabilities of the Company and are expected to be financed through internally generated cash flows and/or refinancing with existing or new financial institutions. The Company continues to assess its liquidity position and funding alternatives to ensure that sufficient resources are available to meet the obligations as they fall due.

¹⁰ Current Assets / Current Liabilities

¹¹ Total Liabilities / Stockholders' Equity

¹² Gross Profit / Revenues

¹³ Profit Before Tax / Revenues

¹⁴ Net Income / Outstanding Shares

KEY PERFORMANCE INDICATORS: FOR THE 9 MONTHS PERIOD 2025 AND YEAR ENDED DECEMBER 31, 2024, 2023 & 2022				
EBITDA ¹⁵ (in ₱)	335,340,753	402,007,454	294,553,235	194,980,977
Return on Equity ¹⁶	0.08:1	0.10:1	0.07:1	0.05:1

These key indicators were chosen to provide management with a measure of the Company's financial strength (i.e., Current Ratio, Debt to Equity Ratio, and Earnings before Interest and Taxes) and the Company's ability to maximize the value of its stockholders' investment in the Company (i.e., Return on Equity, Earnings per Share).

The Current Ratio shows the liquidity of the Company by measuring how much current assets it has over its current liabilities.

The Debt-to-Equity Ratio indicates how much debt the Company has incurred for each amount of equity in the Company. A higher ratio means that the Company is more aggressive in its use of capital.

Gross profit margin reflects the efficiency of a company in managing its production costs relative to its sales revenue.

The Income Before Tax Ratio is a financial metric that measures the profitability and efficiency of a company's operations by comparing its income before tax to its net sales or revenue. It is expressed as a percentage and provides insights into the company's ability to generate profits before tax obligations.

Earnings per share shows how much the Company is earning for each share that is currently issued and outstanding.

Earnings before interest taxes, depreciation and amortization indicate how much income the Company is generating from its entire operations before interest charges, taxes, depreciation and amortization are deducted.

Return on Equity shows how much profits the Company is making for each amount of equity invested in the Company.

Applying the above-mentioned KPIs to the Company's Subsidiaries as follows:

Tradition Homes, Inc.

KEY PERFORMANCE INDICATORS: FOR THE 9 MONTHS PERIOD 2025 AND YEAR ENDED DECEMBER 31, 2024, 2023 & 2022				
	9M 2025	2024	2023	2022
Current Ratio	19.95:1	17.66:1	13.23:1	4.34:1
Debt to Equity Ratio	2.52:1	3.25:1	3.25:1	4.19:1
Gross Profit Margin (%)	0.51:1	0.55:1	0.64:1	0.49:1
Before Tax Return on Sales (%)	0.20:1	-0.01:1	0.29:1	0.31:1
Earnings per Share	0.75:1	0.03:1	1.43:1	2.30:1
EBITDA (in ₱)	32,573,052	13,648,443	67,648,277	121,807,931
Return on Equity	0.16:1	0.01:1	0.32:1	0.76:1

Lifestyle Development Corp.

KEY PERFORMANCE INDICATORS: FOR THE 9 MONTHS PERIOD 2025 AND YEAR ENDED DECEMBER 31, 2024, 2023 & 2022				
	9M 2025	2024	2023	2022
Current Ratio	-	-	-	0
Debt to Equity Ratio	8.68:1	8.68:1	8.55:1	8.54:1
Gross Profit Margin (%)	-	-	-	0

¹⁵ Earnings before Interest, Taxes, Depreciation & Amortization computed as Net Income + Interest Expenses, Provision for Income Tax, Depreciation, Amortization

¹⁶ Net Income / Average Stockholders' Equity

KEY PERFORMANCE INDICATORS: FOR THE 9 MONTHS PERIOD 2025 AND YEAR ENDED DECEMBER 31, 2024, 2023 & 2022				
Before Tax Return on Sales (%)	NA	NA	NA	NA
Earnings per Share	-0.02:1	-0.02:1	-0.10:1	-0.30:1
EBITDA (in ₱)	(20,519)	(20,519)	(103,405)	(296,362)
Return on Equity	-	-	-	-

Financial Risk Disclosure

As of the date of this Prospectus, the Issuer has not spent on any research/development activities. There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

The Company is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.

While all the Company's loan agreements contain the typical default clauses in case of the occurrence of events of default, which includes, making the entire obligation due and demandable, in addition to imposition of penalties or interest, the Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.

Loan Agreements

Loans and Borrowings

The Company obtained loans to augment its funding for its operations. The outstanding balances of which as of September 30, 2025 are as follows:

Lender	Interest Rate	Terms	Security	Balance
Current				
Financing (Individual and Corporation)	11.00% - 15.00%	1 year	Secured	₱ 236,000,000
China Banking Corporation	7.63%	3 months	Secured	48,663,398
China Banking Corporation	7.41%	5 years	Secured	21,666,667
China Banking Corporation - CTS	7.50%	5 years	Secured	7,855,405
China Banking Corporation	8.65%	10 years	Secured	2,032,057
Sterling Bank of Asia	10.50%	5 years	Secured	10,512,492
Sterling Bank of Asia - CTS	9.00% - 11.00%	5 years	Secured	34,904,826
Security Bank Corporation	8.00%	5 years	Secured	95,531,915
Security Bank Corporation - CTS	7.50%-8.00%	2 years	Secured	601,361,588
Asia United Bank	8.30%	3 years	Secured	14,632,988
Subtotal				₱ 1,073,161,335
Non-current				
Financing (Individual and Corporation)	11.00% - 15.00%	2 years	Secured	₱ 173,000,000

<u>Lender</u>	<u>Interest Rate</u>	<u>Terms</u>	<u>Security</u>	<u>Balance</u>
China Banking Corporation	7.41%	5 years	Secured	43,333,333
China Banking Corporation - CTS	7.50%	5 years	Secured	13,529,536
China Banking Corporation	8.65%	10 years	Secured	4,229,497
Sterling Bank of Asia	10.50%	5 years	Secured	25,770,353
Sterling Bank of Asia - CTS	9.00% - 11.00%	5 years	Secured	445,413,569
Security Bank Corporation	8.00%	5 years	Secured	659,219,858
Security Bank Corporation - CTS	8.00%	5 years	Secured	41,531,139
Asia United Bank (Car loans)	9.25%	5 years	Secured	1,561,153
Subtotal				<u>₱ 1,407,588,439</u>
Total				<u>₱ 2,480,749,774</u>

Bridge Loan – Financing and Individual Corporation

The Company availed a financing loan from various individuals and corporations to be used exclusively to partially finance its land acquisition activities, with details as follows:

The Group borrowed a loan total of ₱70,000,000 with terms of two and three years with interest rates of 12.50% and 15%, respectively. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, equivalent to a total of 126,000,000 shares.

The Group borrowed a loan amounting to ₱30,000,000 with a term of two years and an interest rate of 12%. The loan is unsecured.

The Group borrowed a loan total of ₱128,000,000 with a term of one to two years with an interest rate of 12.0% to 12.50% and three years with an interest rate of 15%. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, equivalent to a total of 160,000,000 shares.

The Group borrowed a loan total of ₱181,000,000 from Atram Trust Corporation with a term of one to two years with an interest rate of 11%. The loan is secured by 108,600 sqm. property located in Mariveles, Bataan.

Asia United Bank - Term Loan

On February 10, 2023, the Group obtained a Credit Facility One from Asia United Bank amounting to ₱60,000,000 with a term of three years maturing on April 16, 2026. The loan is secured with a registered real estate mortgage over two properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, and Comprehensive Surety Agreement executed by Maria Rachel Madlambayan.

China Banking Corporation

The following loan agreements were entered into by the Group with China Banking Corporation:

Term Loan

On August 21, 2024, the Group secured a term loan facility from China Banking Corporation of up to ₱100,000,000. The proceeds shall be used to partially finance the land acquisition cost for the 1.65-hectares Amberwood Project and to partially finance the land development cost. On September 9, 2024 the initial drawdown was made amounting to ₱65,000,000 with a term of four years and interest rate of 7.4069% to partially finance the land acquisition cost for the Project. Secured with mortgaged properties as a collateral with a lot area of 10,000 sqm and 6,486 sqm.

Contract to Sell Purchase Facility

On July 27, 2018, the Group has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (“**CTSPF**”) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Group buyers under their respective Contracts to Sell (“**CTS**”). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers’ rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

The following loan agreements are entered into by THI with China Banking Corporation:

Contract to Sell Purchase Facility

On July 27, 2018, THI has been granted by China Banking Corporation of a CTSPF in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by THI’s buyers under their respective CTS. Whereas in consideration for the bank, THI has assigned in favor of the Bank all the buyers’ rights, interests and participation in their CTS balances in which the assignment shall be with recourse against THI.

Sterling Bank of Asia

The following loan agreements are entered into by the Company with Sterling Bank of Asia:

Term Loan

On October 26, 2023, the Company obtained a term loan from Sterling Bank amounting to ₱45,000,000 payable in 60 months inclusive of one year grace period on principal, with the purpose to reimburse the acquisition cost of the 16,041 sqm lot area located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The loan has an interest rate based on prevailing bank rate, fixed for one year and subject to annual repricing.

A Real Estate Mortgage was registered as a collateral.

CTS Financing Line

On March 12, 2019, the Company availed of the CTS Financing Line by Sterling Bank of Asia with one year availability with renewability, for the financing sale of house and lots from the housing projects of Celestis 1 and 2, Eastview Premiere and The Granary. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the CTS which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one month from the release date of loan. On December 7, 2023, the bank granted line increased in the amount of ₱100,000,000 having the Company total amount of ₱200,000,000 CTS Financing Line (with recourse).

The following loan agreements are entered into by THI with Sterling Bank of Asia:

CTS Financing Line

On March 12, 2019, THI availed of the CTS Financing Line by Sterling Bank of Asia with one year availability with renewability, for the financing sale of house and lots from the housing projects of Southview Homes – Sta. Rosa and Southview Homes – Calendola. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the CTS which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one month from the release date of loan. On December 7, 2023, the bank granted line increased in the amount of ₱100,000,000 having the Company total amount of ₱200,000,000 CTS Financing Line (With Recourse).

Security Bank – Term Loan

On December 22, 2024, the Company obtained another term loan from Security Bank Corporation¹⁷ amounting to ₱200,000,000 with a term of five years inclusive of one year grace period on principal, with the purpose to partially reimburse the Company for the payment of its additional 7.5-hectare property located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

On April 2, 2024, the Company obtained a term loan from Security Bank Corporation amounting to ₱80,000,000 with a term of five years. The loan has an interest rate of 8%.

On June 28, 2024, the Company obtained a term loan from Security Bank Corporation amounting to ₱100,000,000 with a term of five years. The loan has an interest rate of 8%.

A Real Estate Mortgage for the loan was registered as a collateral.

On April 25, 2025, the Company has been approved by Security Bank Corporation of a term loan in the amount of ₱500,000,000, with the purpose to partially support the acquisition of a 12.56-hectare land in Antipolo, Rizal owned by National Steel. On June 4, 2025, the drawdown was made amounting to ₱500,000,000 with five years term inclusive of one year grace period on principal payment. The loan has a fixed/floating rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

Security Bank Corporation - CTS Credit Facility

On June 19, 2024, the Company has been approved by Security Bank Corporation of a Purchase of Contract Receivables under CTS with Recourse for regular/in-house and bridge financing in the amount of ₱500,000,000, for the purpose of liquefying receivables from all their residential projects. Collateral documents for the financing are the Deed of Purchase of Receivables and Contract to Sell. The term for regular/in-house financing is co-terminus with the maturity of the CTS or maximum of 15 years, whichever comes early. Repayment shall be made in equal monthly amortization of principal and interest. The maximum term for bridge financing is 24 months payable in interest only while receivables are being bridged finance on a monthly basis. The entire principal is payable upon conversion to home loan or at the end of the term, whichever comes earlier. In May 2025, the bank granted line increased in the amount of ₱500,000,000 having the Company total amount of ₱1,000,000,000 Contract-to-Sell Credit Facility with Recourse.

There were no breaches of loan agreement terms such as any defaults of principal and interest of these loan borrowings during the period.

Relevant Accounting Guidance

PAS 23 – Borrowing Costs

Paragraph 8 of PAS 23 requires that borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset shall be capitalized as part of the cost of that asset.

Paragraph 5 defines a qualifying asset as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Paragraph 7 clarifies that inventories that are manufactured, or otherwise produced, over a short period of time are not qualifying assets, but inventories that require a substantial period of time to get ready for sale may qualify.

¹⁷ Security Bank Corporation is the parent bank of Security Bank Capital Investment Corporation, the Issue Manager, Underwriter and Bookrunner for the Offer. The proceeds from the Bonds will not be used to pay off any loans with Security Bank Corporation.

IFRIC Agenda Decision – Real Estate Development

The IFRIC concluded that unsold real estate inventories (work-in-progress units) in certain real estate development arrangements do not qualify as qualifying assets, where:

- The entity intends to sell partially constructed units as soon as a customer is identified; and
- Control of the work-in-progress is transferred to the customer upon signing of a contract.

Accordingly, borrowing costs related to such unsold inventories should not be capitalized.

Management Assessment and Accounting Conclusion

Management assessed that the capitalized borrowing costs relate solely to land acquisition and development activities, and not to the construction of residential units or unsold inventories (work-in-progress units).

The land development process necessarily takes a substantial period of time, as it involves:

- Land acquisition;
- Site development and land improvements;
- Installation of infrastructure and utilities; and
- Securing regulatory approvals, including the **License to Sell (LTS)**.

These activities are prerequisites for the land to be ready for its intended use in residential development and sale, and typically extend beyond a short period. Based on the Group's historical development experience and consistent application of this process over the years, management concluded that the adoption of the revised guidance did not result in a material impact on the consolidated financial statements.

Accordingly, land under development meets the definition of a qualifying asset under PAS 23, and the capitalization of borrowing costs during the development phase is appropriate.

The Group therefore concludes that:

- Borrowing costs directly attributable to land acquisition and development qualify for capitalization; and
- The IFRIC conclusion relating to unsold real estate inventories does not apply, as the borrowing costs capitalized do not relate to partially constructed residential units intended for immediate sale.

Accounting Treatment Applied

Borrowing costs incurred on specific and general loans used for land acquisition and development are:

- Capitalized during the development period, commencing when expenditures are incurred, borrowing costs are incurred, and activities necessary to prepare the asset for its intended use are in progress; and
- Cease to be capitalized when the land is substantially ready for its intended use, including completion of development works and issuance of the License to Sell.

This accounting treatment is consistent with PAS 23 requirements and reflects the substance of the Group's real estate development activities.

The details of the borrowing costs are summarized below:

	<u>2024</u>	<u>SEPT 2025</u>
Interest expense	135,935,454	121,403,232
Less: Expense outright	30,951,948	12,260,401
Borrowing cost capitalized	<u>104,983,506</u>	<u>109,142,831</u>

Land for development, not yet ready for sale: Pipeline Projects

	<u>2024</u>	<u>SEPT 2025</u>	<u>Capitalization Rate Specific Borrowings</u>
Amberwood	26,245,876	21,828,566	7.41%
Cornerstone	26,245,876	21,828,566	7.41%
Granary Extension	20,996,701	-	11.00%
Canvas	-	21,828,566	-
Hammond	20,996,701	16,371,425	10.50%
Ellery	10,498,351	3,274,285	10.50%
Molavera	-	4,802,285	8.00%
Whistlewood	-	19,209,138	8.00%
	<u>104,983,506</u>	<u>109,142,831</u>	

**Capitalization Rate
General Borrowings**

Interest on General Borrowings	<u>91,830,409</u>	<u>85,444,836</u>
Outstanding General Borrowings	1,583,362,062	1,879,466,929
	6%	5%

For general borrowings, the Company determines the capitalization rate by computing the weighted average of the borrowing costs applicable to all outstanding general borrowings during the reporting period. This capitalization rate is applied to the cumulative expenditures on qualifying assets, net of any specific borrowings.

The Group remains committed to maintaining the highest standards of financial integrity. Our reporting processes are designed to ensure continuous compliance with all relevant accounting standards, statutory requirements, and regulatory frameworks issued. Management believes that these adjustments further enhance the transparency and reliability of the Group's financial statements. The resulting adjustments will be reflected in the Consolidated Audited Financial Statements for the year ending December 31, 2025.

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RELATED PARTY TRANSACTIONS

In the normal course of business, the Group enters into transactions with related parties, primarily involving receivables from and payables to affiliates and stockholders. These transactions are undertaken to support the Group's operating requirements, including the provision of shared services and the settlement of intercompany trade transactions arising from ordinary business activities.

The related parties involved consist of affiliates and stockholders that have common ownership and/or control with the Group. Transactions with these related parties generally arise from the registrant's day-to-day operations and are conducted based on mutually agreed terms.

Transaction prices and settlement terms are determined through negotiations between the parties, taking into consideration the nature of the transactions, prevailing market practices, and the financial position of the parties involved. Receivables from and payables to affiliates represent trade receivables and payables in the ordinary course of business and are unsecured, non-interest bearing, settled in cash, and payable upon mutual agreement of the parties.

All material related party transactions are subject to prior approval by the Board of Directors. Material related party transactions are defined as those transactions, either individually or in aggregate over a 12-month period, that exceed 10% of the Group's total assets based on the latest audited financial statements. Non-material related party transactions are reviewed and approved by management in accordance with internal policies. The Group has not represented that such transactions have been formally evaluated for fairness by an independent party.

As of the reporting date, the Group has no significant ongoing contractual commitments arising from these related party transactions other than the outstanding receivable and payable balances disclosed in the financial statements.

The Group has no material transactions with parties that fall outside the definition of "related parties" under the relevant accounting rules but with whom the Group or its related parties have relationships that would enable the negotiation of terms that are not available from clearly independent third parties on an arm's-length basis.

Significant transactions with related parties as of September 30, 2025 and 2024, are as follows:

September 30, 2025

Related Party	Transactions	Outstanding Balance	Nature	Terms and Conditions
Advances from related party				
			Advances for working capital purposes;	
			Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
Stockholders	<u>(5,769,600)</u>	<u>168,159,119</u>		
	₱ <u>(5,769,600)</u>	<u>168,159,119</u>		

December 31, 2024

Related Party	Transactions	Outstanding Balance	Nature	Terms and Conditions
Advances from related party				
			Advances for working capital purposes;	
			Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
Stockholders	<u>(3,870,146)</u>	<u>173,928,719</u>		
	₱ <u>(3,870,146)</u>	₱ <u>173,928,719</u>		

September 30, 2024

<u>Related Party</u>	<u>Transactions</u>	<u>Outstanding Balance</u>	<u>Nature</u>	<u>Terms and Conditions</u>
Advances from related party			Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
Stockholders	<u>(3,373,517)</u>	<u>174,425,348</u>		
	₱ <u>(3,373,517)</u>	₱ <u>174,425,348</u>		

Receivable from and payable to affiliates and stockholders

Receivable from and payable to affiliates represent trade receivables and payables in ordinary course of business. These are unsecured, non-interest bearing, cash settlement and are payable upon mutual agreement of both parties.

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INDUSTRY OVERVIEW

This section contains information concerning the real estate industry in the Philippines, including certain financial information of certain competitors of the Company, which is sourced from their respective public filings and which includes certain and unreviewed financials. None of the Company or the Issue Manager, Underwriter and Bookrunner makes any representation as to the accuracy or completeness of this information. This information has not been independently verified by the Company or the Issue Manager, Underwriter and Bookrunner and should not be unduly relied on.

The information should not be relied upon in making, or refraining from making, any investment decision. The Industry Overview 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. Investors should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance.

PHILIPPINE ECONOMY

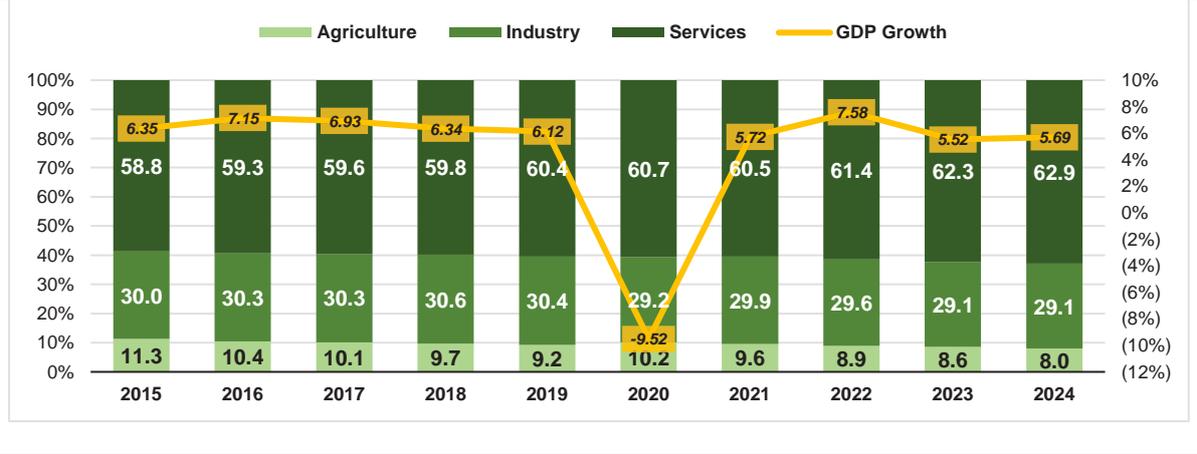
The Philippine economy has remained among Southeast Asia's faster-growing markets notwithstanding external headwinds. Following the pandemic-induced contraction of -9.5%, GDP rebounded by 5.7% in 2021, accelerated to 7.6% in 2022, and moderated to 5.5% in 2023 and 5.7% in 2024. In 2025, year-to-date GDP growth stood at 5.0% after a 4.0% year-on-year growth in the third quarter, reflecting tempered household consumption and a slowdown in public infrastructure spending during investigations into flood-control projects; nonetheless, services and agriculture posted gains and government consumption expanded 5.8% in Q3 2025. On December 11, 2025, the BSP reduced the policy rate by 25 basis points to 4.50% amidst inflation expectations for 2026 and 2027 at 3.2% and 3.0%, respectively. The reduction marked the BSP's fifth consecutive rate cut for the year, totaling 125 basis points.

Remittances remain a stable pillar of consumption and housing affordability. Personal remittances reached a record US\$38.34 billion in 2024 (+3.0% YoY), equivalent to 8.3% of GDP and 7.4% of Gross National Income ("GNI"), with the United States, Singapore, Saudi Arabia, and the UAE as key sources. The December 2024 monthly inflow peaked at US\$3.73 billion, consistent with seasonal support for household spending. As of September 2025, monthly personal remittances grew 3.2% YoY to US\$29.0 billion versus US\$28.1 billion in the year prior.

Historical Philippine GDP Growth

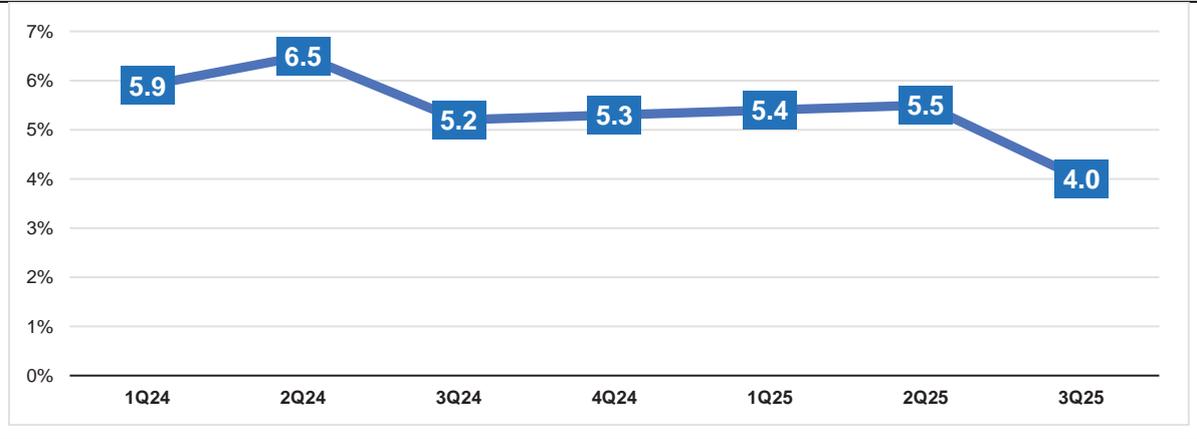
Over the past decade, the economy has averaged mid-single-digit growth, averaging 6.58% from 2015 to 2019, and 6.13% from 2021 to 2024, with over half of GDP attributable to the services sector, followed by industrials and agriculture. The 2020 pandemic disrupted the country's GDP trajectory, with the metric contracting by -9.5% during the year. Recovery began in 2021, when GDP grew 5.7%, followed by 7.6% in 2022, supported by reopening measures and pent-up consumer demand. Growth normalized to 5.5% in 2023 and 5.7% in 2024, reflecting a return to pre-pandemic trends. As of Q3 2025, economic growth has decelerated relative to pre-pandemic trend amid softer government spending and global uncertainty. However, year-to-date economic GDP growth of 5.0% (as of September 30, 2025) keeps the Philippines within the faster-growing ASEAN cohort.

Philippines Real GDP Growth and Contribution per Sector (2015 to 2024, at Constant 2018 prices)



Sources: World Bank; Philippine Statistics Authority

Philippines Real GDP Growth (1Q2024 to 3Q2025, YoY, in %)



Source: BSP

Economic Outlook

The International Monetary Fund’s (“IMF”) December 15, 2025 outlook places Philippine GDP growth at 5.1% in 2025, and improving to 5.6% in 2026, against a backdrop of global growth at around 3.2% per the IMF’s October 2025 World Economic Outlook. The outlook was attributable a sharper-than-expected slowdown in the third quarter of 2025.

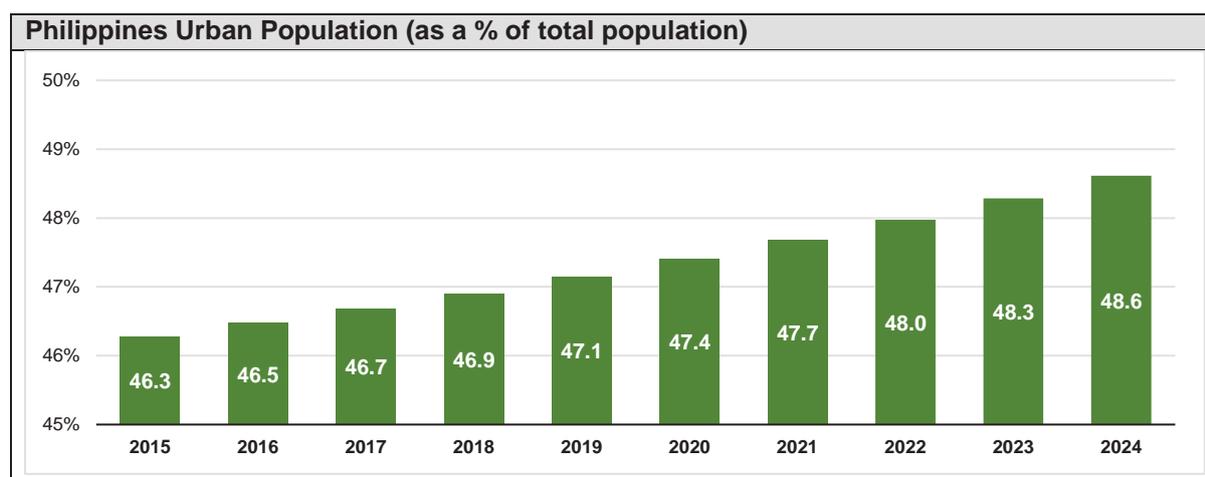
Domestically, BSP guidance highlights scope for accommodative policy as inflation expectations remain well-anchored (forecasted at 1.7% in 2025, ~3.2% in 2026, and ~3.0% in 2027). The policy rate which stands at 4.50% as of December 11, 2025, provides support for household borrowing and mortgaged demand, while the Government’s medium-term program seeks fiscal consolidation while protecting social spending and infrastructure, with targets adjusted to reflect global uncertainties.

Government policy reforms, such as the CREATE MORE Act, which reduces corporate income tax rates to 20% by 2027 and streamlines VAT refund processes, enhance the investment climate for developers. Infrastructure connectivity projects—including the Cavite–Laguna Expressway (CALAX), targeted for full completion in the first half of 2026, and the Bataan–Cavite Interlink Bridge, expected by 2030—are reshaping residential demand patterns by improving access to suburban and provincial growth areas.

Economic Drivers for Philippine Real Estate

Urban Population

Demographics continue to underpin medium-term demand. The official 2024 census population is 112.73 million, up 3.69 million from 2020, with the growth rate moderating to 0.80% annually in 2020 to 2024. CALABARZON, the National Capital Region (“NCR”), and Central Luzon collectively account for ~39% of the population—regions central to housing demand, employment and infrastructure connectivity. Urbanization trends remain strong; According to the World Bank, 48.6% of Filipinos lived in urban areas in 2024, up from 47.4% in 2020 and 46.3% in 2015. Ongoing infrastructure projects, such as the North-South Commuter Railway and new expressways, are enhancing connectivity and expanding residential catchments beyond Metro Manila. Looking forward, IMF projections (as of October 2025) see the population reaching 114.37 million in 2025, and 120.59 million by 2030; further contributing to overall demand, amidst a growing middle class and economic expansion.



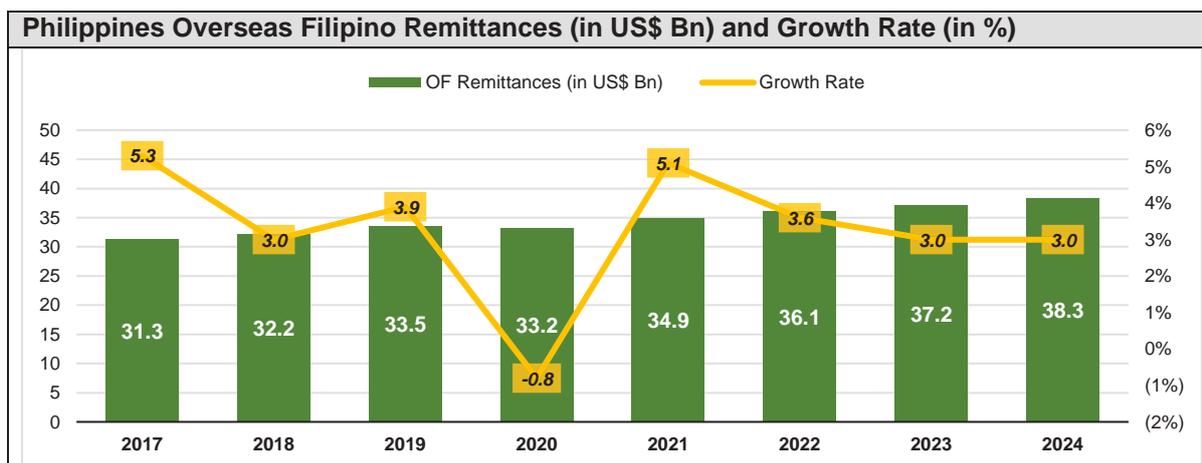
Source: World Bank

Overseas Filipino Remittances

From 2017 to 2024, Overseas Filipinos (OFs) remittances have been consistently providing inflows to the country’s households worth at least US\$30 billion. Based on data from the BSP, for full year 2024, cumulative personal remittances from OFs reached a record high of USD\$38.34 billion, higher by 3.0% than the USD\$37.21 billion level recorded in 2023. The full-year 2024 remittances represented 8.3% and 7.4% of the country’s GDP and GNI, respectively. In December 2024 alone, OF personal remittances expanded by 3.0% to an all-time high of USD\$3.73 billion from the USD\$3.62 billion figure recorded in December 2023. The increase was observed in remittances from both land-based and sea-based workers.

On the average, for the period of 2017 – 2024, personal remittances from OFs amounted to USD\$34.59 billion, representing an average annual growth rate of 3.3%.

With this enormous inflow to the Philippine households, of which most have the appetite for affordable-to-mid income residential properties, presents a huge market opportunity for mass housing developers to capture.



Source: BSP

Government Policy Drivers for Real Estate

The key policy drivers of the Government influencing the development of the real estate sector in the country include:

1. Housing Programs

Government initiatives such as socialized housing, affordable housing schemes, and public-private partnerships aim to address the national housing backlog and improve access to quality housing. These programs stimulate demand for residential development, particularly in the Economic and Mid-Market segments. Examples of these initiatives include the “Pambansang Pabahay Para sa Pilipino Program” (4PH Program). Launched in September 2022, the 4PH Program is the government’s flagship housing initiative which aims to address the country’s long-standing housing backlog problem by constructing and building one million housing units per year and eliminate the around 6.5 million housing unit backlog. The target beneficiaries of the program are primarily informal settler families and low-income earners. The program features various housing options such as horizontal and vertical development projects and aims to be sustainable through private sector financing with support coming from the government through subsidies to make homes affordable for the target beneficiaries. The 4PH Program is being spearheaded by the DHSUD in partnership with government financial institutions such as the Development Bank of the Philippines (DBP) and the Pag-IBIG Fund.

2. Infrastructure Development

Large-scale infrastructure projects such as transportation networks, expressways, bridges, airports and rail systems also promote growth and development of real estate by improving connectivity and opening new development corridors outside of the major cities and key urban areas. The government’s continued focus on infrastructure modernization significantly enhances land value and supports both commercial and residential expansion. In 2022, the administration of President Ferdinand R. Marcos, Jr. launched its flagship infrastructure undertaking via the Build Better More (BBM) program. The BBM program aims to address the country’s infrastructure gaps by coming up with high-impact development projects in the fields of transportation, health, digital connectivity, and other sectors to foster economic growth and improve the quality of life of the people. The program features 198 high-impact infrastructure projects with estimated investment cost totaling around ₱8.8 trillion to cover the period 2023 to 2028.

3. Economic Policies

Policies that promote investment, business growth and economic stability – such as tax reform initiatives, incentives for foreign and local investors and measures to support key industries – likewise influence and drive real estate activity. Economic zones, strengthened tourism policies and digitalization initiatives also create opportunities across commercial, industrial and mixed-used residential developments.

Examples of these tax initiatives is the CREATE Law or the Corporate Recovery and Tax Incentives for Enterprises Act (or Republic Act No. 11534) which was enacted in March 2021 to reduce corporate income tax as well as to rationalize fiscal incentives to attract investments and support businesses

recovering from the effects of the COVID-19 pandemic. The CREATE Law reduces the corporate income tax from 30% to 25% and an eventual decrease of 1% every year starting from 2023 to 2027, which will ultimately see a corporate income tax rate to 20% in 2027, will attract more business opportunities in the Philippine real estate sector.

In November 2024, President Marcos signed the CREATE MORE (Maximize Opportunities for Reinvigorating the Economy) Act (or Republic Act No. 12066), which clarified and expanded the original CREATE Law, and which sought to enhance and broaden incentives to help boost economic recovery, support enterprises, and attract foreign investment.

Population

The steadily growing population of the Philippines has been key to the accelerating growth of the country's economy. The expanding population with a demographic concentrated towards the younger working class continues to fuel the economy as this translates to a larger workforce. The growing population, along with the growth of the middle class, is also seen to be the driving force behind domestic consumption.

In July 2025, President Ferdinand R. Marcos Jr. declared as official the results of the 2024 Census of Population (POPCEN), which recorded the total population of the country at 112.73 million as of July 1, 2024. The census was conducted by the Philippine Statistics Authority (PSA) from July to September 2024, with July 1, 2024 as the reference date. According to the PSA, the country's population increased by 3.69 million from 109.04 million in 2020 to 112.73 million in 2024. The PSA, however, noted that the population growth rate slowed to 0.80% annually from 2020 to 2024, compared to the 1.63% growth rate from 2015 to 2020, citing that the slowdown in the growth rate may be driven by several interrelated factors, including declining fertility and birth rates, elevated mortality during the COVID-19 pandemic, and subdued migration activity.

According to the Highlights of the 2020 Census-Based National Population Projections of the PSA (under Scenario 2), the average annual growth rate is estimated to decline from 0.84% for the period 2020-2025 to 0.35% for the period 2050-2055. The Philippine midyear population is projected to reach 138.67 million by 2055 in a span of 35 years. Scenario 2 assumes a slow decline from 2.1 children in 2020 to 1.9 children in 2021 and 2022 and 1.9 children from 2025 until 2055.

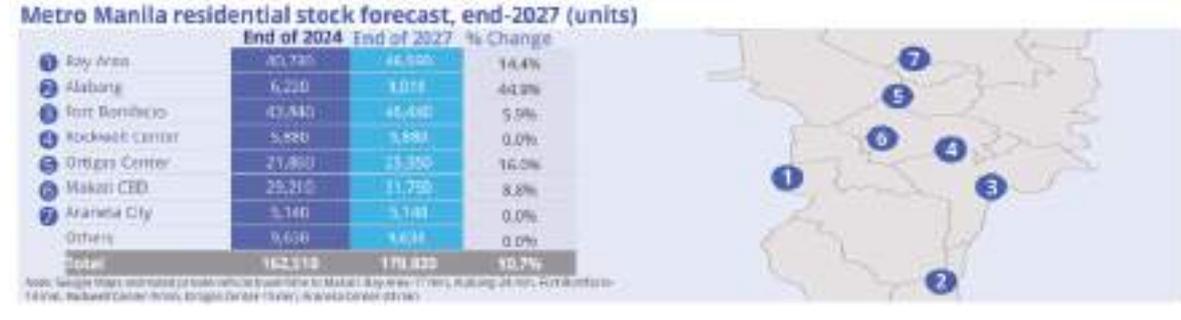
Meanwhile, the working age population (i.e. 15 to 64 years old) is expected to comprise 67.0% of the projected midyear population by 2055 from 64.0% of the mid-year population in 2020.

Overview of Philippine Residential Real Estate Market

Metro Manila remains the Philippines' largest and most liquid residential market, though vacancy rates have risen following the COVID-19 pandemic and the exodus of certain demand drivers such as offshore gaming operators. Developers have responded with aggressive ready-for-occupancy ("RFO") promotions and flexible payment schemes, which have helped revive demand in the mid-income segment. Fringe locations such as the C5 Corridor and parts of Quezon City and Pasig are attracting buyers seeking value and accessibility. Outside Metro Manila, provincial hubs like Cebu, Pampanga and Davao continue to gain traction, supported by township developments and infrastructure upgrades.

In Q3 2025 Colliers reported net take-up surging by 108% quarter-on-quarter to 5,900 units (the highest in nine quarters). Completions reached 1,510 units, 82% higher than the 830 units delivered in Q3 2024, attributable to the completion of new projects in Fort Bonifacio and the Bay Area. The affordable to mid-income price segments accounted for more than 90% of net take up in 9M 2025; with Colliers noting that the ₱2.5 to ₱7.0 million price range is particularly rebounding, attributable to appeal from Filipinos working outside of the country, as well as local employees. Overall, Colliers projects full-year 2025 supply to increase by 8,620 units, followed by slower completion from 2026 to 2029, partly due to tempered condominium launches in major Metro Manila Commercial Business Districts ("CBDs"). Meanwhile, Colliers believes that the demand for integrated communities will extend beyond Metro Manila, attributable to the growing interest for a live-work-play lifestyle among end users and, with masterplanned communities rising as investors look for viable property investments outside Metro Manila.

Metro Manila Residential Stock Forecast

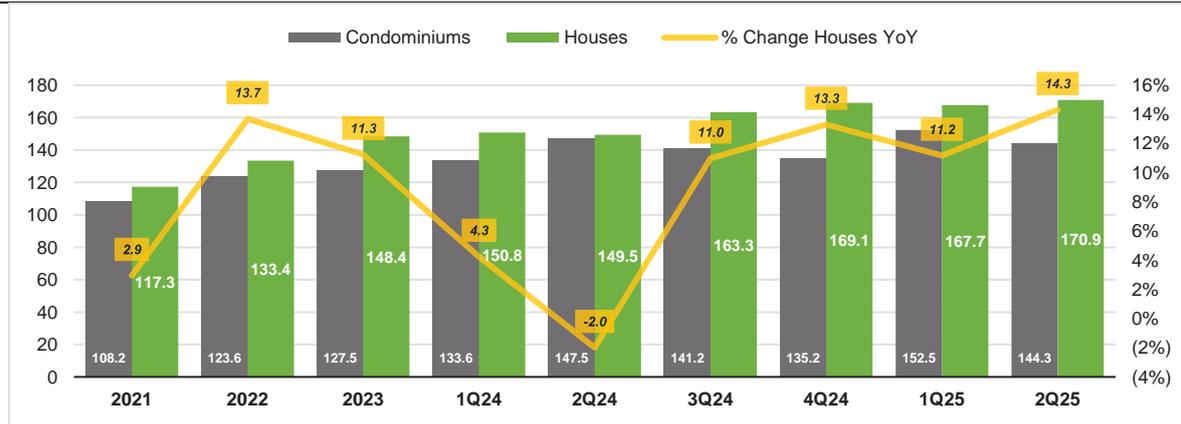


RESIDENTIAL DEMAND AND SUPPLY

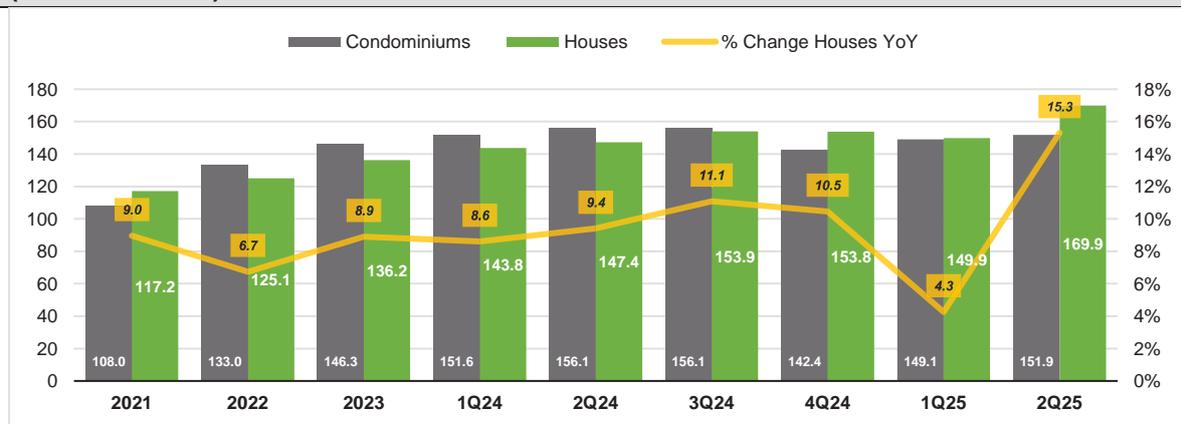
Residential Real Estate Prices

Residential real estate prices continue to exhibit an upwards trajectory for both NCR and Greater Manila Area (“GMA”) properties. Per data released by the *BSP*, house prices in the NCR and GMA areas rose by 14.3% and 15.3% in 2Q 2025 compared to the same period on the prior year, respectively. It is worth noting that house prices in the GMA area have begun to outpace condominium prices in 2Q 2025, presenting an opportunity for horizontal developers to capitalize on rising prices.

Philippines NCR Residential Property Price Index (2021 to 2Q2025)



Philippines Greater Manila Area Residential Property Price Index (2021 to 2Q2025)

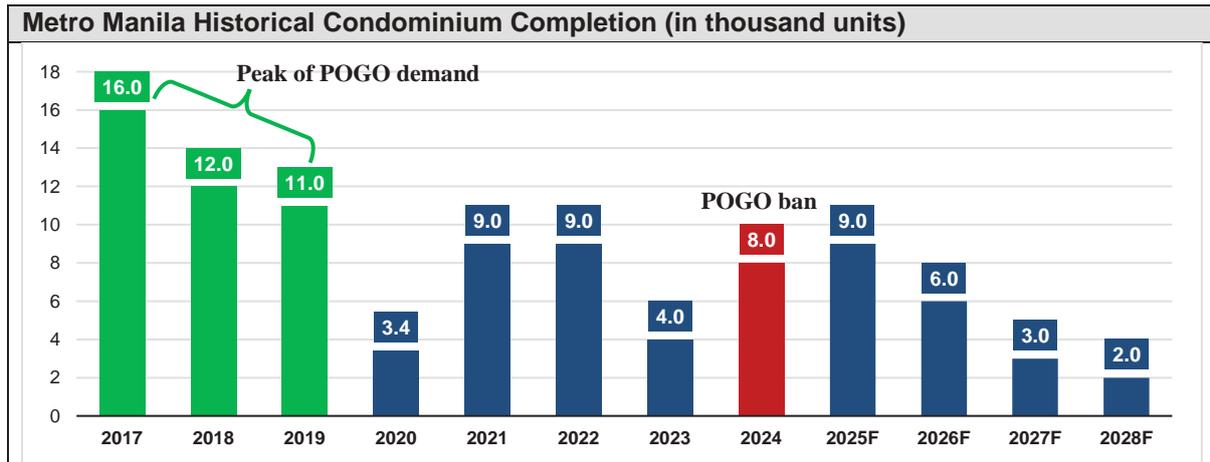


REAL ESTATE MARKET OUTLOOK

The condominium market in Metro Manila remains in the latter phases of digesting the elevated inventory that accumulated after the POGO ban and intense supply waves of 2020 to 2023. As of the

third quarter of 2025, Colliers states the vacancy rate stands at approximately 25%, with a projected peak of 26.5% by the end of the year. Absorption has improved markedly, with 3Q 2025 recording net take-up of 5,900 units—the highest quarterly figure in nine quarters—led by mid-income projects in the ₱3.2 million to ₱12.0 million price band, which captured 77% of aggregate net demand. New launches in the first nine months of 2025 totaled 10,800 units, of which 64% were mid-income. Capital values declined 0.2% quarter-on-quarter in Q3, and rental rates are expected to correct by approximately 1.2% in 2025 as the market continues to absorb excess stock.

From 2026 onwards, Colliers forecasts annual completions to fall sharply to an average of 3,600 units (compared with the pre-pandemic average of approximately 13,000) units, which should facilitate a meaningful reduction in vacancy and the restoration of pricing power beginning in 2026 to 2027. Core CBD submarkets such as Makati, Rockwell and Ortigas continue to demonstrate the strongest fundamentals, maintaining vacancy rates below 15%.



Source: Colliers

In contrast, the horizontal residential segment in Southern Luzon—particularly Cavite, Laguna and Batangas, continues to exhibit the strongest performance in the country. Colliers reports that cumulative take-up rates as of the end of 2Q 2025 stand at 94% for house-and-lot projects, 93% for lot-only developments and 87% for condominium projects in the region. The BSP Residential Real Estate Price Index for the “Balance Greater Manila Area” recorded price growth of 13.2% year-on-year and 11.7% quarter-on-quarter in 2Q 2025, for houses and condominium units combined, the highest nationwide. Colliers reports that asking prices in premium locations have reached up to ₱332,000 per square meter for luxury condominiums in Cavite, and approximately ₱252,000 per square meter for upscale vertical developments in Laguna, while lot-only projects in established townships are experiencing compound annual price growths of 2% to 15%.

This sustained performance is partially attributable to several structural factors that are expected to remain in place through 2026 to 2027: the completion of major expressway projects (including the full opening of CALAX in 2026 and the NLEX-SLEX Connector), steady OFW remittances, the ongoing preference for horizontal formats driven by hybrid work arrangements, rapid expansion of industrial and BPO parks across the region, and the explicit strategic shift by major developers away from Metro Manila condominium exposure towards master-planned horizontal and mixed-use townships in Southern Luzon.

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PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

Prospective purchasers of the Bonds are urged to consult their own tax advisors as to the particular tax consequences of the ownership and disposition of a bond, including the applicability and effect of any local or foreign 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 doing 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 doing business in the Philippines." A "resident foreign corporation" is a non-Philippine 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.

Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Law**"), took effect. The TRAIN Law amended certain provisions of the National Internal Revenue Code of 1997 ("**Tax Code**") by simplifying income tax, estate and donor's taxes, expanding the VAT base and introducing additional items that would be subject to excise taxes. It is the first of five packages of the Comprehensive Tax Reform Program of the Government.

On April 11, 2021, Republic Act No. 11534, or the CREATE Act took effect. The CREATE Act is the second package of the tax reform program of the Government which brought about numerous changes with respect to corporate income tax rates, capital gains tax on the sale of shares of stock not traded in the stock exchange, among others.

Below are some of the salient provisions of the CREATE Act:

- (i) Effective July 1, 2020, corporate income tax is reduced from 30% to 25% imposed upon the taxable income derived during each taxable year from all sources within and without the Philippines by every domestic corporation.¹⁸

Domestic corporations with a net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million, excluding the land on which the particular business entity's office, plant and equipment are situated during the taxable year for which the tax is imposed, shall be taxed at 20%.

- (ii) Effective July 1, 2020, income tax at the rate of 25% of the taxable income derived from all sources within the Philippines is imposed on foreign corporations engaged in trade or business

¹⁸ The term 'corporation' shall include OPCs, partnerships, no matter how created or organized, joint stock companies, joint accounts, associations, or insurance companies, but does not include general professional partnerships and a JV or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal and other energy operations pursuant to an operating consortium agreement under a service contract with the Government.

in the Philippines.

- (iii) Effective January 1, 2021, a foreign corporation not engaged in trade or business in the Philippines shall pay a tax equal to 25% of the gross income received during each taxable year from all sources within the Philippines.
- (iv) Effective July 1, 2020 until 30 June 2023, the minimum corporate income tax rate (“**MCIT**”) is reduced from 2% to 1% on the gross income of domestic and resident foreign corporations. Any excess of the MCIT over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Subject to certain conditions, the MCIT may be suspended for corporations which suffer losses on account of a prolonged labor dispute, or because of force majeure, or because of legitimate business reverses. Effective July 1, 2023, the MCIT reverts to 2%.
- (v) Effective January 1, 2022, regional operating headquarters shall be subject to the regular corporate income tax of 25% or MCIT of 1% (until June 30, 2023)/ 2%, whichever is higher.
- (vi) The improperly accumulated earnings tax shall no longer be imposed on corporations upon the effectivity of the CREATE Act onwards.
- (vii) A final tax at the rate of 15% is imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange, or other disposition of shares of stock in a domestic corporation, except shares sold or disposed of through the stock exchange.

On November 28, 2024, Republic Act No. 12066, or the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (“**CREATE MORE**”) Act, took effect. On February 17, 2025, the CREATE MORE IRR was signed. CREATE MORE expanded the CREATE Act and enhanced the tax incentives granted under CREATE.

Below are some salient provisions of CREATE MORE:

- (i) A reduced corporate income tax rate of 20% applies to Registered Business Enterprises (“**RBEs**”) under the Enhanced Deductions Regime (“**EDR**”) on taxable income derived from registered projects or activities.
- (ii) Domestic Market Enterprises (“**DMEs**”) that have an investment capital of exceeding ₱15 billion and are either import-substituting, or with export sales of at least USD100 million are entitled to avail of VAT zero rate on local purchases and VAT exemption on importation.
- (iii) VAT zero-rating for local purchases of goods and services was clarified to include services that are incidental to and reasonably necessary for the registered activity of the RBEs, including but not limited to janitorial, security, financial, consultancy, marketing and promotional services, and administrative operations such as human resources, legal, and accounting services.
- (iv) A local tax on RBEs (“**RBELT**”) at a rate of up to 2% of gross income, in lieu of all local taxes and fees, may be imposed by LGUs on RBEs enjoying the income tax holiday or EDR.

On May 30, 2025, President Marcos, Jr. signed into law Republic Act No. 12214, or Capital Market Efficiency Promotion Act (“**CMEPA**”) which took effect on July 1, 2025. The key provisions of CMEPA, include, but are not limited to, reduction of tax on the sale or exchange of shares of stock listed and traded through the PSE from 0.6% to 0.1%; and the reduction of documentary stamp tax on the original issue of shares of stock from 0.1% to 75% of 1% of the par value of shares of stock.

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20%. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% withholding tax while that received by non-resident aliens not engaged in trade or business is taxed at the rate of 25%. Interest income received by domestic corporations and resident foreign corporations is taxed at the rate of 20%. Interest income received by non-resident foreign

corporations is subject to a 25% final withholding tax. The tax withheld constitutes a final settlement of Philippine income tax liability with respect to such interest.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

Given the above, all Bondholders are required to provide the Issuer through the Paying Agent their valid TIN issued by the BIR and/or otherwise comply with the requirements of the BIR to avail of preferential treaty rates, as may be applicable.

Tax-Exempt Status

Bondholders who are exempt from or are not subject to final withholding tax on interest income may claim such exemption by submitting the necessary documents. Said Bondholder shall submit the following requirements to the Registrar, or to the Issue Manager, Underwriter and Bookrunner (together with their completed Application to Purchase) who shall then forward the same to the Registrar: (i) certified true copy of the tax exemption certificate issued by the BIR; (ii) a duly notarized undertaking, in prescribed form, declaring and warranting its tax-exempt status, undertaking to immediately notify HTI of any suspension or revocation of the tax exemption certificate and agreeing to indemnify and hold HTI free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities; provided further that, all sums payable by HTI to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption or reasonable evidence of such exemption to the Registrar.

Bondholders may transfer their Bonds at anytime, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with non-tax exempt entities shall be treated as non-tax exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Register of Bondholders after the Bonds are listed on PDEX shall be allowed between non-tax exempt and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTTC.

A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under the Section entitled "*Payment of Additional Amounts; Taxation,*" within three days of such transfer.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by Philippine-registered dealers in securities and lending investors shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less cost of the securities sold.

"Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Bank and non-bank financial intermediaries are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less	5%
Maturity period is more than five years	1%

In case the maturity period referred above is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds shall be taxed at 7%.

Documentary Stamp Tax

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of 75% of 1% of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by HTI for its own account.

Taxation on Sale or Other Disposition of the Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 0% to 35% for individuals who are Philippine citizens, whether residents or non-residents, or resident foreign individuals or non-resident aliens engaged in trade or business, final withholding tax for non-resident alien not engaged in trade or business, 25% regular corporate income tax or 20% regular corporate income tax for domestic corporations with net taxable income not exceeding ₱5 million and with total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 million, or 2% MCIT, as the case may be, for domestic and resident foreign corporations, and 25% final withholding tax for non-resident foreign corporations. If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross income.

Under the Tax Code, as amended by CMEPA, gains realized by an investor upon redemption of shares of stock in a mutual fund company, or units of participation in a mutual fund or unit investment trust fund shall be excluded from gross income, provided, that prior to such redemption, final taxes due on realized gains have been previously withheld at the level of the underlying assets.

Moreover, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a fixed rate of 6%. A Bondholder shall be subject to donor's tax at the rate of 6% based on the total gifts in excess of ₱250,000 exempt gift made during the calendar year, whether the donor is a stranger or not.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate

or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and donor's tax, in respect of the Bonds, shall not be collected (i) if the deceased, at the time of 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 (ii) if the laws of the foreign country of which the deceased 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 the foreign country.

In case the securities 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 securities exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, a sale, exchange, or other transfer 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.

Documentary Stamp Tax

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal of the Bonds, documentary stamp tax is payable anew.

Taxation Outside the Philippines

The tax treatment of non-resident Bondholders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such Bondholder by reason of domicile or business activities and such Bondholder's particular situation. This Prospectus does not discuss the tax considerations on such non-resident Bondholders under laws other than those of the Philippines.

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REGULATORY AND ENVIRONMENTAL MATTERS

The principal statutes for the regulation and development of real property as part of a subdivision are Presidential Decree No. 957 "The Subdivision and Condominium Buyer's Protective Decree ("P.D. 957") and Batas Pambansa Blg. 220 ("B.P. 220").

The laws cover subdivision projects and all areas for residential, commercial, industrial and recreational purposes, and condominium projects for residential or commercial purposes. The Human Settlements Adjudication Commission ("HSAC") is the administrative agency of the Government responsible for enforcing these decrees and holds the jurisdiction to regulate the real estate trade and business.

The project area of subdivision and condominium plans for residential, commercial, industrial and other development projects require the approval of the LGU of the area. The development of subdivision and condominium project can commence only after the LGU has issued the development permit.

Further, all subdivision plans and condominium project plans are required to be filed with and approved by the DHSUD. Approval of such plans is conditional on various factors such as the financial, technical and administrative capabilities of the developer. Any alterations of approved plans, which affect significant areas of the project (i.e. infrastructure and public facilities) also require prior approval of the DHSUD and the written conformity or consent of the affected homeowners' association, or in the absence of the latter, by the majority of the lot or unit buyers in the subdivision or condominium.

Owners of, or dealers in, real estate projects are also required to obtain licenses to sell before selling or offering lots or real estate projects to the public. Dealers, brokers and salesmen are also required to register and acquire a DHSUD permit pursuant to Republic Act No. 9646 or the Real Estate Service Act of the Philippines.

A license to sell is required before any subdivision or condominium units may be offered for sale. A performance bond is to be provided before a license to sell is issued, this is to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewage, water system, lighting systems, and full development of the subdivision or condominium project and compliance by the owner or dealer with the Applicable Law and regulations.

The project permits and licenses to sell issued may be suspended, cancelled or revoked by the DHSUD, either by itself or upon the complaint of an interested party. The possible reasons for suspension, revocation or cancellation of the permits or licenses include insolvency or violation of any of the provisions of P.D. 957. The suspensions, cancellation or revocation may only happen after a notice to the developer has been served and all parties have been given an opportunity to be heard, in compliance with the DHSUD's rules of procedure and other Applicable Laws.

Subdivision Projects

There are mainly two types of residential subdivision developments, distinguished by different development standards issued by the DHSUD. The first type of subdivision, Economic and Socialized Housing, must comply with B.P. 220. The law allows for higher density in buildings and relaxes some construction standards. All other subdivisions must comply with P.D. 957, which sets out standards for lower density developments. Both types of development must comply with standards set for 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.

B.P. 220: An Act Authorizing the Ministry of Human Settlements to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural Areas from those Provided under Presidential Decrees Numbered Nine Hundred Fifty-Seven, Twelve Hundred Sixteen, Ten Hundred Ninety-Six, and Eleven Hundred Eighty-Five

B.P. 220 provides for the rules and standards that shall apply for the development of economic and socialized housing projects in urban and rural areas, whether for the development of a house and lot, or a house, or a lot only. Pursuant thereto, the Revised Implementing Rules and Regulations ("RIRR") of B.P. 220 was promulgated, wherein the Minimum Design Standards and Requirements for Economic and Socialized Housing Projects were laid out, providing for the minimum requirements which must pass the generally accepted levels of safety, health and ecological considerations.

The parameters used in formulating the Design Standards are the following:

- a) Protection and safety of life, limb, property and general public welfare
- b) Basic needs of human settlements, enumerated in descending order:
 - i. Water
 - ii. Movement and circulation
 - iii. Storm drainage
 - iv. Solid and liquid waste disposal
 - v. Park/playground
 - vi. Power
- c) Affordability level of the target market, wherein “affordable cost” refers to the most reasonable price of land and shelter based on the needs and financial capability of Program Beneficiaries and Appropriate Financing Schemes
- d) Location, as economic and socialized housing projects must be located within suitable sites for housing, and outside potential hazard-prone and protection areas

The minimum lot area for various types of housing for economic and socialized housing projects are as follows:

TABLE ●●: B.P. 220 MINIMUM REQUIREMENTS FOR SOCIALIZED AND ECONOMIC HOUSING		
TYPE OF HOUSING	ECONOMIC (SQM)	SOCIALIZED (SQM)
a. Single detached	72	64
b. Duplex / Single attached	54	48
c. Row houses	36	28

However, the price of saleable lots intended for single detached units shall not exceed 40% of the maximum selling price of the house and lot package.

The RIRR further requires that the floor area requirement of a single-family dwelling, the minimum is 22 square meters for economic housing, and 18 square meters for socialized housing. In addition, the minimum level of completion is the complete house (based on the submitted specifications) for economic housing, and the shell house with doors and windows to enclose the unit for socialized housing.

The RIRR also provides for the minimum requirements and guidelines for other Parameters, such as Water Supply, Electric Power Supply, Sewage Disposal System, Drainage System, Garbage Disposal System, and Firefighting.

Under current regulations, a developer of a residential subdivision covered by P.D. 957 and the land has an area of one hectare or is required to reserve at least thirty 30% of the gross land area, the portion would be non-saleable and would be used for common uses, including roads and recreational facilities. A developer of a subdivision is also required to reserve at least 3.5% of the gross land area for parks and playgrounds.

Republic Act No. 7279: Urban Development and Housing Act of 1992

Republic Act No. 7279, also 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 20.0% 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 DHSUD and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 20.0% of the total area of the main

subdivision project or allocate and invest an amount equal to 20.0% of the main subdivision total project cost, which shall include the cost of the land its development as well as the cost of housing structures therein, or they may engage 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. Revenue Memorandum Order No. 48-2025 issued by the BIR on 19 December 2025, streamlines the requirements for the issuance of a CTE for such socialized housing projects. The BIR will issue the CTE upon submission of a complete application for the issuance of a CTE together with a Socialized Housing Certification issued by the government agency that registered the project, such as, for example, the DHSUD or the BOI.

Republic Act No. 6552: Maceda Law

Republic Act No. 6552, also known as the Realty Installment Buyer Act (the “**Maceda Law**”), applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installment are granted a grace period of one month for every year of paid installment to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50.0% of the total payments made by the buyer, with an additional 5.0% per annum in cases where at least five years of installments have been paid, but the total should not exceed 90.0% of the total payments. Buyers who have paid less than two years of installment and who default on the same are given a 60-day grace period to pay all unpaid installment before the sale can be cancelled, but without right of refund.

Socialized Housing Compliance

Republic Act No. 7279: Urban Development and Housing Act of 1992

Enacted on 27 July 2015, Republic Act No. 10884, otherwise known as the “Balanced Housing Development Program Amendments” amends certain provisions of Republic Act No. 7279.

It covers all and new residential subdivisions and new residential condominium projects, with applications for approval of development permits filed with either the LGU or DHSUD. It also covers all existing residential subdivisions and existing residential condominium projects with applications for expansion or alteration resulting to an increase in the total project area or total project cost of the original residential subdivisions or residential condominium projects filed with the LGU or DHSUD upon its effectivity.

R.A. No. 10884 provides for the definition of Socialized Housing as “housing programs and projects covering houses and lots or home lots only, or residential condominium units undertaken by the government or the private sector for the underprivileged and homeless citizens which shall include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with the provisions of this Act.”

Under said law, owners and developers are required to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or the total subdivision project cost. It may choose its mode of compliance, subject to the pertinent guidelines, requirements, and procedures that may be promulgated by the HLURB (DHSUD). The different modes of compliance are as follows:

1. Development of socialized housing in a new settlement;
2. Joint venture projects for socialized housing with:
 - a. LGUs or any of the housing agencies;
 - b. Another private developer
 - c. Non-governmental organization engaged in the provision of socialized housing and duly-accredited by the HLURB
3. Participation in a new project under the community mortgage program

Joint Memorandum Circular No. 2025-001: Price Ceiling for Socialized Housing

On 1 December 2025, the DHSUD and the Department of Economy, Planning and Development (“**DEPDEV**”) issued Joint Memorandum Circular No. 2025-001, providing for adjustments of the price ceiling for socialized subdivision and condominium projects under BP 220.

For socialized house and lot packages, the maximum selling price, inclusive of land, land development, and house or unit construction, is set at ₱844,440 for units with a floor area of a minimum of 24 sqm to 26 sqm, and ₱950,000 for units with a minimum floor area of 27 sqm and above. In computing floor area, lofts and mezzanines are excluded, fractional measurements are disregarded with floor area stated in whole numbers only, and units below 24 sqm cannot be issued a License to Sell under the new ceiling; moreover, provided the ₱950,000 cap is not exceeded, no maximum total floor area is prescribed. For lot-only packages, the price may not exceed 40 percent of the applicable house-and-lot ceiling, based on a single detached structure.

For socialized condominium projects, the base price ceilings are ₱1,280,000 and ₱1,500,000 for three to five-storey buildings (for 24–26 sqm units and 27 sqm and above units, respectively), and ₱1,600,000 and ₱1,800,000 for buildings above five storeys. For projects in the National Capital Region and other Highly Urbanized Cities, allowable adjustments to condominium selling prices may be added to the base ceiling depending on BIR zonal land values, subject to maximum add-ons ranging from ₱50,000 to ₱200,000. These adjustments apply only to socialized condominium projects and only to new License to Sell applications, and must be supported by a BIR certificate of zonal valuation for the project location.

The DHSUD and DEPDEV issued the implementing rules and regulations relating to Joint Memorandum Circular No. 2025-001 on 22 December 2025.

Home Development Mutual Fund or the Pag-IBIG Fund

The Home Development Mutual Fund, more properly known as the Pag-IBIG Fund (“**Pag-IBIG**”), was established on 11 June 1978 by virtue of Presidential Decree No. 1530 to provide a national savings program and affordable shelter financing for Filipino workers. Pag-IBIG is a mutual provident savings system for private and government employees and other earnings groups, supported by matching mandatory contributions of their respective employers with housing as the primary investment. Pag-IBIG is statutorily mandated to provide financial assistance for the housing requirements of its members and allot not less than 70.0% of its investible funds for deployment of housing loans to qualified buyers.

Benefits of Pag-IBIG members include availing 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. The housing loan proceeds may also be used to refinance an existing housing loan with an institution acceptable to Pag-ibig, provided that, the account reflects a perfect repayment history for at least one year prior to date of application, as supported by the borrower’s official receipts.

To qualify for a Pag-IBIG housing loan, a member must not be more than 65 years old at the date of loan application nor more than 70 years old at loan maturity. Further, said member must have been a member under Pag-IBIG Membership Program for at least 24 months, as evidenced by the remittance of at least 24 monthly mandatory savings at the time of loan application.

A qualified Pag-IBIG member may borrow up to a maximum amount of ₱6,000,000.00, depending on the member’s actual need, his loan entitlement based on gross monthly income, his loan entitlement based on capacity to pay, and the loan-to-appraisal value ratio, whichever is lower. The housing loans are charged with interest rates based on Pag-IBIG’s pricing framework. Said interest rates are re-priced periodically depending on the chosen re-pricing period of the borrower whether it is after every three, five, 10 or 15 years. Members are allowed a maximum repayment period for the loan of 30 years.

There are two modes of applying for a Pag-ibig 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 Pag-IBIG’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 quality of the Pag-IBIG'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.

The developer receives, evaluates, pre-processes and approves the housing loan applications of Pag-IBIG's member borrowers in accordance with the applicable guidelines set by Pag-IBIG for housing loan programs. For applications secured by CTS, the developer executes a Contract-to-Sell with the Pag-IBIG member to cover the purchase of the residential property or lot to be used as collateral for the Pag-IBIG housing loan. With the conformity of the borrower, the developer then executes a Deed of Assignment assigning the CTS in favor of Pag-IBIG which shall be annotated in the title of the property. The developer is then required to convert the security of eligible accounts from CTS to REM not later than the 24th month from date of loan takeout. For applications secured by REM, the developer is responsible for the annotation of the Loan and Mortgage Agreement on the individual Transfer Certificate of Title covering the house and lot units subject of the loan with the appropriate Register of Deeds and deliver the complete mortgage folders to Pag-IBIG

Board of Investments

The Board of Investments (the "**BOI**"), an agency under the Department of Trade and Industry, is the lead investments promotion agency of the Philippines. It promotes inward investments and assist local and foreign investors in their venture of the desirable areas of business, which is defined in the annually-prepared Investment Priorities Plan ("**IPP**").

Under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, as amended, the BOI is mandated to encourage investments in preferred areas of economic activity specified by the BOI in the IPP through tax exemption and other benefits. The IPP lists down the priority activities that qualify for incentives. It is formulated annually by the BOI, through an inter-agency committee, and is approved by the President.

Filipino enterprises may register their activity with the BOI if their project is listed as a preferred project in the current IPP. Said enterprise may engage in domestic-oriented activities listed in the IPP whether classified as pioneer or non-pioneer. Activities which is not listed in the IPP may also be entitled to incentives if the following conditions are met: (i) At least 50.0% of the production is for export (for 60.0% Filipino-40.0% Foreign-owned enterprises); or (ii) At least 70.0% of production is for export (for more than 40.0% foreign-owned enterprises).

Mass housing infrastructure projects have been part of the IPP of the BOI since the year 2000. In the 2020 IPP, approved by the President on 18 November 2020, which has been retained and included under Tier I of the 2022 Strategic Investment Priority Plan (SIPP), approved by the President on 24 May 2022, what is covered under mass housing infrastructure projects are the development of mass housing units based on a price ceiling of ₱2,000,000.00 and in-city low-cost dwelling projects for lease/rent. However, for Metro Manila, only in-city low-cost dwelling for lease/rent may qualify for registration.

Fiscal incentives of BOI-registered enterprises include exemption from payment of income tax, depending on the project's status, as follows: (i) six years for new projects with a pioneer status; (ii) four years for new projects with a non-pioneer status; (iii) three years for expansion projects; and (iv) six years for new or expansion projects in less developed areas. However, eligible mass housing projects in the National Capital Region and Metro Cebu are entitled to only three years of income tax holiday. BOI-registered enterprises also enjoy exemption from taxes and duties on imported spare parts, and exemption on wharfage dues and export tax. Other fiscal incentives include (i) reduced duty rates on capital equipment, spare parts, and accessories; (ii) tax credits on domestic breeding stocks, genetic material, raw materials, and supplies; and (iii) additional deductions from taxable income on labor expense as well as necessary and major infrastructure work.

In addition to the fiscal incentives, BOI-registered enterprises are also entitled to non-fiscal incentives such as the employment of foreign nationals, streamlined customs procedures, and the importation of consigned equipment.

Zoning and Land Use

The use of land may be limited by zoning ordinances enacted by different LGUs. Upon enactment, land use may be restricted according to a comprehensive land use plan approved by the relevant LGU. Zoning ordinances may classify land as follows: commercial, industrial, residential or agricultural.

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.

Environmental Laws

Environmental Impact Statement System

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (“**ECC**”) with the DENR prior to the commencement of the project. The DENR, through its regional offices or through the Environmental Management Bureau (“**EMB**”), is responsible for determining whether a project is environmentally critical or located in an environmentally critical area.

A requisite for the issuance of an ECC for an environmentally critical project, an Environmental Impact Statement (“**EIS**”) must be submitted to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination (“**IEE**”) to the proper DENR regional office. In case of an environmentally critical project located in an environmentally critical area, an EIS is likewise required.

The EIS refers to both the documentary requirements and the study of a project’s environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the documentary requirements and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, it still contains all relevant information regarding the projects’ environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System results in the issuance of an ECC. The ECC is a government certification certifying that the proposed project or undertaking will not cause a significant negative environmental impact; that the applicant has complied with all the requirements of the EIS System and has committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project’s abandonment phase. The ECC also provides for other terms and conditions, any violation of which would result in a fine or the cancellation of the ECC.

Applicants that prepare an EIS are required to establish an Environmental Guarantee Fund (“**EGF**”) when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF answers for damages caused by such a project as well as any rehabilitation and restoration measures. Applicants that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund (“**EMF**”) when an ECC is eventually issued. The EMF will support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and Applicable Law, rules and regulations. Aside from EIS and IEE, engineering, geological, and geo-hazard assessments are also required for ECC applications covering subdivisions, housing, and other development and infrastructure projects.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

Republic Act No. 9275: The Philippine Clean Water Act of 2004

Republic Act No. 9275, otherwise known as the Clean Water Act of 2004, declares the policy of the State to protect the country's water bodies from pollution arising from land-based sources, including industrial, commercial, agricultural, and domestic activities, while allowing for economic development consistent with the preservation and improvement of water quality. The law adopts a comprehensive and integrated approach to water quality management, implemented through a multi-sectoral framework involving relevant stakeholders.

Under the law, owners or operators of facilities that discharge regulated effluents are required to secure a discharge permit from the DENR. The discharge permit constitutes the legal authorization to release wastewater and shall specify, among others, the permissible quantity and quality of effluents that may be discharged into a designated water body, as well as the applicable compliance schedule and monitoring requirements.

Republic Act No. 8749: The Philippine Clean Air Act of 1999

Republic Act No. 8749, or the Clean Air Act of 1999, was enacted to promote a balanced approach between national development and environmental protection by establishing a comprehensive program for air quality management. The law encourages cooperation and self-regulation among citizens and industries through the use of market-based instruments and institutional mechanisms.

It prescribes ambient air quality standards and emission limits applicable to various industries and stationary and mobile sources of air pollution. The DENR is vested with the authority to issue such permits as may be necessary to prevent, control, or abate air pollution. These permits set the allowable emission levels for regulated air pollutants to ensure compliance with air quality standards. Non-compliance with the law or its implementing rules and regulations subjects the violator to administrative fines and other penalties.

Republic Act No. 9003: The Ecological Solid Waste Management Act of 2000

Republic Act No. 9003, or the Ecological Solid Waste Management Act of 2000, establishes the policy of the State to protect public health and the environment through the adoption of a systematic, comprehensive, and ecological solid waste management program. The law promotes the use of environmentally sound methods that maximize the utilization of valuable resources and encourage resource conservation and recovery.

It provides measures for the reduction and avoidance of solid waste generation, including the mandatory segregation of wastes at source, recycling, and other waste diversion programs. The law also grants fiscal and non-fiscal incentives to individuals, enterprises, or organizations that implement outstanding or innovative projects, technologies, processes, or activities for re-use, recycling, and waste reduction. Non-compliance with the law or its implementing rules and regulations may subject the violator to administrative fines and other penalties.

Property Registration

The Philippines has adopted a system of land registration which conclusively confirms land ownership binding on all persons, including the Government. Once registered, title to registered land can no longer be challenged 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, 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 who has jurisdiction over the land confirms title to the same. 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. 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 Original Certificate of Title 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.

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 with the Registry of Deeds.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Registry of Deeds. Title to the subdivision must be delivered to the purchaser upon full payment of the purchase price.

On 16 July 2021, Republic Act No. 11573, otherwise known as "An Act Improving the Confirmation Process for Imperfect Land Titles, amending for the purpose Commonwealth Act No. 141, as amended, otherwise known as 'The Public Land Act' and Presidential Decree No. 1529, as amended, otherwise known as the 'Property Registration Decree'" was signed into law. It aims to address the difficulties and complications in needing to prove ownership of land since 1945 and the strict standards set by the Supreme Court in the judicial confirmation of imperfect titles by simplifying the procedure and requirements for granting of land deeds. This is to help rural farmers and individuals who are unable to afford legal representation to secure land title.

Republic Act No. 11573 allows individuals who (i) own tract or tracts of land, not exceeding 12 hectares; (ii) prior to the filing of an application for agricultural free patent, have continuously occupied and cultivated the tract or tracts of alienable and disposable agricultural public lands, either personally or through predecessors-in-interest, for at least 20 years; and (iii) have paid the real estate tax therein, to have a free patent issued for such tract or tracts of land not exceeding 12 hectares.

The law also directs all applications for agricultural free patents to be filed before the DENR's Community Environment and Natural Resources Office ("**CENRO**"), or the Provincial Environment and Natural Resources Office ("**PENRO**") for provinces without CENRO. Further, it requires the CENRO or PENRO to act on applications for agricultural free patents within a period of 120 days from filing.

Republic Act No. 11573 allows individuals who have been in an open, continuous, exclusive and notorious possession and occupation of alienable and disposable agricultural land of public domain for a period of 20 years, or who have acquired ownership of private lands or abandoned riverbed by right of accession or accretion may file their petition for perfection of their claims with Regional Trial Courts. It also provides that to prove that the tract of land subject of the application for agricultural free patent is alienable and disposable, a duly signed certification by the duly designated DENR Geodetic Engineer is sufficient. This certification must be imprinted in the approved survey plan submitted by the applicant to the land registration court.

Lastly, Republic Act No. 11573 repealed the provision under Republic Act No. 9176 providing for the fixed term for filing of application of agricultural free patent, which was only up to 31 December 2020. In effect, with the passage of this new law, qualified beneficiaries may apply for agricultural free patent at any time.

Nationality Restrictions

Article XII, Section 7 of the 1987 Philippine Constitution provides that private lands shall only be transferred or conveyed to individuals, corporations, or associations qualified to acquire or hold lands of public domain. Only Filipino citizens and corporations whose outstanding capital stock is 60% Filipino-owned are qualified to own land in the Philippines. While the law prescribes restrictions on land ownership, there is nothing under the law which prohibits foreigners to own buildings and other permanent structures.

In addition, Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991, and the Ninth Regular Foreign Investment Negative List, provide for certain activities which 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 40.0% foreign equity.

Real Property Tax

Real property taxes are paid annually, based on the real property's assessed value. Several factors are taken into consideration in determining the assessed value of property and improvements, such as the property's location, nature and use. Land is ordinarily assessed at 20.0% to 50.0% of its fair market value; buildings may be assessed at up to 80.0% of their fair market value; and machinery may be assessed at 40.0% to 80.0% of its fair market value. The real property tax rate for cities and municipalities within Metro Manila is 2.0% of the assessed value of the property, while for all other areas, the real property tax rate is 1.0% of the assessed value. An additional special education fund tax of 1.0% of the assessed value of the property is also levied annually.

Republic Act No. 12001, or the Real Property Valuation and Assessment Reform Act ("**RPVARA**"), took effect on July 5, 2024, with its Implementing Rules and Regulations issued on December 10, 2024. The law mandates that all real properties, whether taxable or exempt, shall be valued based on prevailing market values in the locality to ensure standardized and market-reflective assessments nationwide. Provincial, municipal, and city assessors are required to prepare a Schedule of Market Values ("**SMV**") for all classes of real property within their jurisdictions, and a Real Property Valuation Unit shall be established under every provincial and city assessor's office, and in the lone municipality in Metro Manila, within two years from the IRR's effectivity.

Upon approval by the Secretary of Finance, the SMV will serve as the basis for the general revision of property assessments and classifications, as well as for the adjustment of assessment levels and tax rates by local legislative bodies or sanggunians. It will also be used to determine market values for other property-related local taxes and regulatory fees. For internal revenue tax purposes, the Commissioner of Internal Revenue shall use either the approved SMV or the actual gross selling price stated in transaction documents, whichever is higher. Pending the issuance of new SMVs, existing SMVs, zonal values, or the actual contract price, whichever is higher, shall continue to apply.

Section 30 of the RPVARA grants a real property tax amnesty covering penalties, surcharges, and interest on delinquent real property taxes, including those for the Special Education Fund, idle land tax, and other special levies, accrued before the law's effectivity. The amnesty may be availed of within two years from the law's effectivity through either a one-time payment or installment arrangement. However, the amnesty does not apply to properties sold at public auction for tax delinquencies, properties subject to compromise payment arrangements, and properties involved in pending judicial cases concerning real property tax liabilities.

Republic Act No. 10173 (Data Privacy Act of 2012)

Republic Act No. 10173, otherwise known as the Data Privacy Act, protects all forms of information, be it private, personal, or sensitive. It covers all natural and juridical persons involved in the processing of information whether in the government or private sector, and whether in or outside the Philippines.

Under the Data Privacy Act, personal information is defined 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:

1. About an individual's race, ethnic origin, marital status, age, color, and religious, philosophical, or political affiliations;
2. About an individual's health, education, genetic, or sexual life or a person, or to any proceeding for any offense committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;
3. 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
4. Specifically established by an executive order or an act of Congress to be kept classified.

Further, the processing of information is defined as 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.

The processing of personal information shall be allowed, subject to compliance with the requirements under the Data Privacy Act, and other laws allowing disclosure of information to the public and adherence to the principles of transparency, legitimate purpose and proportionality. The guidelines for the processing of personal information are as follows:

1. Collected for specified and legitimate purposes determined and declared before, or as soon as reasonably practicable after collection, and later processed in a way compatible with such declared, specified and legitimate purposes only;
2. Processed fairly and lawfully;
3. Accurate, relevant and, where necessary for purposes for which it is to be used the processing of personal information, kept up to date; inaccurate or incomplete data must be rectified, supplemented, destroyed or their further processing restricted;
4. Adequate and not excessive in relation to the purposes for which they are collected and processed;
5. Retained only for as long as necessary for the fulfillment of the purposes for which the data was obtained or for the establishment, exercise or defense of legal claims, or for legitimate business purposes, or as provided by law; and
6. Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected and processed.

As a general rule, the processing of personal information is permitted, unless otherwise prohibited by law, and when at least one of the following conditions exist:

1. The data subject has given his or her consent;
2. The processing of personal information is necessary and is related to the fulfillment of a contract with the data subject or in order to take steps at the request of the data subject prior to entering into a contract;
3. The processing is necessary for compliance with a legal obligation to which the personal information controller is subject;
4. The processing is necessary to protect vitally important interests of the data subject, including life and health;
5. The processing is necessary in order to respond to national emergency, to comply with the requirements of public order and safety, or to fulfill functions of public authority which necessarily includes the processing of personal data for the fulfillment of its mandate; or
6. The processing is necessary for the purposes of the legitimate interests pursued by the personal information controller or by a third party or parties to whom the data is disclosed, except where such interests are overridden by fundamental rights and freedoms of the data subject which require protection under the Philippine Constitution.

The processing of sensitive personal information and privileged information, however, is prohibited as a general rule. The exceptions are as follows:

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.

The Data Privacy Act further requires the appointment of a Data Protection Officer (“**DPO**”) 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.

Republic Act No. 9160 (Anti-Money Laundering Act), as amended.

Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act or AMLA, criminalizes money laundering, creates a financial intelligence unit known as the “Anti-Money Laundering Council” or “AMLC”, imposes requirements on customer identification, record keeping, and reporting of covered and suspicious transactions, relaxes strict bank deposit secrecy laws, and provides for remedies, such as bank inquiry and freeze orders, and *ex parte* petitions, seizure, forfeiture, and recovery of dirty money or property.

Money Laundering is defined under the AMLA as a crime whereby the proceeds of an unlawful activity are transacted, thereby making them appear to have originated from legitimate sources. It is committed by any person:

1. Knowingly transacting or attempting to transact any money/property which represents, involves or relates to the proceeds of an unlawful activity;
2. Knowingly performing or failing to perform an act in relation to any money/property involving the proceeds of any unlawful activity as a result of which he facilitated the offense of money laundering; and
3. Knowingly failing to disclose and file with the AMLC any report required to be disclosed and filed.

In addition, the AMLA also considers the failure to keep records, malicious reporting, and breach of confidentiality as punishable acts.

The AMLA requires all covered institutions, the exhaustive list is provided in the law, to register with the AMLC. Obligations of Reporting or Covered Institutions include Customer Identification, Recordkeeping, and the Reporting of Covered and Suspicious Transactions.

Covered transactions are defined as single transactions in cash or other equivalent monetary instrument involving a total amount in excess of Five Hundred Thousand (₱500,000) Pesos within one Business Day. Suspicious Transactions, on the other hand, are defined as transactions with covered institutions, regardless of the amounts involved, where any of the following circumstances exist:

- There is no underlying legal/trade obligation, purpose or economic justification or the client is not properly identified;
- The amount involved is not commensurate with the business or financial capacity of the client;
- The transaction is structured to avoid being the subject of reporting requirements under the AMLA;
- There is a deviation from the client’s profile/past transactions;
- The transaction is related to an unlawful activity/offense under the AMLA; and
- Transactions similar or analogous to the above

The AMLC issued an Advisory which states that pursuant to the Anti-Money Laundering Act of 2001, as recently amended by Republic Act No. 11521 which took effect on 30 January 2021, Real Estate Developers, Real Estate Brokers, Offshore Gaming Operators and Offshore Service Providers are now considered as covered persons under the AMLA. Thus, such persons and entities are required to register with the AMLC, and report Covered and Suspicious transactions to the AMLC within the corresponding period prescribed and for the threshold amount fixed by the law.

AMLC Regulatory Issuance No. 03, series of 2021, or the 2021 Anti-Money Laundering/Counter-Terrorism Financing Guidelines for Designated Non-Financial Businesses and Professions, requires real estate developers and real estate brokers to observe the following principles in the conduct of their business operations: (a) adherence to high ethical standards and sound corporate governance; (b) adequate knowledge of their customers and clients; (c) adoption and effective implementation of an

appropriate AML and Countering the Financing of Terrorism (“**CFT**”) risk management system; (d) full compliance with AML/CFT laws and regulations; and (e) full cooperation with the AMLC.

Real estate developers and real estate brokers are further required to: (a) designate a Compliance Officer and/or establish a Compliance Office; (b) implement a money laundering and terrorism financing prevention program; (c) establish an internal control and internal audit system; (d) adopt customer due diligence policies; (e) adopt a monitoring and reporting system; (f) maintain records of customer transactions and customer due diligence documents for a period of five years; (g) implement a training program for employees on AML/CFT compliance; (h) adopt written procedures for cooperating with investigations, assessments, directives, and orders of the AMLC, relevant government agencies, and the courts; and (i) identify and assess AML/CFT risks arising from new products and business practices.

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INDEPENDENT AUDITORS

The auditing firm of Valdes Abad & Company (“**VAC**”) conducted the audit for the periods since 2019. Pursuant to SRC Rule 68(3)(b)(ix) (Rotation of External Auditors), the Company has not engaged a VAC partner for more than seven years straight.

VAC, formerly known as Carlos J. Valdes & Associates, one of the oldest accounting firms in the Philippines today, was founded in 1951 by Carlos J. Valdes, a certified public accountant, lawyer, civic leader, educator, businessman and former Philippine Ambassador to Japan and other countries.

VAC was a member firm of Touche Ross in the 1970’s; Coopers & Lybrand International in the 1980’s up to 1996 and a correspondent firm of RSM International from 1997 up to 2007. This long history of international membership was recognition of its professional standing and track record of world-class service to clients over the years. It is a member firm of GMN International, the association of legally independent firms worldwide.

External Audit Fees and Services

The following table sets out the approximate aggregate fees billed for each of the last three fiscal years for professional services rendered by the Company’s external auditors:

	As of Sept. 30, 2025	2024	2023	2022
Audit Fee	₱ 900,000.00	₱ 900,000.00	₱ 880,000.00	₱ 800,000.00
Non-Audit Fees	₱ 700,000.00		400,000.00	932,000.00
TOTAL	₱ 700,000.00	₱ 900,000.00	₱ 1,280,000.00	₱ 1,812,000.00

The external auditor of the Company billed the audit fees for the professional services rendered for the audit of the Company’s annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for the period.

The non-audit fees for the years 2022 and 2023 pertain to the quality review of the IPO disbursement and the certification on the use of proceeds. The non-audit fees for 2025 relate to professional services rendered by the Company’s external auditor for the review of the Company’s interim consolidated financial statements, which form part of the financial information used in connection with the Offer. The non-audit services did not include tax advisory, consulting, or other services.

Except as disclosed, no other non-audit services were rendered by the external auditor during the periods covered.

VAC has no shareholdings in the Issuer, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Issuer, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

The named independent auditor has not acted and will not act as promoter, underwriter, voting trustee, officer, or employee of the Issuer. The Issuer has no disagreements with VAC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

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INTERESTS OF NAMED EXPERTS

LEGAL MATTERS

All legal opinions and matters in connection with the issuance of the Bonds under this Offer shall be passed upon by SyCip Salazar Hernandez & Gatmaitan for the Issue Manager, Underwriter and Bookrunner and Tan Venturanza Valdez for the Company. SyCip Salazar Hernandez & Gatmaitan has no direct or indirect interest in the Issuer.

INDEPENDENT AUDITORS

Valdes Abad & Company, the independent auditor, audited the Company's annual and consolidated financial statements as of and for the years ended December 31, 2024, 2023, and 2022, and reviewed its interim consolidated financial statements as of September 30, 2025, included in this Prospectus.

There is no arrangement under which the independent auditors will receive any direct or indirect interest in the Issuer, nor have they been a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

The following table sets out the approximate aggregate fees billed for each of the last three fiscal years and interim period as of September 30, 2025 for professional services rendered by the Company's external auditors:

In ₱	As of Sept. 30, 2025	2024	2023	2022
Audit Fee ¹⁹	900,000.00	900,000.00	880,000.00	800,000.00
Non-Audit Fees ²⁰	700,000.00		400,000.00	932,000.00
TOTAL	₱700,000.00	₱900,000.00	₱1,280,000.00	₱1,812,000.00

INTEREST IN THE COMPANY

None of the foregoing experts has any direct or indirect interest in the Issuer, its parent, or its Subsidiaries, nor any interest in the Offer Bonds, other than professional fees received or to be received in connection with the services rendered in relation to the Offer.

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¹⁹ Fees for the services rendered for the audit of the Company's annual and consolidated financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for the period.

²⁰ Non-audit services rendered by the external auditor pertain to the quarterly review of the disbursement of the IPO proceeds, review of interim consolidated financial statement and related services.

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Consolidated Audited Financial Statements for fiscal years ended December 31, 2024 and 2023	F-1
Consolidated Audited Financial Statements for fiscal years ended December 31, 2023 and 2022	F-2
Reviewed Interim Financial Statements for the period ended September 30, 2025 and 2024	F-3

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COVER SHEET

for
REVIEWED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town)Province)

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

legal@haustalk.com.ph

Company's Telephone Number/s

6 3 4 8 7 1 2

Mobile Number

09-17-621-7026

No. of Stockholders

11

Annual Meeting
Month/Day

every last Wednesday of July

Fiscal Year
Month/Day

31-Dec

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

MARIA AGNES M. SIAPNO

Email Address

mams@haustalk.com.ph

Telephone Number/s

6348712

Mobile Number

0917-621-7026

Contact Person's Address

Unit 701 Orient Square Bldg. F. Ortigas Jr. Road Ortigas Center, Pasig City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

Valdes Abad & Company, CPAs

(Formerly: Valdes Abad & Associates)

CIV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches:
Cebu and Davao

Phone: (632) 8892-5931 to 35
(632) 8519-2105
Fax: (632) 8819-1468
Website: www.vacpa.ph
BOA/PRC Reg. No. 0314
SEC Accreditation No. 0314-SEC



INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and the Stockholders
HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly *Haus Talk Project Managers, Inc. and Its Subsidiary*)
Unit 701 Orient Square Building, Emerald Avenue,
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES** (Formerly *Haus Talk Project Managers, Inc and Its Subsidiary*.) for the year ended December 31, 2024, on which we have rendered the attached report dated February 20, 2026.

In compliance with SRC Rule 68, we are stating that the Group has eighty-eight (88) stockholders owning one hundred (100) or more shares each as of December 31, 2024.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No.0314 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 05, 2024, Valid until April 04, 2027

For the firm:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PTR No. 10777156, Issued Date: January 13, 2026, Makati City
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No. 99805 - SEC, Group A
Valid for 2022 - 2026 audit periods
BIR Accreditation No. 08-002126-005-2024
Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
February 20, 2026

**REPORT OF INDEPENDENT PUBLIC AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED CONSOLIDATEDLY FROM THE
BASIC FINANCIAL STATEMENTS**

The Board of Directors and the Stockholders
HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)
Unit 701 Orient Square Building, F. Ortigas Avenue,
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES** *(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)* as of December 31, 2024, on which we have rendered the attached report dated February 20, 2026. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedule of the Group as of December 31, 2024, and for the year then ended, required by the Securities and Exchange Commission, are presented for purpose of additional analysis and are not a required part of the consolidated financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No. 0314 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 05, 2024, Valid until April 04, 2027

For the firm:


ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PTR No. 10777156, Issued Date: January 13, 2026, Makati City
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Makati City, Philippines
February 20, 2026

Valdes Abad & Company, CPAs

(Formerly: Valdes Abad & Associates)

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

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(632) 8519-2105
Fax: (632) 8819-1468
Website: www.vaepa.ph
BOA/PRC Reg. No. 0314
SEC Accreditation No. 0314-SEC



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly *Huas Talk Project Managers, Inc. and Its Subsidiary*)
Unit 701 Orient Square Building, F. Ortigas Avenue,
Ortigas Center, Pasig City

We have in accordance with the Philippine Standard on Auditing, the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES (Formerly, Huas Talk Project Managers, Inc. and Its Subsidiary)** as at December 31, 2024 and 2023. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary Schedule on Financial Soundness indicator, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the company's management. These financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by the other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the consolidated financial statements as at December 31, 2024 and 2023 and no material exceptions were noted.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No. 0314 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 05, 2024, Valid until April 04, 2027

For the firm:



ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PTR No. 10777156, Issued Date: January 13, 2026, Makati City
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
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Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
February 20, 2026

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

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Fax: (632) 8819-1468

Website: www.vacpa.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0361-F



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders

HAUS TALK, INC. AND ITS SUBSIDIARIES

(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)

Unit 701 Orient Square Building, Emerald Avenue

Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES** (Formerly Haus Talk Project Managers, Inc. and Its Subsidiary) (the "Group") which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, consolidated statement of changes in equity, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and 2023 and of its consolidated financial performances and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with the Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines (Philippine Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed in Note 36 to the Notes to the Consolidated Financial Statements, the consolidated audited financial statements for the years ended December 31, 2024 and 2023 have been re-issued to reflect adjustments identified after the original issuance. These adjustments affect the previously reported profit or loss certain reclassifications in the statements of financial position and cash flows under investing and financing activities. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the consolidated financial statement of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedure designed to respond to our assessment of the risks of material

misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our opinion on the accompanying consolidated financial statements.

Real Estate Revenue and Construction Contracts

The Group's real estate revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgement and estimation in the following areas: (1) assessment of the probability that the Group will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the input method as the measure of progress in determining revenue from sale of real estate; (4) determination of the actual costs incurred as cost of real estate sold; and (5) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history the buyer. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers. In measuring the progress of its performance obligation over time, the Group measured based on actual costs incurred relative to the estimated development cost of the real estate project.

For construction contracts, revenues are based on the actual costs incurred to date relative to the total estimated cost to complete the construction projects. This process requires significant management judgements and estimates, particularly with respect to the identification of the performance obligation, and calculation of estimated costs to complete construction projects.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead.

The Group recognizes sales commission after contract inception as the cost of obtaining the contract. The Group charges sales commission due to sales agent as expense in the period incurred for the contracts with short-term benefits or contracts with a duration of one year or less.

Audit response

Our audit procedure included understanding of the Group's real estate revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the analysis of sales which includes summary of collections. We traced the analysis to supporting documents such as official receipts and buyers' subsidiary ledger.

For the determination of the transaction price, we selected contracts from the sales contract database and identified their payment terms and amounts excluded from the transaction price.

For construction contracts, we obtained sample contracts and agreements and reviewed management's assessment over the identification of performance obligation within the contract and the timing of revenue recognition. For the selected contract, we obtained understanding of the management's process to estimate the amount of consideration expected to be received from the customers.

For the measurement progress of the construction projects, we obtained an understanding of the Group's processes to accumulate actual costs incurred and to estimate the expected cost to complete. On a sampling basis, we tested actual costs incurred through examination of invoices and other supporting documents and performed test computation of the percentage of completion (POC). For POC, we visited project sites, made relevant inquiries with project engineers and correlated our observations with the reported project accomplishment.

For the cost of real estate sold, we obtained an understanding of the Group's cost accumulation process. For selected project, we traced cost accumulated, including those incurred but not yet billed costs, to support documents such as billing invoices, certificates of progress acceptance, official receipts, and accomplishment reports, among others.

For the recognition of costs to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we performed test calculation of the sales commission and agreed with the related contracts.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Philippine Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements of our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No.0314 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 05, 2024, Valid until April 04, 2027

For the firm:



ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PTR No. 10777156, Issued Date: January 13, 2026, Makati City
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No. 99805 - SEC, Group A
Valid for 2022 - 2026 audit periods
BIR Accreditation No. 08-002126-005-2024
Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
February 20, 2026

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Philippine Peso)

ASSETS	Note	As Restated	
		December 31,	
		2024	2023
CURRENT ASSETS			
Cash	10	244,377,548	211,855,419
Receivables	11	762,916,855	244,837,961
Contract asset - current portion	12	827,156,013	768,757,449
Real estate inventories	13	2,948,626,556	2,626,815,081
Prepayments and other current assets	14	17,403,681	12,039,488
Total Current Assets		<u>4,800,480,653</u>	<u>3,864,305,398</u>
NON-CURRENT ASSETS			
Contract asset - net of current portion	12	90,279,658	90,109,562
Property and equipment - net	15	1,075,445,189	1,046,538,262
Other non-current asset	16	30,535,837	18,720,357
Total Non-Current Assets		<u>1,196,260,684</u>	<u>1,155,368,181</u>
TOTAL ASSETS		<u>5,996,741,337</u>	<u>5,019,673,579</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts and other payables	17	197,407,432	175,450,541
Contract liability - current	18	38,015,175	45,123,463
Loans and borrowings - current portion	19	782,700,538	396,421,526
Total Current Liabilities		<u>1,018,123,145</u>	<u>616,995,530</u>
NON-CURRENT LIABILITIES			
Loans and borrowings - net of current portion	19	974,138,084	713,985,927
Advances from related parties	21	173,928,719	177,798,865
Defined benefit obligation	20	12,703,551	7,094,630
Total Non-Current Liabilities		<u>1,160,770,354</u>	<u>898,879,422</u>
EQUITY			
Share capital	22	2,500,000,000	2,500,000,000
Share premium	23	218,849,628	218,849,628
Retained earnings	24	1,087,987,235	771,173,738
Actuarial gain on defined benefit obligation		11,010,975	13,775,261
Total Equity		<u>3,817,847,838</u>	<u>3,503,798,627</u>
TOTAL LIABILITIES AND EQUITY		<u>5,996,741,337</u>	<u>5,019,673,579</u>

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Philippine Peso)

For the Years Ended December 31,	Note	As Restated		
		2024	2023	2022
REVENUE				
Real estate sales	25	1,401,027,855	1,011,106,834	619,524,508
Other operating income	26	12,491,008	18,149,048	16,006,157
Total Revenue		1,413,518,863	1,029,255,882	635,530,665
COST OF REAL ESTATE SALES	27	772,604,842	582,282,221	335,812,879
GROSS PROFIT		640,914,021	446,973,661	299,717,786
OPERATING EXPENSES				
Selling expenses	29	65,274,869	58,522,753	23,602,826
General and administrative expenses	30	181,076,146	125,684,010	80,326,684
Total Operating Expenses		246,351,015	184,206,763	103,929,510
NET OPERATING INCOME		394,563,006	262,766,898	195,788,276
FINANCE COST - NET	28	31,471,214	18,936,317	16,386,956
INCOME BEFORE TAX		363,091,792	243,830,581	179,401,320
INCOME BENEFIT FROM TAX (EXPENSE)	31	3,721,704	(21,656,125)	(41,253,817)
NET INCOME		366,813,496	222,174,456	138,147,503
OTHER COMPREHENSIVE INCOME				
Actuarial gain on retirement plan	20	(2,764,286)	10,439,443	-
TOTAL COMPREHENSIVE INCOME		364,049,210	232,613,899	138,147,503
BASIC EARNINGS PER SHARE		0.147	0.089	0.055

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Philippine Peso)

For the Years Ended December 31,	Notes	As Restated		
		2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		363,091,792	243,830,581	179,401,320
Adjustments for:				
Interest expense - bank loans	28	30,951,948	17,944,743	15,745,115
Interest expense - defined benefit obligation	28	431,833	1,051,006	655,255
Retirement expense	30	2,412,802	1,846,485	4,398,382
Interest income earned	10, 28	(65,047)	(59,432)	(13,413)
Depreciation	15	12,189,668	11,254,445	5,255,054
Operating income before changes in working capital		409,012,996	275,867,828	205,441,713
Changes in assets and liabilities:				
Increase in receivables		(518,078,894)	340,643,822	(246,946,254)
Decrease (Increase) in real estate inventories		(321,811,475)	(119,009,282)	(599,287,830)
Increase in contract asset		(58,568,660)	(766,681,430)	-
Decrease (Increase) in prepayments and other current assets		(5,364,193)	2,219,689	(12,769,655)
Decrease in other non-current assets		(5,821,530)	(1,194,433)	(10,182,616)
Increase in accounts and other payables		21,956,891	(129,226,490)	127,064,545
Increase in lease liability		-	-	-
Increase in advances to related parties		-	-	-
Increase in contract liability		(7,108,288)	45,123,463	-
Defined benefit obligation		-	(760,000)	(2,651,966)
Cash generated from operations		(485,783,153)	(353,016,833)	(539,332,063)
Interest received	10, 28	65,047	59,432	13,413
Income taxes paid		(2,272,245)	(27,216,668)	(51,138,501)
Net Cash from Operating Activities		(487,990,351)	(380,174,069)	(590,457,151)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	15	(41,096,595)	(31,558,377)	(167,219,764)
CASH FLOWS FROM FINANCING ACTIVITIES				
Additions to loans and borrowings		646,431,169	684,383,638	50,118,441
Payment of advances from related parties	21	(3,870,146)	(66,872,949)	28,187,519
Issuance of share capital, net of issuance cost	21	-	-	718,849,628
Dividends paid	22	(50,000,000)	(27,693,551)	-
Interest paid	28	(30,951,948)	(17,944,743)	(15,745,115)
Net Cash from Financing Activities		561,609,075	571,872,395	781,410,473
NET INCREASE IN CASH		32,522,129	160,139,949	23,733,558
CASH, BEGINNING	10	211,855,419	51,715,470	27,981,912
CASH, ENDING	10	244,377,548	211,855,419	51,715,470

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Philippine Peso)

	Share Capital (Note 20)	Share Premium (Note 21)	As Restated Retained Earnings (Note 22)	Actuarial Gain (loss) on Defined Benefit Obligation (Note 18)	Total
BALANCE AT DECEMBER 31, 2021	2,000,000,000	-	438,545,329	3,335,818	2,441,881,147
Additional issuance of share capital	500,000,000	-	-	-	500,000,000
Share premium	-	218,849,628	-	-	218,849,628
Net income	-	-	138,147,503	-	138,147,503
BALANCE AT DECEMBER 31, 2022	2,500,000,000	218,849,628	576,692,832	3,335,818	3,298,878,278
Dividend paid (Note 22)	-	-	(27,693,550)	-	(27,693,550)
Net income	-	-	222,174,456	-	222,174,456
Other comprehensive income	-	-	-	10,439,443	10,439,443
BALANCE AT DECEMBER 31, 2023	2,500,000,000	218,849,628	771,173,738	13,775,261	3,503,798,627
Dividend paid (Note 22)	-	-	(50,000,000)	-	(50,000,000)
Net income	-	-	366,813,497	-	366,813,497
Other comprehensive income	-	-	-	(2,764,286)	(2,764,286)
BALANCE AT DECEMBER 31, 2024	2,500,000,000	218,849,628	1,087,987,235	11,010,975	3,817,847,838

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Philippine Peso)

For the Years Ended December 31,	Notes	As Restated		
		2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		363,091,792	243,830,581	179,401,320
Adjustments for:				
Interest expense - bank loans	28	30,951,948	17,944,743	15,745,115
Interest expense - defined benefit obligation	28	431,833	1,051,006	655,255
Retirement expense	30	2,412,802	1,846,485	4,398,382
Interest income earned	10, 28	(65,047)	(59,432)	(13,413)
Depreciation	15	12,189,668	11,254,445	5,255,054
Operating income before changes in working capital		409,012,996	275,867,828	205,441,713
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Increase in lease liability		-	-	-
Increase in advances to related parties		-	-	-
Increase in contract liability		(7,108,288)	45,123,463	-
Defined benefit obligation		-	(760,000)	(2,651,966)
Cash generated from operations		(485,783,153)	(353,016,833)	(539,332,063)
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Income taxes paid		(2,272,245)	(27,216,668)	(51,138,501)
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Net Cash from Financing Activities		561,609,075	571,872,395	781,410,473
NET INCREASE IN CASH		32,522,129	160,139,949	23,733,558
CASH, BEGINNING	10	211,855,419	51,715,470	27,981,912
CASH, ENDING	10	244,377,548	211,855,419	51,715,470

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

NOTE 1 – GENERAL INFORMATION

HAUS TALK, INC. (the “Parent Company”) was organized under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) per Registration no. CS200409462 on June 21, 2004 under the name of Haus Talk Project Managers, Inc., which was amended on March 15, 2017 under the name of Haus Talk, Inc. Its primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

On November 18, 2021 and December 23, 2021, the Securities and Exchange Commission (SEC) and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing of up to 2,500,000,000 common shares of the Company, which includes the 500,000,000 common shares subject of the Company’s Initial Public Offering (IPO), under the Small, Medium and Emerging Board (SME Board) of the PSE.

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol “HTI”. As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68.1.

The Company was approved by the Board of Investments (BOI) as a New Developer of Economic Housing Project for its Granary - Phase 1, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2023-152 valid from August 8, 2023, and four (4) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said project.

The Company was approved by the Board of Investments (BOI) as an Expanding Developer of Economic Housing Project for its The Granary Phase 2 and The Granary Phase 3, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2024-069 and 2024-362 valid from March 22, 2024 and December 16, 2024, respectively, and three (3) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said projects.

The Parent Company’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

The Parent Company and its subsidiaries are collectively known herein as the “Group”.

Tradition Homes, Inc. (referred to as the “Subsidiary or THI”), formerly known as Tradition Homes Project Managers, Inc. before it was amended on December 11, 2017 as Tradition Homes, Inc., was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No.CS200700454 on January 16, 2007. The Subsidiary’s primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development, and participate in the government’s mass housing program.

The Subsidiary’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

On January 18, 2018, the Parent Company acquired 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of ₱30,000,000.

THI was approved by the Board of Investments (BOI) as a New Developer of Economic and Low-Cost Housing Project for its Southview Homes – Sta. Rosa, located at Sta. Rosa, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2019-041 valid from March 6, 2019, and four (4) years thereafter provides exemption from income taxes on revenue generated from the said project.

THI’s WINN residences project, a residential condominium project located at Sitio Veterans, Barangay Bagong Silangan, Quezon City, was approved as a Socialized Housing Project by the Housing and Land Regulatory Board

(HLURB) and thereby granting the Company exemption from Income Tax, Capital Gains Tax and Value-Added Tax. The certification issued by the HLURB bears the reference number 15-06-038.

Lifestyle Development Corporation (referred to as the “Subsidiary or LDC”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. A199918322 on November 18, 1999. The Subsidiary’s primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development, and participate in the government’s mass housing program.

The Subsidiary’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

On May 26, 2021, the Parent Company acquired 100% ownership and control of Lifestyle Development Corporation for an acquisition cost of ₱105,737,000.

Approval of Consolidated Financial Statements

The accompanying re-issued consolidated financial statements of the Group as of December 31, 2024, 2023, and 2022 were approved and authorized for issuance by the Board of Directors on February 20, 2026.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretation Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adapted by Securities and Exchange Commission (SEC).

2.2 Basis of preparation

The accompanying Consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

2.3 Going concern assumption

The preparation of the accompanying condensed consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

2.4 Functional and presentation currency

The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented has been rounded off to the nearest Peso unless otherwise stated.

2.5 Use of judgment and estimates

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group’s consolidated financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group’s significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management’s evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 4

2.6 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiary, after the elimination of intercompany transactions.

The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Investment in subsidiary

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control. Consolidation of a subsidiary begins when control is obtained over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Non-controlling interests

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

There is no non-controlling interest as of December 31, 2024, 2023, and 2022.

2.7 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

There are no transactions with non-controlling interests as of December 31, 2024, 2023, and 2022.

Loss of control and disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- derecognizes the assets, including goodwill, and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative transaction differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of the any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in OCI to profit or loss retained earnings, as appropriate.

2.8 Adoption of new and revised accounting standards

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations. The adoption of these new and amended standards and interpretations did not have significant impact on the Group consolidated financial statements unless otherwise stated.

Effective beginning on or after January 1, 2024

Adopted the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry.

On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the following provisions of PIC Q&A 2018-12 until December 31, 2023:

- a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Accounting for significant financing components discussed in PIC Q&A No. 2018-12-D
- c. Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods under Philippine Accounting Standards (PAS) 23, Borrowing Cost, for Real Estate industry.

The adoption of the above provision did not have material impact on the consolidated financial statements.

Amendment to PFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments do not have material impact on the consolidated financial statements.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
 - Amendments to PAS 7, *Cost Method*
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a "De Facto Agent"*

The Group is currently assessing the impact of adopting these standards on its consolidated financial statements.

Effective beginning on or after January 1, 2027

PFRS 18, Presentation and Disclosure in Financial Statements

The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

The Group is currently assessing the impact of adopting this standard on its consolidated financial statements.

Deferred effectivity

Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2026 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

3.1 Financial assets and financial liabilities

Date of recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition and measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

Financial assets at amortized cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As of December 31, 2024, and 2023, the Group's cash, receivables, refundable deposits, and advances to related parties are included under this category.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. As of December 31, 2024, and 2023, the Group has no financial assets at FVPL.

Financial assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of December 31, 2024, and 2023, no accounts are included under this category.

Financial liabilities at amortized cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As of December 31, 2024, and 2023, the Group's accounts and other payables, loans and borrowings, and advances from related parties are included under this category.

3.2 Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

3.3 Impairment of financial assets at amortized cost and FVOCI

The Group records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate. For loan receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3.4 Derecognition of financial assets and liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

3.5 Offsetting financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

3.6 Classification of financial instrument between liability and equity

A financial instrument is classified as a liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

3.7 Current versus non-current classification

The Group presents financial statements based on current/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 12 months after the financial reporting period;
- Expected to be settled on demand; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial 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 financial reporting period;
- It is expected to be settled on demand; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the financial reporting period

The Group classifies all other liabilities as noncurrent.

3.8 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

3.9 Fair value measurements

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy.

3.10 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 6, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3.11 Cash

Cash includes cash on hand and in banks which are measured at face value.

Cash funds are set aside for current purposes such as petty cash fund. Cash in banks include demand deposits which are unrestricted as to withdrawal.

3.12 Receivables

Receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (*refer to the accounting policies for Revenue from contract with customers*). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

3.13 Real estate inventories

Real estate inventories consist of subdivision land, residential houses and lots for sale and development. These are properties acquired or being developed and constructed for sale in the ordinary course of business.

Inventories are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion, and estimated costs necessary to make sale.

Cost includes the costs incurred for acquisition cost, development and improvement of properties including borrowing costs.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the statement of income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

3.14 Prepayments and other current assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are expensed to profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the company statements of financial position as current assets when they are expected to be expensed within one year. Otherwise, prepayments are classified as non-current.

Prepaid expenses and other current assets include input value-added tax (VAT), deferred input tax and prepaid taxes and licenses.

3.15 Advances to related parties

These includes transfer of resources, services or obligations to affiliates, regardless of whether a price is charged. The amount is presented as current assets if collection is expected in one year or less, otherwise, they are presented as non-current assets.

Advances to parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

3.16 Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation on other assets is charged to allocate the cost of assets less their fair value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

<u>Particulars</u>	<u>No. of Years</u>
Office improvement	5 years
Construction equipment	5 years
Transportation equipment	5 years
Furniture and fixture	5 years
Office equipment	3 years
Computer software	3 years
Construction tools	2 years

Depreciation of property and equipment begins when it becomes available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation and depletion ceases at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, and depreciation methods are reviewed periodically to ensure that the estimated, residual values, periods and methods of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. The residual values, if any, are reviewed and adjusted, if appropriate, at

each end of reporting period. If there is an indication that there has been a significant change in depreciation and depletion rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When properties are retired or otherwise disposed of, the cost and related accumulated depreciation and any allowance for impairment loss are eliminated from the accounts and any resulting gain or loss is credited or charged to the consolidated statements of comprehensive income.

An item of property and equipment 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 items) is included in the consolidated statements of comprehensive income in the year the asset is derecognized.

Fully depreciated assets are retained as property and equipment until these are no longer in use.

3.17 Impairment of non-financial assets

General

An assessment is made at each balance sheet date of whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the assets recoverable amount is calculated as the higher of the assets' value in use or net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is credit to current operations.

Property and equipment

The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amounts, the assets or cash generating units (CGU) are written down to their estimated recoverable amounts. The estimated recoverable amount of an asset is the greater of the fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal, while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset is belongs. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed by a credit to current operations (unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the same asset) to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and depletion) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statements of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on systematic basis over its remaining useful life.

3.18 Accounts and other payables

Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amounts of accruals; however, the uncertainty is generally much less than for provision.

Government dues and remittances include withholding income taxes which represent taxes retained by the Group for an item of income required to be remitted to the Bureau of Internal Revenue (BIR). The obligation of the Group to deduct and withhold the taxes arises at the time the income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term “payable” refers to the date the obligation becomes due, demandable, or legally enforceable.

Accounts and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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.

Other borrowing costs are expensed in the period in which they are incurred.

3.21 Advances from related parties

These include receipts of resources, services or obligations to affiliates, regardless of whether a price is charged from the related parties. The amount is presented as current liability if payment is expected in one year or less, otherwise, they are presented as non-current liabilities.

3.22 Share capital

Share capital is measured at par value for all shares issued. When the shares are sold out at a premium, the difference between the proceeds and the par value is credited to the “Additional paid-in capital” account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Dividends on share capital, if any, are recognized as a liability and deducted from equity when declared and approved by BOD of the Group. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

3.23 Retained earnings

Retained earnings represent the cumulative balance of periodic net income or losses of the Group, dividend distribution, prior period adjustments, effect of changes in accounting policies in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and other capital adjustments. When retained earnings account has a debit balance, it is called “deficit”, and presented as a deduction from equity.

Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as liability in the Group’s financial statements in the period in which the dividends are declared and approved by the entity’s Board of Directors.

3.24 Revenue recognition

Revenue from contract with customers

The Group derives its real estate revenue from the sale of subdivision land and residential units. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Revenue is recognized only when (or as) the Group 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.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, 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.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 4.

Real estate sales

The Group entered into reservation agreements with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate units covers subdivision land and residential house units and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

The payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% - 20% of the contract price to be paid over a maximum of 24 months at a fixed payment for horizontal developments and with remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to 15 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customers does not necessarily coincide with the progress of construction, which results in either installment contracts receivable or contract liability.

After the delivery of the completed real estate unit, the Group provides a one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the company as a quality assurance warranty and not treated as a separate performance obligation.

The performance obligations expected to be recognized within one year and more than one year relate to the continuous development of the real estate projects.

Income from forfeited reservations and collections

Income from forfeited reservations and collections is recognized when the deposits from potential buyers are deemed non-refundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, Realty Installment Buyer Act, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Other income

Other income is recognized in the consolidated statements of comprehensive income as they are earned.

Interest income

Interest income is recognized using effective interest accrues using effective interest method.

Contract balances

Receivable from customers

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

The Group's contract fulfilment assets pertain to land acquisition costs.

3.25 Costs and expenses recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the consolidated statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Cost of real estate sales

The Group recognizes costs related to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned. These include cost of land, land development costs, building cost, professional fees, depreciation, permits and licenses, and capitalized borrowing costs.

Selling, administrative, and other operating expenses

Selling expenses are costs incurred to sell or distribute inventories. Administrative expenses normally include costs of administering the business as incurred by administrative departments. Other operating expenses are costs incurred other than for selling or administrative purposes.

3.26 Employees benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

Retirement benefits

The Group does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a 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 Group. The Group's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds 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 pension liability.

The cost of providing benefits under the defined benefits plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- remeasurement of net defined benefit liability or asset

Service cost which include current service costs, past service costs and gains or losses on non-routine settlement are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of comprehensive income.

Remeasurement comprising actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the statement of comprehensive income in subsequent periods.

Past-service costs are recognized immediately in the consolidated income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

3.27 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether the contract meets three key evaluations, which are whether:

- a) 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 Group,
- b) the Group 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,
- c) the Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use asset

At the initial application date, the Group recognizes a right-of-use asset on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the initial application date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options 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.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.28 Income taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

3.29 Value Added Taxes (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT, except:

1. where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
2. receivables and payables that are stated with the amount of VAT included.

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than ₱3,600,000, a tax exemption applies.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Group. Input tax pertains to the 12% VAT paid or payable by the Group in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the consolidated statements of financial position.

3.30 Related party transactions and relationship

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Group and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

An entity is related to the Group if any of the following conditions apply:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the company of an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Group when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Group. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

3.31 Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense' in the statement of income.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

3.32 Earnings per share (EPS) attributable to equity holders

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Group has no dilutive potential common shares outstanding.

3.33 Events after the reporting date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes when material to the consolidated financial statements.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Judgments

(c) Going concern

As of December 31, 2024 and 2023, the Group's primary objective is to ensure its ability to continue as a going concern and that it maintains the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(d) Determination of functional currency

The consolidated financial statements are presented in the Philippine Peso, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(e) Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

(f) Classification of financial instruments

The Group manages its financial assets based on business models that maintain an adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument, or a portfolio of financial instruments, belong to taking into consideration the objectives of each business model established by the Group.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(g) Assessing significant influence and control over investee.

The Group determines that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following are also considered:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual agreements.
- The Group's voting rights and potential voting rights.

Management has assessed the level of influence the Parent Company has on Tradition Homes, Inc. (formerly known as Tradition Homes Project Managers, Inc.) and Lifestyle Development Corporation and determines that it has control by virtue of the Parent Company holding 100% voting power over both companies.

(h) Identification of the contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age 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.

(i) Measure of progress

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development (which include customized uninstalled materials) to the customers. The Group determined that in the case of customized materials, the Group is not just providing a simple procurement service to the customer as it is significantly involved in the design and details of the manufacture of the materials.

(j) Determining transaction price of sale of real estate

The Group determines whether a contract contains a significant financing component using portfolio approach by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Group applied practical expedient by not adjusting the effect of financing component when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group determined that its transaction price on sale of real estate recognized over time do not include a significant financing component.

(k) Determining performance obligation

With respect to equity sale of real properties, the Group concluded that the transfer of goods and services in each contract constitute a performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct in the context contract.

The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output.

(l) Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for recognition over a period of time:

- The customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- the Group's performance does not create an asset with an alternative use and;
- the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised property is specifically identified in the contract and the contract has a restriction on the Group for redirecting the use of the property for other purposes. In addition, the customer is contractually obliged to make payments to the developer up to the end of contract terms.

(m) Determination whether an arrangement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

(n) Accounting for lease commitments – Group as lessee

The Group has a lease agreement for its office space with a term of 12 months and is renewable upon mutual agreement of both parties. The Group availed of exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

Rent expense arising from operating lease agreements amounted to ₱1,020,534, ₱545,726, and ₱536,695 in 2024, 2023 and 2022, respectively (see Note 30).

(o) Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below.

Fair values of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change

in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of consolidated financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 9 to the consolidated financial statements.

Revenue recognition method

The Group concluded that revenue from sale of real estate is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The cost to obtain a contract is recognized using the percentage-of-completion method, except for commissions. Commissions are recognized as an expense in the period incurred for contracts with short-term benefits or contracts with a duration of one year or less.

Revenue from sale of real estate amounted to ₱1,401,027,854, ₱1,011,106,834, and ₱619,524,508 for the years ended December 31, 2024, 2023 and 2022, respectively, while the cost of real estate sold amounted to ₱772,604,842, ₱582,282,221, and ₱335,812,879 for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 25 and 27).

Definition of default and credit-impaired installment contracts receivable

The Group defines the account as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

1. The customer is experiencing financial difficulty or is insolvent
2. The customer is in breach of financial covenant(s)
3. An active market for that financial asset has disappeared because of financial difficulties
4. Concessions have been granted by the Company, for economic or contractual reasons relating to the customer's financial difficulty
5. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (ED) throughout the Company's expected loss calculation.

Allowance for expected credit losses of receivables

The Group reviews its impaired receivables at each reporting date to assess whether an additional provision for credit losses should be recorded in the profit and loss. In particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the allowance.

The carrying value of receivables amounted to ₱762,916,855 and ₱244,837,961 as of December 31, 2024 and 2023, respectively (Note 11).

No allowance for credit losses was recognized of December 31, 2024 and 2023 (Note 11). No write-off and recoveries were also recognized as of December 31, 2024, and 2023.

Evaluation of net realizable value of real estate inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. For real estate inventories, the Group adjusts the cost of its real estate inventories to its net realizable value based on its assessments of the recoverability of the real estate inventories. In determining the recoverability of the inventories considers whether those inventories are damaged or if their selling process have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Inventories carried at cost amounted to ₱2,948,626,556 and ₱2,626,815,081 as of December 31, 2024 and 2023, respectively (Note 13). No impairments were assessed for the inventories as of December 31, 2024 and 2023, respectively.

Estimating residual values and useful lives of property and equipment

The Group estimates residual values and useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded expenses and decrease non-current assets.

The carrying amounts of property and equipment amounted to ₱1,075,445,189 and ₱1,046,538,262 as of December 31, 2024, and 2023, respectively (see Note 15). Useful lives of property and equipment is disclosed in Note 3.16.

Estimating impairment losses on property and equipment

The Group assesses impairment on its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review, include the following:

- a) significant underperformance relative to expected historical or projected future operating results;
- b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- c) significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from continued use of the assets, the Group is required to make estimates that can materially affect the financial statements.

The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to statements of loss if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no provision for impairment loss on property and equipment recognized in 2024, 2023 and 2022.

Estimating allowance for impairment losses on non-financial assets (except property and equipment)

The Group provides allowance for impairment losses on non-financial assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease related assets.

There was no indication of impairment noted on the Group's non-financial assets in 2024, 2023 and 2022.

Realizable amount of deferred tax assets

The Group 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. Deferred tax assets amounted to ₱9,509,404 and ₱3,515,454 as of December 31, 2024 and 2023, respectively (Note 16 and 31).

4.3 Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 3.31.

NOTE 5 – BUSINESS COMBINATION

On January 18, 2018, the Board of Directors of the Parent Company has approved the decision for the Parent Company to acquire 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of ₱30,000,000. The capital stock exchange was made through conversion of Parent Company's Advances to Tradition Homes, Inc.

On May 26, 2021, the Board of Directors of the Parent Company has approved the decision for the Parent Company to acquire 100% ownership and control of Lifestyle Development Corporation (LDC) for an acquisition cost of ₱105,737,000. The acquisition of LDC during the year in the Business Combination will increase the assets by Php853.5 million.

NOTE 6 – SEGMENT INFORMATION

The Group has only one business segment which is primarily involved in real estate. The Group operates in one geographic location only and therefore, no information on geographical segment is presented.

NOTE 7 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are composed of cash and cash equivalents, receivable and payables. The main purpose of these financial instruments is to raise finances for the Group's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Group's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, and liquidity risk.

7.1 Objectives and policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group is cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Group, such as trade and other receivables and trade and other payables, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

7.2 Interest rate risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

As at December 31, 2024 and 2023, only Tradition Homes, Inc. has re-priceable financial instruments subject to variable interest rates but there was no actual repricing that happened in the current and previous years, thus reducing the interest rate risk exposures. The Groups' interest-bearing loans and borrowings are subject to interest rates ranging from 5.13% to 12.00% and all other financial assets and liabilities are non-interest bearing.

7.3 Liquidity risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

	December 31, 2024			
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost				
Cash in bank (Note 10)	₱ 243,656,548	₱ 243,656,548	₱ -	₱ -
Receivables (Note 11)	690,989,584	-	690,989,584	-
Contract assets (Note 12)	827,156,013	-	827,156,013	-
Refundable deposits (Note 16)	<u>10,204,135</u>	-	-	<u>10,204,135</u>
Total	<u>₱ 1,772,006,280</u>	<u>₱ 243,656,548</u>	<u>₱ 1,518,145,597</u>	<u>₱ 10,204,135</u>
Financial liabilities at amortized cost				
Accounts and other payables* (Note 17)	₱ 194,018,230	₱ -	₱ 194,018,230	₱ -
Contract liabilities (Note 18)	38,015,175	-	38,015,175	-
Loans and borrowings (Note 19)	1,756,838,622	-	782,700,538	974,138,084
Advances from related parties (Note 21)	<u>173,928,719</u>	-	-	<u>173,928,719</u>
Total	<u>₱ 2,162,800,746</u>	<u>₱ -</u>	<u>₱ 1,014,733,943</u>	<u>₱ 1,148,066,803</u>
<i>*excluding government liabilities</i>				
December 31, 2023				
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost				
Cash in bank (Note 10)	₱ 211,143,419	₱ 211,143,419	₱ -	₱ -
Receivables (Note 11)	176,159,327	-	176,159,327	-
Contract assets (Note 12)	768,757,449	-	768,757,449	-
Refundable deposits (Note 16)	<u>4,384,192</u>	-	-	<u>4,384,192</u>
Total	<u>₱ 1,160,444,387</u>	<u>₱ 211,143,419</u>	<u>₱ 944,916,776</u>	<u>₱ 4,384,192</u>
Financial liabilities at amortized cost				
Accounts and other payables* (Note 17)	₱ 165,542,350	₱ -	₱ 165,542,350	₱ -
Contract liabilities (Note 18)	45,123,463	-	45,123,463	-
Loans and borrowings (Note 19)	1,110,407,453	-	396,421,526	713,985,927
Advances from related parties (Note 21)	<u>177,798,865</u>	-	-	<u>177,798,865</u>
Total	<u>₱ 1,498,872,131</u>	<u>₱ -</u>	<u>₱ 607,087,339</u>	<u>₱ 891,784,792</u>
<i>*excluding government liabilities</i>				

7.4 Credit risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements).

As at December 31, 2024, and 2023, the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

Credit quality per class of financial assets

The following table show a comparison of the credit quality of the Group's financial assets by class as at the reporting date:

	As at December 31, 2024				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High Grade	Standard Grade			
Financial assets at amortized cost:					
Cash in bank (Note 10)	₱ 243,656,548	₱ -	₱ -	₱ -	₱ 243,656,548
Receivables (Note 11)	690,989,584	-	-	-	690,989,584
Contract assets (Note 12)	827,156,013	-	-	-	827,156,013
Refundable deposits (Note 16)	10,204,135	-	-	-	10,204,135
Total	₱ 1,772,006,280	₱ -	₱ -	₱ -	₱ 1,772,006,280
	As at December 31, 2023				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High Grade	Standard Grade			
Financial assets at amortized cost:					
Cash in bank (Note 10)	₱ 211,143,419	₱ -	₱ -	₱ -	₱ 211,143,419
Receivables (Note 11)	176,159,327	-	-	-	176,159,327
Contract assets (Note 12)	768,757,449	-	-	-	768,757,449
Refundable deposits (Note 16)	4,384,192	-	-	-	4,384,192
Total	₱ 1,160,444,387	₱ -	₱ -	₱ -	₱ 1,160,444,387

The Group evaluates credit quality on the basis of the credit strength of the refundable and/or counterparty/issuer. High grade financial assets are those which collectability is assured based on past experience. Standard grade financial assets are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty. The Group determines if credit risk have increased significantly when financial assets are more than 30 days past due.

The Group's management considers none of the financial assets to be impaired or past due at the end of each financial reporting period.

Cash in banks

The credit risks for cash in banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Receivables and advances to related parties

These pertain to receivables from counterparties which are not expected to default in setting its obligations, hence there is no perceived credit risk.

Contract assets

Contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as receivable.

Refundable deposits

Deposits represent refundable deposits to contractors for their services in cash. Deposits are recorded as assets and measured at the amount of cash paid. The amount is presented as current assets if collection is expected in one year or less, if not, they are presented as non-current assets.

Maximum Credit Risk Exposure

Financial information on the Group's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	December 31,	
	<u>2024</u>	<u>2023</u>
Financial assets at amortized cost:		
Cash in bank (Note 10)	₱ 243,656,548	₱ 211,143,419
Receivables (Note 11)	690,989,584	176,159,327
Contract assets (Note 12)	827,156,013	768,757,449
Refundable deposits (Note 16)	10,204,135	4,384,192
Total	₱ <u>1,772,006,280</u>	₱ <u>1,160,444,387</u>

The Group does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

NOTE 8 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Group considers its equity and loans and borrowings as capital.

The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

	<u>2024</u>	<u>2023</u>
Total liabilities	2,178,893,499	1,515,874,952
Total equity	3,817,847,838	3,503,798,627
Debt-to-equity ratio	<u>0.57:1</u>	<u>0.43:1</u>

There were no changes in the Group's approach to capital management during the year.

NOTE 9 – FAIR VALUE MEASUREMENT

9.1 Carrying amounts and fair values by category

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments for the years ended December 31, 2024 and 2023:

	December 31, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 243,656,548	243,656,548	₱ 211,143,419	₱ 211,143,419
Receivables (Note 11)	690,989,584	690,989,584	176,159,327	176,159,327
Contract assets (Note 12)	827,156,013	827,156,013	768,757,449	768,757,449
Refundable deposits (Note 16)	<u>10,204,135</u>	<u>10,204,135</u>	<u>4,384,192</u>	<u>4,384,192</u>
Total	<u>₱ 1,772,006,280</u>	<u>1,772,006,280</u>	<u>₱ 1,160,444,387</u>	<u>₱ 1,160,444,387</u>
Financial liabilities at amortized cost				
Accounts and other payables* (Note 17)	₱ 194,018,230	194,018,230	₱ 165,542,350	₱ 165,542,350
Contract liabilities (Note 18)	38,015,175	38,015,175	45,123,463	45,123,463
Loans and borrowings (Note 19)	1,756,838,622	1,756,838,622	1,110,407,453	1,110,407,453
Advances from related parties (Note 21)	<u>173,928,719</u>	<u>173,928,719</u>	<u>177,798,865</u>	<u>177,798,865</u>
Total	<u>₱ 2,162,800,746</u>	<u>2,162,800,746</u>	<u>₱ 1,498,872,131</u>	<u>₱ 1,498,872,131</u>

*excluding government liabilities

Cash in bank, Receivables, Refundable deposits, Accounts and other payables (excluding government liabilities), and Loans and borrowings. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

Advances to (from) Related Parties. The carrying amounts of these related party transactions approximate their fair values.

9.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Group's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the fair value hierarchy of the Group's financial assets and liabilities, which are measured at fair value or require disclosure as prescribed by other PFRS, as of December 31, 2024, and 2023:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 243,656,548	₱ -	₱ -	₱ 243,656,548
Receivables (Note 11)	-	-	690,989,584	690,989,584
Contract assets (Note 12)	-	-	827,156,013	827,156,013
Refundable deposits (Note 16)	-	-	10,204,135	10,204,135
Total	₱ 243,656,548	₱ -	₱ 1,528,349,732	₱ 1,772,006,280
Financial liabilities at amortized cost				
Accounts and other payables* (Note 17)	₱ -	₱ -	₱ 194,018,230	₱ 194,018,230
Contract liabilities (Note 18)	-	-	38,015,175	38,015,175
Loans and borrowings (Note 19)	1,756,838,622	-	-	1,756,838,622
Advances from related parties (Note 21)	-	-	173,928,719	173,928,719
Total	₱ 1,756,838,622	₱ -	₱ 405,962,124	₱ 2,162,800,746

**excluding government liabilities*

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 211,143,419	₱ -	₱ -	₱ 211,143,419
Receivables (Note 11)	-	-	176,159,327	176,159,327
Contract assets (Note 12)	-	-	768,757,449	768,757,449
Refundable deposits (Note 16)	-	-	4,384,192	4,384,192
Total	₱ 211,143,419	₱ -	₱ 949,300,968	₱ 1,160,444,387
Financial liabilities at amortized cost				
Accounts and other payables* (Note 17)	₱ -	₱ -	₱ 165,542,350	₱ 165,542,350
Contract liabilities (Note 18)	-	-	45,123,463	45,123,463
Loans and borrowings (Note 19)	1,110,407,453	-	-	1,110,407,453
Advances from related parties (Note 21)	-	-	177,798,865	177,798,865
Total	₱ 1,110,407,453	₱ -	₱ 388,464,678	₱ 1,498,872,131

**excluding government liabilities*

As of December 31, 2024, and 2023, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2024, and 2023.

Financial instruments not measured at fair value for which fair value is disclosed

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

NOTE 10 – CASH

As of December 31, the account consists of:

Particulars	2024	2023
Petty cash fund	₱ 721,000	₱ 712,000
Cash in banks	<u>243,656,548</u>	<u>211,143,419</u>
Total	<u>₱ 244,377,548</u>	<u>₱ 211,855,419</u>

Cash in bank earns interest at the respective bank deposit rates. Interest income from bank deposits amounted to ₱65,047, ₱59,432 and ₱13,413 for the years ended December 31, 2024, 2023 and 2022, respectively (Note 28).

NOTE 11 – RECEIVABLES

As of December 31, the account consists of:

Particulars	2024	2023
Receivables from customers	₱ 690,989,583	₱ 176,159,327
Receivables at amortized cost from:		
Contractors	11,033,388	4,838,425
Officers and employees	7,721,999	6,121,515
Buyer	5,747,489	11,492,766
Broker	4,509,779	3,714,792
Suppliers	2,097,893	5,072,953
Others	<u>40,816,724</u>	<u>37,438,183</u>
Gross receivables	762,916,855	244,837,961
Less: Allowance for expected credit losses	<u>-</u>	<u>-</u>
Receivables - current portion	<u>₱ 762,916,855</u>	<u>₱ 244,837,961</u>

Receivables from customers

Receivables from customers pertain to receivables from the sale of condominium units and lots which are generally non-interest bearing and financed by the local banks or the home development mutual fund or the Pag-IBIG upon settlement of outstanding balance of at least 80% to 90% of the total contract price, subject to approval of the latter. Upon approval, proceeds are considered as payment of the related receivables and loan balances.

Trade receivables from real estate buyers who availed in-house financing are interest bearing and are collectible in equal monthly installments with various terms up to a maximum of fifteen (15) years.

These are carried at amortized cost. The corresponding titles to the subdivision units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivables are interest-bearing. Annual interest rates on installment contracts receivables range from 12.00% to 18.00%.

Receivables from contractors, suppliers, and brokers

These receivables mainly consist of refundable advances, unliquidated billings, and amounts due from brokers arising from commission arrangements in the ordinary course of business. These receivables at amortized cost are non-interest bearing and collectible within one year from reporting date.

Receivables from buyers

These are post sales expenses due on the buyer. Post sales expense like, water meter, electric post, monthly dues, fire extinguisher, smoke detector, etc. The Company will accommodate first the payment on the expenses incurred to suppliers.

Receivables from officers and employees

These are non-interest bearing and to be liquidated within one year from the reporting date.

Others

Receivable others pertain to advances to other projects and housing overhead, HDMF and home guaranty. These are non-interest bearing and are generally collectible within one year from the reporting date.

None of the receivables were assigned or pledged to secure any of the Company's loans.

In case of default, the Group may cancel the contract with customers and find another buyer of the real estate thus, no allowance for expected credit losses was recognized in 2024 and 2023. The Group accounts for sales cancellations as a contract modification under PFRS 15. Upon cancellation, the Group reverses the previously recognized revenue and related costs of sales for the portion of the contract that is no longer enforceable. The repossessed unit is reinstated to 'Real Estate Inventory' at its specific historical cost.

NOTE 12 – CONTRACT ASSETS – CURRENT PORTION

As of December 31, the account consists of:

Particulars	2024	2023
Contract asset	₱ 917,435,671	₱ 858,867,011
Less: Contract assets – non – current portion	90,279,658	90,109,562
Less: Allowance for expected credit losses	-	-
Contract asset – current portion	₱ 827,156,013	₱ 768,757,449

Contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as receivable.

NOTE 13 – REAL ESTATE INVENTORIES

As of December 31, the account consists of:

Particulars	2024	2023
Real estate inventories, beginning	₱ 2,626,815,081	₱ 2,507,805,799
Land acquired during the year	281,579,862	-
Construction and development costs incurred during the year	812,836,455	701,291,503
Less: Cost of sales (Note 25)	772,604,842	582,282,221
Total	₱ 2,948,626,556	₱ 2,626,815,081

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. There was no allowance for impairment of inventories as of December 31, 2024 and 2023.

Land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

Real estate inventories recognized as cost of sales are included as cost of real estate sales in the consolidated statements of comprehensive income. Cost of real estate sales includes acquisition cost of subdivision land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition.

The Group has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 637 and License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Group has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 for their housing project namely The Granary with an area of 104,661 sq.m on January 30, 2023 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Group has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 1682 on November 24, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 2 with 454 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The real estate inventories used as collateral or pledged as security to secure the borrowings of the Group are as follows:

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The carrying amount of the said inventory is ₱8,460,675.

A Real Estate Mortgage for the loan was registered as a collateral for the title (or its subdivided titles): TCT No. 170-2023004067 covering 26,030 sqm named under the Company located within Brgy. San Antonio, Biñan City, Laguna. The carrying amount of the said inventory is ₱200,000,000.

A Real Estate Mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company. The carrying amount of the said inventory is ₱31,203,271

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster A) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna: T-534315 to T-534320, T-534322 to T-534326, T-534328 to T-534333, T-534361 to T-534477, T-534795 to T-534797, T-2023001600, T-534815 to T-534821, T-534321, T-534327, T-534903, T-534916 to T-534918. The carrying amount of the said inventory is ₱327,091,463.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna:

- | | |
|-----------|--|
| Cluster B | T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T,534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906 |
| Cluster C | T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-543746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599 |
| Cluster D | T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919 |

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT No.: T-93608 and (060-T-94742) 170-0002896 with a lot area of 10,000 sqm and 6,486 sqm for the 1.65-hectares Amberwood Project located Biñan City, Laguna. The carrying amount of the said inventory is ₱106,208,539.

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 with a lot area of 16,041 sqm The Hammond Project located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The carrying amount of the said inventory is ₱65,457,840.

NOTE 14 – PREPAYMENTS AND OTHER CURRENT ASSETS

As of December 31, the account consists of:

Particulars	2024	2023
Prepaid income tax	₱ 5,176,380	₱ 5,016,583
Deposits	10,000,000	-
Prepaid taxes and licenses	499,187	755,506
Input VAT	264,745	-
Prepaid rent	253,872	3,939,870
Deferred MCIT	720,336	-
Prepaid insurance	64,614	51,677
Prepaid interest	-	656,095
Prepaid maintenance	-	14,737
Others	424,547	1,605,020
Total	₱ 17,403,681	₱ 12,039,488

Input VAT is a tax imposed on purchases of goods and services. These are available for offset against output VAT in future periods.

Prepaid income tax represents excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Prepaid taxes and licenses represent prepayment for taxes as well as local business real property taxes.

Deposit is an advance payment, earnest money is a deposit or partial payment in anticipation or commitment to purchase an asset, in this case, the purchase of eight (8) contiguous lots for a total contract price of Php1 Billion.

Others consist of Maxicare health benefit premiums of employees, billboard rent, design, architectural and planning and miscellaneous supplies.

NOTE 15 – PROPERTY AND EQUIPMENT – NET

The movements of property and equipment are as follows:

December 31, 2024

Particulars	Beginning Balances	Additions/ Provisions	Ending Balances
Cost:			
Land	₱ 1,005,141,700	₱ 14,163,740	₱ 1,019,305,440
Office improvement	3,375,886	181,288	3,557,174
Office equipment	6,985,712	2,134,339	9,120,051
Construction equipment	33,290,641	9,445,074	51,323,180
Transportation equipment	9,078,968	-	9,078,968
Furniture and fixture	962,561	411,113	1,373,674
Construction tools	20,473,886	2,683,966	25,598,116
Warehouse equipment	139,268	43,464	182,732
Temporary facilities	440,600	6,555,673	6,996,273
Leasehold improvement	-	3,058,158	3,058,158
Right of use Asset	-	2,419,780	2,419,780
Total	1,079,889,222	₱ 41,096,595	1,132,013,546
Accumulated depreciation:			
Office improvement	3,372,915	₱ 36,206	₱ 3,409,121
Office equipment	4,576,735	1,524,905	6,101,640
Construction equipment	13,427,888	2,940,807	20,746,469
Transportation equipment	5,426,918	1,038,322	6,465,240
Furniture and fixture	214,034	190,224	404,258
Construction tools	6,169,305	4,467,164	17,286,424
Warehouse equipment	75,045	29,264	104,309
Temporary facilities	-	752,886	841,006
Right of use Asset	88,120	1,209,890	1,209,890
Total	33,350,960	₱ 12,189,668	56,568,357
Net Book Value	₱ 1,046,538,262		₱ 1,075,445,189

December 31, 2023

Particulars	Beginning Balances	Additions/ Provisions	Ending Balances
Cost:			
Land	₱ 1,004,946,700	₱ 195,000	₱ 1,005,141,700
Office improvement	3,375,886	-	3,375,886
Office equipment	5,293,105	1,692,607	6,985,712
Construction equipment	24,481,194	8,809,447	33,290,641
Transportation equipment	6,565,575	2,513,393	9,078,968
Furniture and fixture	223,861	738,700	962,561
Construction tools	3,305,256	17,168,630	20,473,886
Warehouse equipment	139,268	-	139,268
Temporary facilities	-	440,600	440,600
Total	1,048,330,845	₱ 31,558,377	1,079,889,222
Accumulated depreciation:			
Office improvement	3,255,494	₱ 117,421	₱ 3,372,915
Office equipment	3,522,519	1,054,216	4,576,735
Construction equipment	7,919,853	5,508,035	13,427,888
Transportation equipment	4,379,473	1,047,445	5,426,918
Furniture and fixture	142,132	71,902	214,034
Construction tools	2,835,803	3,333,502	6,169,305
Warehouse equipment	41,241	33,804	75,045
Temporary facilities	-	88,120	88,120
Total	22,096,515	₱ 11,254,445	33,350,960
Net Book Value	₱ 1,026,234,330		₱ 1,046,538,262

The Group elected to use the cost model in accounting for property and equipment.

As of December 31, 2024 and 2023, there are no indication of any impairment loss on the carrying amount of property and equipment since its recoverable amount exceeds its carrying amount.

The amount of depreciation charged to general and administrative expenses for the years ended December 31, 2024 and 2023 amounted to ₱12,189,668 and ₱11,254,445, respectively (Note 30).

Certain properties were pledged or mortgaged as collateral to secure some of the Group's loans (see Note 19).

NOTE 16 – OTHER NON-CURRENT ASSETS

As of December 31, the account consists of:

Particulars	2024	2023
Refundable deposits	₱ 10,204,135	₱ 4,384,192
Deferred tax assets (Note 31)	9,509,404	3,515,454
Security deposits	1,414,298	1,412,711
Other deposits	<u>9,408,000</u>	<u>9,408,000</u>
Total	₱ <u>30,535,837</u>	₱ <u>18,720,357</u>

Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recovered against future billings.

Other deposit pertains to computer software that is still in development phase.

NOTE 17 – ACCOUNTS AND OTHER PAYABLES

As of December 31, the account consists of:

Particulars	2024	2023
Trade payables	₱ 139,460,458	₱ 125,968,533
Government liabilities	3,389,203	9,908,191
Retention payable	37,109,687	18,282,496
Other liabilities	<u>17,448,084</u>	<u>21,291,321</u>
Total	₱ <u>197,407,432</u>	₱ <u>175,450,541</u>

Trade payables

Trade payables represent payable to suppliers for the purchase of construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not due. These are expected to be settled within a year after the financial reporting date.

Retention payable

Retention payable pertains to contract payments is being withheld from the third party as guaranty for any claims against them. These are settled and paid once period has expired.

Government liabilities

Government liabilities include statutory contributions and withholding taxes and are normally settled within one year after the reporting date.

Other liabilities

Other liabilities include payment to buyer for refund of construction bond, Meralco services and installment payment made by the buyer subject to the provision of Republic Act 6552 (Realty Instalment Buyer Protection Act), various non-trade dues from utilities, professional fees and other services.

NOTE 18 – CONTRACT LIABILITIES

As of December 31, 2024 and 2023, the account amounting to ₱38,015,175 and ₱45,123,463, respectively.

Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects.

NOTE 19 – LOANS AND BORROWINGS

As of December 31, the account consists of:

Loan agreements with local banks

These loans were obtained to augment the Company's funding for its operations. The outstanding balances of the account are as follows:

Lending institution	Interest Rate	Terms	Security	2024
Current				
Financing (Individual and Corporation)	12.50%	1 year	Secured	₱ 142,900,000
China Banking Corporation	7.63%	3 months	Secured	48,663,398
China Banking Corporation	7.41%	5 years	Secured	5,416,667
China Banking Corporation	8.65%	10 years	Secured	2,032,123
China Banking Corporation - CTS	7.50%	10 years	Secured	7,368,702
Sterling Bank of Asia	10.50%	5 years	Secured	9,719,720
Sterling Bank of Asia	11.00%	5 years	Secured	13,685,864
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	30,690,136
Security Bank Corporation	8.00%	5 years	Secured	73,125,000
Security Bank Corporation	8.00%	4 years	Secured	49,326,241
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	399,601,030
Asia United Bank (Car loan)	9.25%	5 years	Secured	171,657
Subtotal				₱ 782,700,538
Noncurrent				
Financing (Individual and Corporation)	12.50%	2 years	Secured	₱ 35,000,000
China Banking Corporation	7.41%	5 years	Secured	59,583,333
China Banking Corporation	8.65%	10 years	Secured	5,922,812
China Banking Corporation - CTS	7.50%	10 years	Secured	21,402,384
Sterling Bank of Asia	10.50%	5 years	Secured	33,756,840
Sterling Bank of Asia	11.00%	5 years	Secured	51,314,136
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	414,167,850
Security Bank Corporation	8.00%	5 years	Secured	163,125,000
Security Bank Corporation	8.00%	4 years	Secured	110,035,461
Security Bank Corporation - CTS				50,033,516
Asia United Bank	8.30%	3 years	Secured	29,253,602
Asia United Bank (Car loans)	9.25%	5 years	Secured	543,150
Subtotal				₱ 974,138,084
Total				₱ 1,756,838,622

Lending institution	Interest Rate	Terms	Security	2023
Current				
Financing (Individual and Corporation)	12.50%	6 months	Secured	₱ 100,000,000
Asia United Bank	8.00%	1 year	Secured	98,414,163
ArqCapital SME Finance, Inc.	12.00%	1 year	Secured	60,000,000
China Banking Corporation	7.63%	3 months	Secured	50,000,000
Bank of the Philippine Islands	8.75%	3 years	Secured	22,500,000
Bank of the Philippine Islands	7.50%	10 years	Secured	17,500,000
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	15,495,380
Security Bank Corporation	8.00%	5 years	Secured	11,666,667
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	9,601,166
China Banking Corporation - CTS	7.50%	10 years	Secured	7,443,028
Sterling Bank of Asia	10.50%	5 years	Secured	1,875,000
China Banking Corporation	8.65%	10 years	Secured	1,683,588
Asia United Bank (Car loan)	9.25%	5 years	Secured	156,541
Asia United Leasing and Finance Corporation	8.00%	5 years	Secured	85,993
Subtotal				₱ <u>396,421,526</u>
Noncurrent				
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	₱ 274,662,650
Security Bank Corporation	8.00%	5 years	Secured	258,333,333
Sterling Bank of Asia	11.00%	5 years	Secured	65,000,000
Sterling Bank of Asia	10.50%	5 years	Secured	43,125,000
Asia United Bank - CTS	8.30%	3 years	Secured	34,470,000
China Banking Corporation - CTS	7.50%	10 years	Secured	29,546,071
China Banking Corporation	8.65%	10 years	Secured	8,134,065
Asia United Bank (Car loans)	9.25%	5 years	Secured	714,808
Subtotal				₱ <u>713,985,927</u>
Total				₱ <u><u>1,110,407,453</u></u>

Bridge Loan – Financing and Individual Corporation

In the third quarter of 2024, the Group availed a bridge loan from various individuals and corporations to be used exclusively to partially finance its land acquisition activities, with details as follows:

On October 17, 2024, the Group borrowed a loan amounting to ₱35,000,000 with a term of one (1) year and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, particularly, the 63,000,000 shares.

On October 28, 2024, the Group borrowed a loan amounting to ₱20,000,000 with a term of one (1) year and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the name of Terence Restituto D. Madlambayan, particularly, the 25,000,000 shares.

On November 8, 2024, the Group borrowed a loan amounting to ₱8,000,000 with a term of one (1) year and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the name of Terence Restituto D. Madlambayan, particularly, the 10,000,000 shares.

On December 19, 2024, the Group borrowed a loan amounting to ₱20,000,000 with a term of one (1) year and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the name of Rachel D. Madlambayan, particularly, the 25,000,000 shares.

Asia United Bank - Term Loan

On February 10, 2023, the Group obtained a Credit Facility One (1) from Asia United Bank amounting to ₱60,000,000 with three (3) years term maturing on April 16, 2026. Where the first drawn dated April 14, 2023 amounting to ₱50,000,000 and the final release of ₱10,000,000 dated August 16, 2023. Secured with a registered real estate mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company and Comprehensive Surety Agreement executed by Maria Rachel Madlambayan.

China Banking Corporation

The following loan agreements are entered into by the Group with China Banking Corporation:

Straight Loan

In December 2024, the Parent Company obtained a straight loan from China Bank amounting to ₱35,000,000 and ₱15,000,000 with maturity due at March 3, 2025. The loan has an interest rate of 7.63%.

Term Loan

On August 21, 2024, the Group secured a term loan facility from China Banking Corporation of up to ₱100,000,000. The proceeds shall be used to partially finance the land acquisition cost for the 1.65-hectares Amberwood Project and to partially finance the land development cost. On September 9, 2024 the initial drawdown was made amounting to ₱65,000,000 with a term of four (4) years and interest rate of 7.4069% to partially finance the land acquisition cost for the Project. Secured with mortgaged properties as a collateral under TCT No.: T-93608 and (060-T-94742) 170-0002896 with a lot area of 10,000 sqm and 6,486 sqm, respectively.

Contract to Sell Purchase Facility

On July 27, 2018, the Group has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Group buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

The following loan agreements are entered into by the Subsidiary Company with China Banking Corporation:

Contract to Sell Purchase Facility

On July 27, 2018, THI has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by THI's buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, THI has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against THI.

Sterling Bank of Asia

The following loan agreements are entered into by the Parent Company with Sterling Bank of Asia:

Term Loan

On October 26, 2023, the Parent Company obtained a term loan from Sterling Bank amounting to ₱45,000,000 payable in sixty (60) months inclusive of one (1) year grace period on principal, with the purpose to reimburse the acquisition cost of the 16,041 sqm lot area located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The loan has an interest rate based on prevailing bank rate, fixed for one (1) year and subject to annual repricing.

A Real Estate Mortgage amounting to ₱45,000,000 was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 to be transferred in the name of the Parent Company.

On December 11, 2023, the Parent Company obtained another term loan from Sterling Bank amounting to ₱65,000,000 payable in sixty (60) months inclusive of one (1) year grace period on principal, with the purpose to reimburse the acquisition cost of the 26,030 sqm lot area located within Brgy. San Antonio, Biñan City, Laguna. The loan has an interest rate based on prevailing bank rate, fixed for one (1) year and subject to annual repricing.

A Real Estate Mortgage amounting to ₱65,000,000 was registered as a collateral for the title (or its subdivided titles): TCT No. 170-2023004067 covering 26,030 sqm named under the Parent Company.

Contract-to-Sell (CTS) Financing Line

On March 12, 2019, the Parent Company availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Celestis 1 and 2, Eastview Premiere and The Granary. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan. On December 7,

2023, the bank granted line increased in the amount of ₱100,000,000 having the Parent Company total amount of ₱200,000,000 Contract-to-Sell Financing Line (with recourse).

The following loan agreements are entered into by the Subsidiary Company with Sterling Bank of Asia:

Contract-to-Sell Financing Line

On March 12, 2019, THI availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Southview Homes – Sta. Rosa and Southview Homes – Calendola. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan. On December 7, 2023, the bank granted line increased in the amount of ₱100,000,000 having the Company total amount of ₱200,000,000 Contract-to-Sell Financing Line (With Recourse).

Security Bank – Term Loan

On May 23, 2023, the Parent Company obtained a term loan from Security Bank Corporation amounting to ₱70,000,000 with five (5) years term inclusive of one (1) year grace period on principal, with the purpose to partially reimburse property under Cluster A located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster A): T-534315 to T-534320, T-534322 to T-534326, T-534328 to T-534333, T-534361 to T-534477, T-534795 to T-534797, T-2023001600, T-534815 to T-534821, T-534321, T-534327, T-534903, T-534916 to T-534918.

On December 22, 2024, the Parent Company obtained another term loan from Security Bank Corporation amounting to ₱200,000,000 with five (5) years term inclusive of one (1) year grace period on principal, with the purpose to partially reimburse its additional 7.5-hectare property under Cluster B to D located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

On April 2, 2024, the Parent Company obtained a term loan from Security Bank Corporation amounting to ₱80,000,000 with five (5) years term. The loan has an interest rate of 8%.

On June 28, 2024, the Parent Company obtained a term loan from Security Bank Corporation amounting to ₱100,000,000 with five (5) years term. The loan has an interest rate of 8%.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D):

Cluster B T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906

Cluster C T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-534746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599

Cluster D T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919

Security Bank Corporation - Contract to Sell Credit Facility

On June 19, 2024, the Parent Company has been approved by Security Bank Corporation of a Purchase of Contract Receivables under Contract to Sell with Recourse for regular/in-house and bridge financing in the amount of ₱500,000,000, for the purpose of liquefying receivables from all their residential projects. Collateral documents for the financing are the Deed of Purchase of Receivables and Contract to Sell. The term for regular/in-house financing is co-terminus with the maturity of the CTS or maximum of fifteen (15) years, whichever comes early. Repayment shall be made in equal monthly amortization of principal and interest. The maximum term for bridge financing is twenty-four (24) months payable in interest only while receivables are being bridged finance on a monthly basis. The entire principal is payable upon conversion to home loan or at the end of the term, whichever comes earlier.

Finance costs arising from these loans amounted to ₱30,951,948, ₱17,944,743 and ₱15,745,115 for the years ended December 31, 2024, 2023 and 2022, respectively. These costs were recognized as an expense in the statement of comprehensive income and are reported under interest expense (Note 28).

There were no breaches of loan agreement terms such as any defaults of principal and interest of these loan borrowings during the period.

NOTE 20 – DEFINED BENEFIT OBLIGATION

The Group does not maintain a retirement fund but accrues and recognizes its actuarial estimate to conform with the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined type and provides a retirement benefit equal to 22.5 days pay per every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. In accordance with the provisions of the Labor Code, the Group is required to pay eligible employees at least the minimum regulatory benefit upon retirement, subject to age and service requirements.

The obligation status and amounts recognized under retirement obligation account in the consolidated statements of financial position for the retirement plan as of December 31, 2024 and 2023 are as follows:

Particulars	2024	2023
Present value of benefit obligation	₱ 12,703,551	₱ 7,094,630
Fair value of plan assets	-	-
Deficit	12,703,551	7,094,630
Effect of asset ceiling	-	-
Liability to be recognized	₱ <u>12,703,551</u>	₱ <u>7,094,630</u>

Net plan costs for the year are as follows:

Particulars	2024	2023	2022
Current service cost	₱ 2,412,820	₱ 1,086,485	2,933,956
Net interest cost	431,833	1,051,006	655,255
Benefits paid	-	(393,102)	(1,187,540)
Net plan cost to be recognized on profit or loss	2,844,653	1,744,389	2,401,671
Actuarial (gain) loss	738,392	(2,030,949)	-
Changes in the effect of asset ceiling	-	-	-
Re-measurement on plan assets	-	-	-
Total (gain) loss to be recognized on other comprehensive income	738,392	(2,030,949)	-
Net plan cost (gain) to be recognized on total comprehensive income	₱ 3,583,045	₱ (286,560)	2,401,671

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2024	2023
At beginning of the year	₱ 7,094,630	₱ 15,396,582
Interest cost	431,833	1,051,006
Current service cost	2,412,802	1,162,485
Benefits paid	-	(76,000)
Actuarial gain	2,764,286	(10,439,443)
At end of the year	₱ 12,703,551	₱ 7,094,630

Changes in the fair value of plan assets are as follows:

Particulars	2024	2023
At beginning of the year	₱ -	₱ -
Interest	-	-
Contributions	-	-
Benefits paid	-	-
Re-measurement on plan asset	-	-
At end of the year	₱ -	₱ -

The principal assumptions used in determining retirement benefits are as follows:

Particulars	2024	2023
Discount rate	6.08%	6.05%
Salary increase rate	6.00%	6.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average working life expectancy of an individual retiring at the age of 60 is 20 years of both male and female.

NOTE 21 – RELATED PARTY TRANSACTIONS

In the normal course of business, the Group has transactions and balances with its related parties. All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually or in aggregate over a 12-month period, that exceed 10% of the Group's total

assets based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

Significant transactions with related parties as of December 31, are as follows:

December 31, 2024

Related Party	Transactions	Outstanding Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	<u>(3,870,146)</u>	<u>173,928,719</u>	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
	₱ <u>(3,870,146)</u>	₱ <u>173,928,719</u>		

December 31, 2023

Related Party	Transactions	Outstanding Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	<u>(66,872,949)</u>	<u>177,798,865</u>	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
	₱ <u>(66,872,949)</u>	₱ <u>177,798,865</u>		

Receivable from and payable to affiliates and stockholders

Receivable from and payable to affiliates represent trade receivables and payables in ordinary course of business. These are unsecured, non-interest bearing, cash settlement and are payable upon mutual agreement of both parties.

Compensation of Key Management Personnel

Key management compensation amounted as of December 31, 2024, 2023, and 2022 amounted to ₱43,750,881, ₱16,072,050, and ₱9,423,032, respectively.

NOTE 22 – SHARE CAPITAL

As of December 31, the account consists of:

Particulars	2024		2023	
	No. of shares	Amount	No. of shares	Amount
Authorized ₱1.00 par Balance at beginning and end of year	<u>2,500,000,000</u>	₱ <u>2,500,000,000</u>	<u>2,500,000,000</u>	₱ <u>2,500,000,000</u>
Issued and Outstanding Balance at beginning and end of year	<u>2,500,000,000</u>	₱ <u>2,500,000,000</u>	<u>2,000,000,000</u>	₱ <u>2,000,000,000</u>

Issuance of Capital Stock

On December 23, 2021, the SEC approved the Initial Public Offering of the Company of 500,000,000 common shares at an Offer Price of ₱1.50, with a par value of ₱1.00 per share. Offer shares were approved for listing on January 17, 2022.

Listing Under Small, Medium and Emerging Board (SME) of the PSE

On November 18, 2021 and December 2, 2021, the Securities and Exchange Commission (SEC) and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing of up to 2,500,000,000 common shares of the Company, which includes the 500,000,000 common shares subject of the Company's Initial Public Offering (IPO), under the Small, Medium and Emerging Board (SME Board) of the PSE.

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol "HTT".

NOTE 23 – SHARE PREMIUM

As of December 31, the movements of additional paid-in capital are as follows:

	<u>2024</u>	<u>2023</u>
At January 1	₱ 218,849,628	₱ 218,849,628
Share premium on common shares issued during the year		
Gross proceeds	-	-
Less: Directly attributable issuance costs	-	-
Par value of issued shares	-	-
Subtotal	<u>218,849,628</u>	<u>218,849,628</u>
End	₱ <u>218,849,628</u>	₱ <u>218,849,628</u>

Share premium arises when the amount subscribed is in excess of nominal value.

NOTE 24 – RETAINED EARNINGS

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

As of December 31, the account consists of the following:

<u>Particulars</u>	<u>2024</u>	<u>2023</u>
Retained earnings, beginning	₱ 771,173,737	₱ 576,692,834
Dividend declaration	(50,000,000)	(48,166,011)
Net income for the year	<u>366,813,498</u>	<u>242,646,915</u>
Retained earnings, ending	₱ <u>1,087,987,235</u>	₱ <u>771,173,738</u>

The Group Board of Directors approved and declared a cash dividend on October 9, 2024 in the total amount of ₱50,000,000 equivalent to ₱0.02 per share. The cash dividend was taken from the unrestricted retained earnings of the Corporation as of December 31, 2023 as was made available to all stockholders of record as of November 8, 2024, and was paid on December 2, 2024.

The Group Board of Directors approved and declared a cash dividend on October 16, 2023 in the total amount of ₱27,688,772 equivalent to ₱0.011 per share. The cash dividend was taken from the unrestricted retained earnings of the Parent as of December 31, 2022 as was made available to all stockholders of record as of November 8, 2023, and was paid on December 5, 2023.

On September 27, 2023, THI (Subsidiary)'s BOD declared cash dividend amounting to ₱20,477,240 for all stockholders qualified on records as of December 31, 2023. The cash dividend was paid on September 30, 2023 at the rate of ₱1 per common share owned by the qualified stockholders.

NOTE 25 – REAL ESTATE SALES

For the years ended December 31, 2024, 2023, and 2022, the account consists of residential house and lot amounting to ₱1,401,027,855, ₱1,011,106,834, ₱619,524,508, respectively.

NOTE 26 – OTHER OPERATING INCOME

For the years ended December 31, the account consists of the following:

Particulars	2024	2023	2022
Interest - in house financing	₱ 10,716,075	₱ 14,863,025	₱ 13,245,688
Forfeiture	510,000	1,460,000	1,510,000
Miscellaneous	1,264,933	1,826,023	1,250,469
Total	₱ <u>12,491,008</u>	₱ <u>18,149,048</u>	₱ <u>16,006,157</u>

Miscellaneous income consists of penalty charges and other fees billed to buyers.

NOTE 27 – COST OF REAL ESTATE SALES

For the years ended December 31, the account consists of the following:

Particulars	2024	2023	2022
Land cost development	₱ 202,192,693	₱ 234,124,261	₱ 83,510,696
Construction cost	536,364,761	318,270,946	236,526,258
Other cost	34,047,388	29,887,014	15,775,925
Total	₱ <u>772,604,842</u>	₱ <u>582,282,221</u>	₱ <u>335,812,879</u>

Other cost includes various expenses related to the construction cost and land development.

NOTE 28 – FINANCE COST - NET

For the years ended December 31, the account consists of the following:

Particulars	2024	2023	2022
Interest income – bank	₱ 65,047	₱ 59,432	₱ 13,413
Interest expense – retirement benefit (Note 20)	(431,833)	(1,051,006)	(655,255)
Interest expense - loans	(30,951,948)	(17,944,743)	(15,745,114)
Interest expense – right of use	(152,480)	-	-
Subtotal	<u>(31,536,261)</u>	<u>(18,936,317)</u>	<u>(16,386,956)</u>
Net	₱ <u>(31,471,214)</u>	₱ <u>(18,936,317)</u>	₱ <u>(16,386,956)</u>

NOTE 29 – SELLING EXPENSES

For the years ended December 31, the account consists of the following:

Particulars	2024	2023	2022
Advertising and promotion	₱ 21,106,282	₱ 14,989,204	₱ 5,213,002
Commissions	<u>44,168,587</u>	<u>43,533,549</u>	<u>18,389,824</u>
Total	<u>₱ 65,274,869</u>	<u>₱ 58,522,753</u>	<u>₱ 23,602,826</u>

NOTE 30 – GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, the account consists of the following:

Particulars	2024	2023	2022
Salaries, wages and allowances	₱ 94,250,215	₱ 62,949,811	₱ 34,698,824
Taxes and licenses	14,834,252	10,095,687	5,542,145
Processing, registration, and certification fee	13,530,773	14,972,488	4,522,013
Professional fees	12,646,775	8,164,072	8,973,788
Depreciation (Note 14)	12,189,668	11,254,445	5,255,054
Repairs and maintenance	3,420,764	876,929	1,020,105
Dues, subscriptions and donations	2,936,372	1,155,897	1,475,399
Retirement expense	2,412,802	1,846,485	4,398,382
Utilities	2,390,642	1,805,655	1,535,227
Stationery and office supplies	1,254,274	908,113	519,247
Rent expense (Note 33)	1,020,534	545,726	536,695
Transportation and travel	911,472	869,473	1,094,092
Insurance expense	483,326	245,071	240,583
Miscellaneous expenses	<u>18,794,277</u>	<u>9,994,158</u>	<u>10,515,130</u>
Total	<u>₱ 181,076,146</u>	<u>₱ 125,684,010</u>	<u>₱ 80,326,684</u>

Miscellaneous expenses comprise administrative expenses, other processing, registration and certification fees, notarization fees, bank charges, and other related incidental expenses.

NOTE 31 – INCOME TAXES

On January 5, 2024, Ease of Paying Taxes (EOPT) Act was passed into law. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 (“The Code”) which are intended to protect and safeguard taxpayer rights and welfare to modernize tax administration by providing mechanisms that encourage easy compliance at the best cost and resources, and to update the tax system and adopt best practices.

The amendments include the following:

- File and pay anywhere mechanism. Taxes shall be paid either electronically or manually at the time the return is filed.
- Classification of taxpayers into micro, small, medium and large taxpayers.
- Withholding of tax on income payments only when payable.
- Imposing value-added tax (VAT) on services, based on gross sales, no longer on gross receipts.
- VAT invoices are sufficient to substantiate input VAT arising from the purchase at both goods and services.
- Removal of “business style” as a VAT invoicing requirement.
- Removal of withholding tax as requirement for deductibility of income payments.

Tax expense (benefit) consists of the following:

Particulars	2024	2023	2022
Current tax expense	2,272,245	21,212,853	42,967,535
Deferred tax income	(5,993,949)	443,272	(1,713,718)
Income tax expense	(3,721,704)	21,656,125	41,253,817

The detailed computation of the normal corporate income tax expense (benefit) for the years ended December 31, is as follows:

Particulars	2024	2023	2022
Income before tax	₱ 363,008,908	₱ 264,303,041	₱ 179,401,321
Add (Deduct) reconciling items:			
Permanent difference:			
Net income of tax-exempt housing projects*	(374,546,396)	(162,317,471)	(14,375,818)
Income subject to final tax	(65,048)	(20,531,894)	(13,413)
Nondeductible expenses	3,947,688	5,170,823	3,176
Temporary difference:			
Customer deposit - net	7,790,954	(4,552,890)	1,903,627
Retirement expense	2,844,635	2,779,805	4,951,246
Depreciation and interest expense in effect of PFRS16	72,538	-	-
Taxable income	₱ 3,053,279	₱ 84,851,414	₱ 171,870,139
Applicable tax rate	25.00%	25.00%	25.00%
Regular Corporate Income Tax Expense	₱ 763,320	₱ 21,212,853	₱ 42,967,535
Minimum corporate income tax:			
Sales	₱ 1,408,818,809	₱ 1,011,106,834	₱ 619,524,508
Cost of sales	(772,604,842)	(582,282,221)	(335,812,879)
Gross income	636,213,967	428,824,613	283,711,629
Other income	12,491,008	6,554,395	16,006,157
Total income	648,704,975	435,379,008	299,717,786
Total income of tax-exempt housing projects*	(573,831,973)	194,602,121	(20,481,182)
Total income subject to MCIT	74,873,002	629,981,129	279,236,604
Applicable tax rate	2.00%	1.50%	1.00%
Minimum Corporate Income Tax Expense	₱ 1,497,460	₱ 9,449,717	₱ 2,792,366

*Non-taxable income (cost) from BOI low-cost housing and HLRB socialized housing project

Particulars	2024	2023	2022
Tax due (Higher between RCIT and MCIT)	₱ 2,272,246	₱ 21,212,853	₱ 42,967,535
Deferred tax income (expense):			
Customer deposit	₱ 10,410,077	₱ (4,552,890)	₱ 1,903,627
Retirement expense	7,560,886	2,779,805	4,951,246
Deferred MCIT	5,932,299	-	-
Leases	72,538	-	-
Total	23,975,800	(1,773,085)	6,854,873
Applicable tax rate	25.00%	25.00%	25.00%
Deferred Tax Income (Expense)	₱ 5,993,950	₱ (443,272)	₱ 1,713,718
Income Tax Expense	₱ (3,721,704)	₱ 21,656,125	₱ 41,253,817

*Non-taxable income (cost) from BOI low-cost housing and HLRB socialized housing project

The Group is subject to Minimum Corporate Income Tax (MCIT) which is computed at 1.50% and 1.00% of gross income in 2024 and 2023, respectively, as defined under tax regulations, or RCIT, whichever is higher.

As of December 31, 2024, 2023, and 2022, the Group's Regular Corporate Income Tax (RCIT) is higher than their Minimum Corporate Income Tax (MCIT), hence being the basis of their tax due.

The movement of deferred tax as of December 31, 2024, 2023, and 2022 is as follows:

December 31, 2024:

Particulars	Tax Base		Tax Rate	Tax Effect		
	Movement			Beginning balance	Movement	Ending balance
Deferred MCIT	₱ 5,932,299		25%	₱ -	₱ 1,483,075	₱ 1,483,075
Retirement expense	7,560,886		25%	3,361,620	1,890,222	5,251,842
Customer deposit	10,410,077		25%	153,834	2,602,519	2,756,353
Leases	72,538		25%	-	18,134	18,134
Total	₱ 23,975,800			₱ 3,515,454	₱ 5,993,950	₱ 9,509,404

December 31, 2023:

Particulars	Tax Base		Tax Rate	Tax Effect		
	Movement			Beginning balance	Movement	Ending balance
Retirement expense	₱ 2,779,805		25%	₱ 2,666,669	₱ 694,951	₱ 3,361,620
Customer deposit	(4,552,890)		25%	1,292,057	(1,138,223)	153,834
Total	₱ (1,773,085)			₱ 3,958,726	₱ (443,272)	₱ 3,515,454

As of December 31, the income tax payable of the Group is presented as follows:

Particulars	2024	2023	2022
Income tax due for the year	₱ 2,992,582	₱ 21,212,854	₱ 42,967,535
Overpayment due to prior year	(6,611,330)	-	(275,877)
Quarterly tax payments	-	(22,513,154)	(24,772,987)
Creditable withholding taxes	(1,377,790)	(5,311,030)	(11,914,856)
Income tax still due (Overpayment)	₱ (4,996,538)	₱ (6,611,330)	₱ 6,003,815

NOTE 32 – BASIC EARNINGS PER SHARE

As of December 31, the financial information pertinent to the derivation of the basic and diluted earnings per share are as follows:

Particulars	2024	2023	2022
Net income attributable to the equity holders of the Company	₱ 364,049,210	₱ 232,613,899	₱ 138,147,504
Weighted average number of shares outstanding:			
Balance at beginning and end of year	2,500,000,000	2,500,000,000	2,000,000,000
Total weighted average number of shares outstanding:	2,500,000,000	2,500,000,000	2,500,000,000
Basic/Diluted earnings per share	₱ 0.147	₱ 0.089	₱ 0.055

Diluted earnings per share is equal to the basic earnings per share since the Group does not have potential dilutive shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial reporting date and the date of authorization of these consolidated financial statements.

NOTE 33 – SIGNIFICANT COMMITMENTS

Lease Agreement

Since November 1, 2016, the Group has been using an approximately one hundred fifty-nine (159sqm) square meter office space located at Unit 701 Orient Square Building, along F. Ortigas Center, Pasig City, covered by CCT No. PT 54210 which is gratuitously granted for use by the owner, Miss Noemi D. Madlambayan, a major stockholder of the Company. As discussed in Note 2, the asset pertaining to such lease was classified as a short-term lease and its related rental payments are recognized in profit or loss on a straight-line basis.

Rent expense amounted to ₱1,020,534, ₱545,726, and ₱536,695, in 2024, 2023 and 2022, respectively (see Note 30).

Housing and Land Use Regulatory Board

The Parent Company has registered with the Housing and Land Use Regulatory Board and was issued Certificate of Registration no. 24744 and License to sell on September 18, 2013, for the sale of lots/units/lots with units of their housing project namely Eastview Homes 3 Antipolo with 379 lots and units located at Brgy. San Roque, Antipolo City.

The Certificate of Registration and License to Sell were subsequently amended 029480 and 034564 as a result of the alterations made by the development plan which reduced the saleable lots and units to 377.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 065 and Provisional License to Sell No. 101 on July 30, 2020, for the sale of lots/units/lots with units of their housing project namely Eastview Residences – Premiere with 42 lots and units located at Brgy. San Roque, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 637 and Provisional License to Sell No. 815 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 1 with 36 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 638 and Provisional License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 1682 on November 24, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 2 with 454 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 571 on June 7, 2024, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 3 with 456 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

THI has registered under Certificate of Registration no. 028698 and approved on August 30, 2017 with the Housing and Land Use Regulatory Board for the license to sell of the saleable lots/units/lots with units of their housing project namely Southview Homes – Sta. Rosa with 261 lots and units located at Brgy. Ibaba, Sta. Rosa City, Laguna.

THI has registered Certificate of Registration no. 028195 and approved on May 10, 2018 with the Housing and Land Use Regulatory Board for the license to sell of the saleable lots/units/lots with units of their housing project namely Southview Homes – Sta. Rosa with 278 lots and units located at Hopeful St., Area 4, Sitio Veterans, Brgy. Bagong Silangan, Quezon City.

THI has registered with the Department of Human Settlements and Urban Development, was granted Provisional Certificate of Registration No. 067 and Provisional License to Sell No. 103 on July 29, 2020 for the sale of lots/units/lots with units of their housing project name Southview Homes – Calendola with 398 lots and unit located at Brgy. Calendola, San Pedro City, Laguna. On September 9, 2022, amended Provisional Certificate of Registration No. 238 and Provisional License to Sell No. 342 was issued due to alteration of Plan and change of housing price ceiling.

Acquisition of Asset

On September 20, 2024 the Group entered into a Memorandum of Agreement with Liberty Flour Mills, Inc. (the “Seller”) for the purchase of eight (8) contiguous lots constituting 372,201 square meters, in the Province of Rizal for a total contract price of ₱1 Billion.

On the same period, the Group paid an amount of Ten Million Pesos (₱10,000,000.00) as and by way of earnest money.

NOTE 34 – OTHER MATTERS**Supplemental disclosure of cash flow information**

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes.

Particulars	January 1, 2024	Cash flows	Interest expense	December 31, 2024
Loans and borrowings	₱ 1,110,407,453	₱ 646,431,169	₱ -	₱ 1,756,820,622
Advances from related parties	<u>177,798,865</u>	<u>(3,870,146)</u>	-	<u>173,928,719</u>
Total liabilities from financing activities	₱ <u>1,288,206,318</u>	₱ <u>642,561,023</u>	₱ -	₱ <u>1,930,749,341</u>
Particulars	January 1, 2023	Cash flows	Interest expense	December 31, 2023
Loans and borrowings	₱ 426,023,815	₱ 684,383,638	₱ -	₱ 1,110,407,453
Advances from related parties	<u>244,671,814</u>	<u>(66,872,949)</u>	-	<u>177,798,865</u>
Total liabilities from financing activities	₱ <u>670,695,629</u>	₱ <u>617,510,689</u>	₱ -	₱ <u>1,288,206,318</u>
Particulars	January 1, 2022	Cash flows	Interest expense	December 31, 2022
Loans and borrowings	₱ 375,905,374	₱ 50,118,441	₱ -	₱ 426,023,815
Advances from related parties	<u>216,484,295</u>	<u>28,187,519</u>	-	<u>244,671,814</u>
Total liabilities from financing activities	₱ <u>592,389,669</u>	₱ <u>78,305,960</u>	₱ -	₱ <u>670,695,629</u>

Non-cash Activities

The Group had no material non-cash investing or financing activity-related transactions for the years ended December 31, 2024, 2023 and 2022.

NOTE 35 – CONTINGENCIES

As of December 31, 2024, the Group has the following legal cases:

(a) Tradition Homes Project Managers and Development Inc. vs. Cristina A. Inoue (O.P. Case No. 16-j-216)

The Parent Company received a decision from the Office of the President (OP) in favor of the buyer awarding the latter 1) refund amounting to ₱342,262 with interest at the rate of 6% per annum reckoned from the date complaint was filed until full payment; 2) moral damages amounting to ₱50,000; 3) attorney's fees amounting to ₱50,000; and 4) exemplary damages amounting to ₱30,000 cost of suit.

The Parent Company filed an Appeal Submitted for Resolution on Motion for Reconsideration. As of December 31, 2024 based on management's assessment and legal counsel's opinion, the outcome of the appealed motion is uncertain. Accordingly, no provision has been recognized in the financial statements.

(b) Sps. Rafael Inocando and Marites Inocando vs. Haustalk Project Managers, Inc. (HSAC-REM-A-220426-0681)

Appeal filed was granted directing Inocando to vacate the property. Pending motion for issuance of Writ of Execution was filed with HSAC.

In favor of HTI, pending execution, property amounting to ₱2,924,040 to return to HTI's inventory.

(c) Cornelio Vasquez vs. Haus Talk Project Managers & Maria Leah Madlambayan (HSAC Case No. RIVA-REM-230126-00657)

Filed with HSAC RIV-A, complaint was granted. HTI/MLDM directed to refund Vasquez. For filing of appeal to HSAC, decision was received by Firm on March 11, 2024; with 15 days to file appeal. Amount of award is ₱813,519 at 6% per annum from finality of decision until fully paid. Appeal filed by Vasquez before the Court of Appeals denied for failure to exhaust administrative remedies. Vasquez filed a motion for reconsideration, to which HTI has filed its comment/opposition.

(d) Dion Ducusin et. al. vs. Haustalk Project Managers, Inc. (NLRC Case No. 11-00064-22)

Appeal memorandum and motion to reduce appeal bond filed in NLRC-Banawe, with reply memorandum filed by complainant-appellees. Appeal before the NLRC partially granted and judgment award was re-computed. HTI filed Petition for Certiorari with prayer for issuance of Temporary Restraining Order before the Court of Appeals. Award amounts to ₱5,223,406.

(e) In re: Petition for Cancellation of Annotation of Encumbrance in relation to Section 7 R.A. 26 on TCT No. 060-2019005044 (LRC Case No. 337-srcl)

Petition granted under RTC Br. 102 Sta. Rosa, Laguna. Certificate of Finality already issued and for transmittal to with no monetary award.

(f) In re: Petition for Cancellation of Annotation of Encumbrance in relation to Section 7 R.A. 26 on TCT No. 060-2019005014 (LRC Case No. 338-SRCL)

Petition granted under RTC Br. 101 Sta. Rosa, Laguna. Certificate of Finality already issued with no monetary award.

(g) In re: Application for Original Registration of Title Pursuant to the Provisions of the Property Registration Decree (P.D. 1529) Josefino Alora and Oscar Alora vs. Register of Deeds of Calamba, Laguna (LRC Case No. SPL-1130-17)

For continuation of hearing on jurisdictional requirements at RTC Branch 93, San Pedro, Laguna.

NOTE 36 – RE-ISSUANCE OF CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The consolidated audited financial statements for the years ended December 31, 2024 and 2023 have been re-issued to reflect adjustments identified after the original issuance. These adjustments affect the previously reported profit or loss certain reclassifications in the statements of financial position and cash flows under investing and financing activities.

The adjustments include:

- The non-elimination of dividends received from affiliates in the consolidated financial statements, resulting in an overstatement of net income in 2023 but no effect in the consolidated retained earnings for both 2024 and 2023;
- Reclassification of contract assets and prepayments from total receivables; and
- Reclassification of dividends paid from investing activities to financing activities in the statement of cash flows.

Comparative amounts for the prior period have been restated to reflect these adjustments. The effects of the adjustments on the previously reported consolidated financial statements are summarized as follows:

Line item	December 31, 2024			
	Receivables	Contract Asset – current	Contract asset – non-current	Prepayments and other current assets
Statement of financial position				
Previously reported	1,690,352,527	-	-	7,403,681
Adjustments	(889,120,062)	788,840,404	90,279,658	10,000,000
Restated amount	<u>801,232,465</u>	<u>788,840,404</u>	<u>90,279,658</u>	<u>17,403,681</u>

December 31, 2023				
Line item	Receivables	Contract Asset – current	Contract asset – non-current	Prepayments and other current assets
Statement of financial position				
Previously reported	1,103,704,971	-	-	12,039,488
Adjustments	(858,867,011)	768,757,449	90,109,562	-
Restated amount	<u>244,837,960</u>	<u>768,757,449</u>	<u>90,109,562</u>	<u>-</u>
Line item	Amount			
	2024	2023		
Consolidated statement of comprehensive income				
Other operating income				
Previously reported	12,491,008	38,621,508		
Adjustments	-	(20,472,461)		
Restated amount	<u>12,491,008</u>	<u>18,149,047</u>		
Consolidated statement of changes in equity				
Retained earnings, end				
Previously reported	1,087,987,235	1,067,514,774		
Adjustments	-	20,472,461		
Restated amount	<u>1,087,987,235</u>	<u>1,087,987,235</u>		
Consolidated statement of cash flow				
Investing activities				
Dividend paid				
Previously reported	50,000,000	48,166,012		
Adjustments	(50,000,000)	(48,166,012)		
Restated amount	<u>-</u>	<u>-</u>		
Financing activities				
Dividend paid				
Previously reported	50,000,000	48,166,012		
Adjustment	-	(20,472,461)		
Restated amount	<u>50,000,000</u>	<u>27,693,551</u>		

The audit opinion on re-issued consolidated financial statements remains unmodified.

Management believes that, as re-issued, the financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and 2023 and the results of its operations and cash flows for the years then ended, in accordance with PFRS.

HAUS TALK, INC. AND ITS SUBSIDIARY
(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)
Schedule of Philippine Financial Reporting Standards

**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION**

December 31, 2024 and 2023

Items	2024	2023
Unappropriated Retained Earnings, beginning	₱ 771,173,738	₱ 576,692,833
Dividend declaration	(50,000,000)	(27,693,550)
Net Income based on the face of AFS	366,813,497	222,174,456
Less: Non-actual/unrealized income net of tax		
• Equity in net income/(loss) of associate/joint venture	-	-
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain	-	-
• Fair value adjustment (M2M gains)	-	-
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	-	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)	-	-
• Adjustment due to deviation from PFRS/GAAP – loss	-	-
• Loss on fair value adjustment of investment property (after tax)	-	-
FMV gain/(loss) transferred to equity as a result of disposal of equity investment at FVOCI	-	-
Gain/(loss) from disposal of financial assets at FVOCI	-	-
Net Income Actual/Realized	-	-
Unappropriated Retained Earnings, as adjusted, ending	₱ <u>1,087,987,235</u>	₱ <u>771,173,738</u>

HAUS TALK, INC. AND ITS SUBSIDIARY
As of year ended December 31,

IV. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC RULE 68 ANNEX 68-E

Ratio	Formula	2024	2023
Current Ratio	Total current assets	4,800,480,653	3,864,305,398
	Divided by: Total current liabilities	1,018,123,145	616,995,530
	Current ratio	4.72:1	6.28:1
Acid test ratio	Total current assets	4,800,480,653	3,864,305,398
	Less: Other current assets	2,966,030,237	2,638,854,569
	Quick assets	1,834,450,416	1,225,450,829
	Divide by: Total current liabilities	1,018,123,145	616,995,530
	Acid test ratio	1.82:1	2.00:1
Solvency Ratio	Net income	366,813,496	222,174,456
	Add: Depreciation	12,189,668	11,254,445
	Total	379,003,164	233,428,901
	Divide by: Total liabilities	2,178,893,499	1,515,874,952
	Solvency ratio	0.17:1	0.15:1
Debt-to-Equity Ratio	Total liabilities	2,178,893,499	1,515,874,952
	Divided by: Total Equity	3,817,847,838	3,503,798,627
	Debt-to-equity ratio	0.58:1	0.43:1
Asset-to-equity ratio	Total assets	5,996,741,337	5,019,673,579
	Divided by: Total equity	3,817,847,838	3,503,798,627
	Asset-to-equity ratio	1.58:1	1.43:1
Interest rate coverage ratio	Income before income tax	363,091,792	243,830,581
	Add: Interest expense	31,383,781	18,995,749
	Total	394,475,573	262,826,330
	Divided by: Interest expense	31,383,781	18,995,749
	Interest rate coverage ratio	12.57:1	13.84:1
Return on average equity	Net income	366,813,496	222,174,456
	Divided by: Average total capital accounts	3,660,823,233	3,401,338,453
	Return on equity	0.10:1	0.07:1
Return on average assets	Net income	366,813,496	222,174,456
	Divided by: Average total assets	5,508,207,458	4,657,662,457
	Return on average assets	0.07:1	0.05:1
Net profit margin	Net income	366,813,496	222,174,456
	Net sales	1,401,027,855	1,011,106,834
	Net profit margin	0.26:1	0.22:1



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



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Company Information

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Company Name: HAUS TALK, INC.

Industry Classification: K70000

Company Type: Stock Corporation

Document Information

Document ID: OST10429202482299117

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2023

Submission Type: Consolidated

Remarks: None

Acceptance of this document is subject to review of forms and contents



Haus Talk Inc <acctg.haustalk@gmail.com>

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

Mon, Apr 29, 2024 at 1:51 PM

Greetings!

SEC Registration No: CS200409462
Company Name: HAUS TALK, INC.
Document Code: AFS

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**INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS
FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and the Stockholders
HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)
Unit 701 Orient Square Building, F, Ortigas Avenue,
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES**
(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary) for the year ended December 31, 2023, on
which we have rendered the attached report dated April 26, 2024.

In compliance with Revised SRC Rule 68, we are stating that the Group has one hundred (100) stockholders
owning one hundred (100) or more shares each as of December 31, 2023.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 29, 2021, Valid until July 14, 2024
SEC Accreditation No.0314 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PTR No. 10081734, Issued Date: January 8, 2024, Makati City
BOA/PRC Reg. No. 0314
Issued on July 29, 2021, Valid until July 14, 2024
SEC Accreditation No. 99805 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-005-2024
Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 26, 2024

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)
Unit 701 Orient Square Building, F. Ortigas Avenue
Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES** *(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)* (the Group) which comprise the consolidated statements of financial position as of December 31, 2023 and 2022 and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and of its consolidated financial performances and its consolidated cash flows each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue and Construction Contracts

The Group's real estate revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the Group will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the method as the measure of progress in determining revenue from

sale of real estate; (4) determination of the actual costs incurred as cost of real estate sold; and (5) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of the outstanding receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers. In measuring the progress of its performance obligation over time, the Group measured based on actual costs incurred relative to the estimated development cost of the real estate project.

For construction contracts, revenues are based on the actual costs incurred to date relative to the total estimated cost to complete the construction projects. This process requires significant management judgments and estimates, particularly with respect to the identification of the performance obligations, and calculation of estimated costs to complete to construction projects.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead.

The Group recognizes sales commission after contract inception as the cost of obtaining the contract. The Group capitalizes sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable.

Audit response

Our audit procedure included understanding of the Group's real estate revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the analysis of sales which includes summary of collections. We traced the analysis to supporting documents such as official receipts and buyers' subsidiary ledger.

For the determination of the transaction price, we selected contracts from the sales contract database and identified their payment terms and amounts excluded from the transaction price.

For construction contracts, we obtained sample contracts and agreements and reviewed management's assessment over the identification of performance obligation within the contract and the timing of revenue recognition. For the selected contracts, we obtained an understanding of the management's process to estimate the amount of consideration expected to be received from the customers.

For the measurement of progress of the construction projects, we obtained an understanding of the Group's processes to accumulate actual costs incurred and to estimate the expected cost to complete. On a sampling basis, we tested actual costs incurred through examination of invoices and other supporting documents and performed test computation of the percentage of completion.

For the cost of real estate sold, we obtained an understanding of the Group's cost accumulation process. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as billing invoices, certificates of progress acceptance, official receipts, and accomplishment reports, among others.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we performed test calculations of the sales commission and agreed with the related contracts.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No.0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 26, 2024

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Philippine Peso)

ASSETS	Note	December 31,	
		2023	2022
CURRENT ASSETS			
Cash	10	211,855,419	51,715,470
Receivables	11	1,022,237,233	585,481,783
Real estate inventories	12	2,626,815,081	2,507,805,799
Prepayments and other current assets	13	12,039,488	14,259,178
Total Current Assets		<u>3,872,947,221</u>	<u>3,159,262,230</u>
NON-CURRENT ASSETS			
Receivables, net of current portion	11	81,467,738	92,185,581
Property and equipment, net	14	1,046,538,262	1,026,234,330
Other non-current asset	15	18,720,357	17,969,195
Total Non-Current Assets		<u>1,146,726,357</u>	<u>1,136,389,106</u>
TOTAL ASSETS		5,019,673,578	4,295,651,336
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts and other payables	16	220,574,003	304,677,031
Income tax payable	29	-	6,003,815
Loans and borrowings - current portion	17	396,421,526	202,951,034
Total Current Liabilities		<u>616,995,529</u>	<u>513,631,880</u>
NON-CURRENT LIABILITIES			
Loans and borrowings, net of current portion	17	713,985,927	223,072,781
Advances from related parties	19	177,798,865	244,671,814
Defined benefit obligation	18	7,094,630	15,396,582
Total Non-Current Liabilities		<u>898,879,422</u>	<u>483,141,177</u>
EQUITY			
Share capital	20	2,500,000,000	2,500,000,000
Share premium	21	218,849,628	218,849,628
Retained earnings	22	771,173,738	576,692,833
Actuarial gain on defined benefit obligation	18	13,775,261	3,335,818
Total Equity		<u>3,503,798,627</u>	<u>3,298,878,279</u>
TOTAL LIABILITIES AND EQUITY		5,019,673,578	4,295,651,336

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Philippine Peso)

For the Years Ended December 31,	Note	2023	2022	2021
REVENUE				
Real estate sales	23	1,011,106,834	619,524,508	428,006,472
Other operating income	24	38,621,508	16,006,157	13,286,653
Total Revenue		1,049,728,342	635,530,665	441,293,125
COST OF REAL ESTATE SALES	25	582,282,221	335,812,879	259,236,349
GROSS PROFIT		467,446,121	299,717,786	182,056,776
OPERATING EXPENSES				
Selling expenses	27	58,522,753	23,602,826	14,847,975
General and administrative expenses	28	134,529,019	86,402,450	42,508,285
Total Operating Expenses		193,051,772	110,005,276	57,356,260
NET OPERATING INCOME		274,394,349	189,712,510	124,700,516
FINANCE COST, NET	26	10,091,308	10,311,189	13,078,967
INCOME BEFORE TAX	29	264,303,041	179,401,321	111,621,549
INCOME TAX EXPENSE	29	(21,656,125)	(41,253,817)	(14,190,943)
NET INCOME		242,646,916	138,147,504	97,430,606
OTHER COMPREHENSIVE INCOME				
Actuarial gain on retirement plan	18	10,439,443	-	4,253,260
TOTAL COMPREHENSIVE INCOME		253,086,359	138,147,504	101,683,866
BASIC EARNINGS PER SHARE		0.097	0.055	0.049

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Philippine Peso)

	Share Capital (Note 20)	Share Premium (Note 21)	Retained Earnings (Note 22)	Actuarial gain (loss) on defined benefit obligation (Note 18)	Total
BALANCE AT DECEMBER 31, 2020	2,000,000,000	-	341,114,723	(917,442)	2,340,197,281
Net income	-	-	97,430,606	-	97,430,606
Other comprehensive income	-	-	-	4,253,260	4,253,260
BALANCE AT DECEMBER 31, 2021	2,000,000,000	-	438,545,329	3,335,818	2,441,881,147
Additional issuance of share capital	500,000,000	-	-	-	500,000,000
Share premium	-	218,849,628	-	-	218,849,628
Net income	-	-	138,147,504	-	138,147,504
BALANCE AT DECEMBER 31, 2022	2,500,000,000	218,849,628	576,692,833	3,335,818	3,298,878,279
Dividend declared	-	-	(48,166,011)	-	(48,166,011)
Net income	-	-	242,646,916	-	242,646,916
Other comprehensive income	-	-	-	10,439,443	10,439,443
BALANCE AT DECEMBER 31, 2023	2,500,000,000	218,849,628	771,173,738	13,775,261	3,503,798,627

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Philippine Peso)

For the Year Ended December 31,	Note	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	29	264,303,041	179,401,321	111,621,549
Adjustments for:				
Interest expense - bank loans	26	9,099,735	9,669,347	12,533,501
Interest expense - defined benefit obligation	26	1,051,006	655,255	565,872
Retirement expense	18	1,846,485	4,398,382	1,940,048
Interest income earned	26	(59,432)	(13,413)	(20,406)
Depreciation	14	11,254,445	5,255,054	4,438,417
Operating income before changes in working capital		287,495,280	199,365,946	131,078,981
Changes in assets and liabilities:				
Increase in receivables		(426,037,607)	(246,946,254)	(159,331,279)
Decrease (Increase) in real estate inventories		(119,009,282)	(599,287,830)	121,085,176
Decrease (Increase) in prepayments and other current assets		2,219,690	(12,769,656)	280,366
Decrease in other non-current assets		(1,194,433)	(10,182,616)	1,411,519
Increase in accounts and other payables		(84,103,028)	127,064,545	66,070,444
Decrease in advances to related parties		-	-	756,800,000
Defined benefit obligation		(760,000)	(2,651,966)	(277,650)
Cash generated from operations		(341,389,380)	(545,407,831)	917,117,557
Interest received	26	59,432	13,413	20,406
Income taxes paid	29	(27,216,668)	(51,138,501)	(2,929,911)
Net Cash from Operating Activities		(368,546,616)	(596,532,919)	914,208,052
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	14	(31,558,377)	(167,219,764)	(858,500,631)
Dividend declaration		(48,166,012)	-	-
Net Cash from Investing Activities		(79,724,389)	(167,219,764)	(858,500,631)
CASH FLOWS FROM FINANCING ACTIVITIES				
Additions to loans and borrowings	17	684,383,638	50,118,441	(80,758,432)
Additional advances from related parties	19	-	28,187,519	51,984,295
Payment of advances from related parties	19	(66,872,949)	-	-
Issuance of share capital, net of issuance cost	21	-	718,849,628	-
Interest paid	26	(9,099,735)	(9,669,347)	(12,533,501)
Net Cash from Financing Activities		608,410,954	787,486,241	(41,307,638)
NET INCREASE IN CASH		160,139,949	23,733,558	14,399,783
CASH, BEGINNING	10	51,715,470	27,981,912	13,582,129
CASH, ENDING	10	211,855,419	51,715,470	27,981,912

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 – GENERAL INFORMATION

HAUS TALK, INC. (the “Parent Company”) was organized under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) per Registration no. CS200409462 on June 21, 2004 under the name of Haus Talk Project Managers, Inc., which was amended on March 15, 2017 under the name of Haus Talk, Inc. Its primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

On November 18, 2021 and December 23, 2021, the Securities and Exchange Commission (SEC) and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing of up to 2,500,000,000 common shares of the Company, which includes the 500,000,000 common shares subject of the Company’s Initial Public Offering (IPO), under the Small, Medium and Emerging Board (SME Board) of the PSE.

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol “HTI”. As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68.1.

The Company was approved by the Board of Investments (BOI) as a New Developer of Economic Housing Project for its Granary - Phase 1, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2023-152 valid from August 8, 2023, and four (4) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said project.

The Parent Company’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

The Parent Company and its subsidiaries are collectively known herein as the “Group”.

Tradition Homes, Inc. (referred to as the “Subsidiary or THI”), formerly known as Tradition Homes Project Managers, Inc. before it was amended on December 11, 2017 as Tradition Homes, Inc., was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. CS200700454 on January 16, 2007. The Subsidiary’s primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

The Subsidiary’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

On January 18, 2018, the Parent Company acquired 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of P30,000,000.

THI was approved by the Board of Investments (BOI) as a New Developer of Economic and Low-Cost Housing Project for its Southview Homes – Sta. Rosa, located at Sta. Rosa, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2019-041 valid from March 6, 2019, and four (4) years thereafter provides exemption from income taxes on revenue generated from the said project.

THI’s WINN residences project, a residential condominium project located at Sitio Veterans, Barangay Bagong Silangan, Quezon City, was approved as a Socialized Housing Project by the Housing and Land Regulatory Board (HLURB) and thereby granting the Company exemption from Income Tax, Capital Gains Tax and Value-Added Tax. The certification issued by the HLURB bears the reference number 15-06-038.

Lifestyle Development Corporation (referred to as the “Subsidiary or LDC”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. A199918322 on

November 18, 1999. The Subsidiary's primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government's mass housing program. The Subsidiary's current registered address is at 1802 Jollibee Plaza Emerald Avenue, Ortigas Center, Pasig City.

On May 26, 2021, the Parent Company acquired 100% ownership and control of Lifestyle Development Corporation for an acquisition cost of P105,737,000.

Approval of Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as of December 31, 2023 (including comparative amounts as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were approved and authorized for issuance by the Board of Directors on April 26, 2024.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretation Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adapted by Securities and Exchange Commission (SEC).

2.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS), which include the availment of the reliefs granted by the Securities and Exchange Commission (SEC) under Memorandum Circulars (MC) No. 34-2020, to defer the implementation of the accounting pronouncements until December 31, 2023. These accounting pronouncements address the issues of PFRS 15, Revenue from Contracts with Customers affecting the real estate industry.

2.3 Going concern assumption

The preparation of the accompanying condensed consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

2.4 Functional and presentation currency

The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented has been rounded off to the nearest Peso unless otherwise stated.

2.5 Use of judgment and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group's consolidated financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 4.

2.6 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiary, after the elimination of intercompany transactions.

The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Investment in subsidiary

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control. Consolidation of a subsidiary begins when control is obtained over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Non-controlling interests

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

There is no non-controlling interest as of December 31, 2023, 2022 and 2021.

2.7 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured

in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

There are no transactions with non-controlling interests as of December 31, 2023, 2022 and 2021.

Loss of control and disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- derecognizes the assets, including goodwill, and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative transaction differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of the any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in OCI to profit or loss retained earnings, as appropriate.

2.8 Adoption of new and revised accounting standards

The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements:

New Accounting Standards and Amendments

Effective beginning on or after January 1, 2023

Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements - These amendments help entities provide useful accounting policy disclosures by: requiring entities to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies relating to material transactions, other events or conditions are themselves material.

Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - These clarifies how entities distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and guidance on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies

and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy.

Amendments to PAS 12, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - These clarifies how entities account for deferred taxes on certain transactions, such as leases and decommissioning obligations, with a focus on reducing diversity in practice. The amendments narrow the scope of the initial recognition exemption so entities will need to recognize a deferred tax asset and a deferred tax liability arising from transactions that give rise to equal and offsetting temporary differences.

PFRS 17 - Insurance Contract - These establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance, and cash flows.

The amendments do not have material impact on the consolidated financial statements.

Effective beginning on or after January 1, 2024

Amendment to PFRS 16 - Leases on sale and leaseback - These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 - Non-current liabilities with covenants - These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance - These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The Company is still assessing the impact of the preceding amendments to the consolidated financial statements.

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability - An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The Company is still assessing the impact of the preceding amendments to the consolidated financial statements.

Deferred

Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which guides on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018, and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14- 2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

- Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04) – valid until December 31, 2023
- Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12E – valid until December 31, 2023.

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a) the accounting policies applied;
- b) discussion of the deferral of the subject implementation issues in the PIC Q&A;
- c) qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted; and
- d) should any of the deferral options result in a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular) such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component.
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or a modified retrospective approach as provided under SEC MC 8-2021.

The amendments are not expected to have a material impact on the consolidated financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

3.1 Financial assets and financial liabilities

Date of recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition and measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction price in a non-active market is different from the fair value of other

observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

Financial assets at amortized cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As of December 31, 2023 and 2022, the Group's cash, receivables, refundable deposits and advances to related parties are included under this category.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. As of December 31, 2023 and 2022, the Group has no financial assets at FVPL.

Financial assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the

financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of December 31, 2023 and 2022, no accounts are included under this category.

Financial liabilities at amortized cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As of December 31, 2023 and 2022, the Group's accounts and other payables, loans and borrowings and advances from related parties are included under this category.

3.2 Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

3.3 Impairment of financial assets at amortized cost and FVOCI

The Group records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the

contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate. For loan receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3.4 Derecognition of financial assets and liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

3.5 Offsetting financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

3.6 Classification of financial instrument between liability and equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

3.7 Current versus non-current classification

The Group presents financial statements based on current/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 12 months after the financial reporting period;
- Expected to be settled on demand; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial 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 financial reporting period;
- It is expected to be settled on demand; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the financial reporting period

The Group classifies all other liabilities as noncurrent.

3.8 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

3.9 Fair value measurements

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3.10 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 6, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3.11 Cash

Cash includes cash on hand and in banks which are measured at face value.

Cash funds are set aside for current purposes such as petty cash fund. Cash in banks include demand deposits which are unrestricted as to withdrawal.

3.12 Receivables

Receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (*refer to the accounting policies for Revenue from contract with customers*). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

3.13 Real estate inventories

Real estate inventories consists of subdivision land, residential houses and lots for sale and development. These are properties acquired or being developed and constructed for sale in the ordinary course of business.

Inventories are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion, and estimated costs necessary to make sale.

Cost includes the costs incurred for acquisition cost, development and improvement of properties including borrowing costs.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the statement of income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

3.14 Prepayments and other current assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are expensed to profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the company statements of financial position as current assets when they are expected to be expensed within one year. Otherwise, prepayments are classified as non-current.

Prepaid expenses and other current assets include input value-added tax (VAT), deferred input tax and prepaid taxes and licenses.

3.15 Advances to related parties

These includes transfer of resources, services or obligations to affiliates, regardless of whether a price is charged. The amount is presented as current assets if collection is expected in one year or less, otherwise, they are presented as non-current assets.

Advances to parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

3.16 Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation on other assets is charged to allocate the cost of assets less their fair value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Particulars	No. of Years
Office improvement	5
Construction equipment	5
Transportation equipment	5
Furniture and fixture	5
Office equipment	3
Computer software	3
Construction tools	2

Depreciation of property and equipment begins when it becomes available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation and depletion ceases at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated recoverable reserves, useful lives, and depreciation and depletion methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depreciation and depletion are consistent with the expected pattern of economic benefits from items of property and equipment. The residual values, if any, are reviewed and adjusted, if appropriate, at each end of reporting period. If there is an indication that there has been a significant change in depreciation and depletion rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When properties are retired or otherwise disposed of, the cost and related accumulated depreciation and depletion and any allowance for impairment loss are eliminated from the accounts and any resulting gain or loss is credited or charged to the consolidated statements of comprehensive income.

An item of property and equipment 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 items) is included in the consolidated statements of comprehensive income in the year the asset is derecognized.

Fully depreciated assets are retained as property and equipment until these are no longer in use.

3.17 Impairment of non-financial assets

General

An assessment is made at each balance sheet date of whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the assets recoverable amount is calculated as the higher of the assets value in use or net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is credit to current operations.

Property and equipment

The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying

amount of an asset may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amounts, the assets or cash generating units (CGU) are written down to their estimated recoverable amounts. The estimated recoverable amount of an asset is the greater of the fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal, while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset belongs. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed by a credit to current operations (unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the same asset) to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and depletion) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statements of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on systematic basis over its remaining useful life.

3.18 Accounts and other payables

Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amounts of accruals; however, the uncertainty is generally much less than for provision.

Government dues and remittances include withholding income taxes which represent taxes retained by the Group for an item of income required to be remitted to the Bureau of Internal Revenue (BIR). The obligation of the Group to deduct and withhold the taxes arises at the time the income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term "payable" refers to the date the obligation becomes due, demandable, or legally enforceable.

Accounts and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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.

Other borrowing costs are expensed in the period in which they are incurred.

3.21 Advances from related parties

These includes receipts of resources, services or obligations to affiliates, regardless of whether a price is charged from the related parties. The amount is presented as current liability if payment is expected in one year or less, otherwise, they are presented as non-current liabilities.

3.22 Share capital

Share capital is measured at par value for all shares issued. When the shares are sold out at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Dividends on share capital, if any, are recognized as a liability and deducted from equity when declared and approved by BOD of the Group. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

3.23 Retained earnings

Retained earnings represent the cumulative balance of periodic net income or losses of the Group, dividend distribution, prior period adjustments, effect of changes in accounting policies in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and other capital adjustments. When retained earnings account has a debit balance, it is called "deficit", and presented as a deduction from equity.

Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as liability in the Company's financial statements in the period in which the dividends are declared and approved by the Company's Board of Directors.

3.24 Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled

in exchange for the goods or services. The Group applies this standard with its revenue arrangements on the sale of land and residential house units with modified home improvements

To determine whether to recognize revenue, the Group 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.

For Step 1 to be achieved, the following gating criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- 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,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group 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 Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, 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.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 4.

Real estate sales

The Group recognizes sales to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned. These include sale of subdivision land and residential units.

Forfeitures and cancellation of real estate contracts

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed non-refundable due to prescription of the period for entering into a contracted sale.

Other income

Other income is recognized in the statements of comprehensive income as they are earned.

Interest income

Interest income is recognized using effective interest accrues using effective interest method.

Contract balances:

Receivable from customers

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Cost to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them.

3.25 Costs and expenses recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the consolidated statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Cost of real estate sales

The Group recognizes costs related to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned. These include cost of land, land development costs, building cost, professional fees, depreciation, permits and licenses, and capitalized borrowing costs.

Selling, administrative, and other operating expenses

Selling expenses are costs incurred to sell or distribute inventories. Administrative expenses normally include costs of administering the business as incurred by administrative departments. Other operating expenses are costs incurred other than for selling or administrative purposes.

3.26 Employees benefits

Employee benefits are all forms of considerations given by the Group in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

Retirement benefits

The Group does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a 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 Group. The Group's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds 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 pension liability.

The cost of providing benefits under the defined benefits plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- remeasurement of net defined benefit liability or asset

Service cost which include current service costs, past service costs and gains or losses on non-routine settlement are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of comprehensive income.

Remeasurement comprising actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the statement of comprehensive income in subsequent periods.

Past-service costs are recognized immediately in the consolidated income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

3.27 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether the contract meets three key evaluations which are whether:

- a) 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 Group,
- b) the Group 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,
- c) the Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use asset

At the initial application date, the Group recognizes a right-of-use asset on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the initial application date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options 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.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.28 Income taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. Management periodically evaluates positions taken in the tax

returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

3.29 Value Added Taxes (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT, except:

1. where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
2. receivables and payables that are stated with the amount of VAT included.

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than P3,199,200, a tax exemption applies.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Group. Input tax pertains to the 12% VAT paid or payable by the Group in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the consolidated statements of financial position.

3.30 Related party transactions and relationship

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Group and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

An entity is related to the Group if any of the following conditions apply:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the company of an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Group when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Group. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

3.31 Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense' in the statement of income.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

3.32 Earnings per share (EPS) attributable to equity holders

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted EPS

is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Group has no dilutive potential common shares outstanding.

3.33 Events after the reporting date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes when material to the consolidated financial statements.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Judgments

(c) Going concern

As of December 31, 2023 and 2022, the Group's primary objective is to ensure its ability to continue as a going concern and that it maintains the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(d) Determination of functional currency

The consolidated financial statements are presented in the Philippine Peso, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(e) Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

(f) Classification of financial instruments

The Group manages its financial assets based on business models that maintain adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument, or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(g) Assessing significant influence and control over investee

The Group determines that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following are also considered:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual agreements.
- The Group's voting rights and potential voting rights.

Management has assessed the level of influence the Parent Company has on Tradition Homes, Inc. (formerly known as Tradition Homes Project Managers, Inc.) and Lifestyle Development Corporation and determines that it has control by virtue of the Parent Company holding 100% voting power over both companies.

(h) Identification of the contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age 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.

(i) Measure of progress

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development (which include customized uninstalled materials) to the customers. The Group determined that in the case of customized materials, the Group is not just providing a simple procurement service to the customer as it is significantly involved in the design and details of the manufacture of the materials.

(j) Determining transaction price of sale of real estate

The Group determines whether a contract contains a significant financing component using portfolio approach by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for

those goods or services and the prevailing effective interest rate. The Group applied practical expedient by not adjusting the effect of financing component when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group determined that its transaction price on sale of real estate recognized over time do not include a significant financing component.

(k) Determining performance obligation

With respect to equity sale of real properties, the Group concluded that the transfer of goods and services in each contract constitute a performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct in the context contract.

The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output.

(l) Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for a recognition over a period of time:

- The customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- the Group's performance does not create an asset with an alternative use and;
- the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised property is specifically identified in the contract and the contract has a restriction on the Group for redirecting the use of the property for other purposes. In addition, the customer is contractually obliged to make payments to the developer up to the end of contract terms.

(m) Determination whether an arrangement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

(n) Accounting for lease commitments – Group as lessee

The Group has a lease agreement for its office space with a term of 12 months and is renewable upon mutual agreement of both parties. The Group availed of exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

Rent expense arising from operating lease agreements amounted to P545,726, P536,694, and P847,715 in 2023, 2022 and 2021, respectively (see Note 28).

(o) Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below.

Fair values of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of consolidated financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 9 to the consolidated financial statements.

Revenue recognition method

The Group concluded that revenue from sale of real estate is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The cost to obtain contract (e.g. commission) is determined using the percentage of completion.

Revenue from sale of real estate amounted to P1,011,106,834, P619,524,508, and P428,006,472 for the years ended December 31, 2023, 2022 and 2021, respectively, while the cost of real estate sold amounted to P582,282,221, P335,812,879, and P259,236,349 for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 23 and 25).

Definition of default and credit-impaired installment contracts receivable

The Group defines the account as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

1. The customer is experiencing financial difficulty or is insolvent
2. The customer is in breach of financial covenant(s)
3. An active market for that financial assets has disappeared because of financial difficulties
4. Concessions have been granted by the Company, for economic or contractual reasons relating to the customer's financial difficulty
5. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (ED) throughout the Company's expected loss calculation.

Allowance for expected credit losses of receivables

The Group reviews its impaired receivables at each reporting date to assess whether an additional provision for credit losses should be recorded in the profit and loss. In particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the allowance.

The carrying value of receivables amounted to P1,103,704,971 and P677,667,364 as of December 31, 2023 and 2022, respectively (Note 11).

No allowance for credit losses were recognized of December 31, 2023 and 2022 (Note 11). No write-off and recoveries were also recognized as of December 31, 2023 and 2022.

Evaluation of net realizable value of real estate inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. For real estate inventories, the Group adjusts the cost of its real estate inventories to its net realizable value based on its assessments of the recoverability of the real estate inventories. In determining the recoverability of the inventories considers whether those inventories are damaged or if their selling process have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Inventories carried at cost amounted to P2,626,815,081 and P2,507,805,799 as of December 31, 2023 and 2022, respectively (Note 12). No impairments were assessed for the inventories as of December 31, 2023 and 2022, respectively.

Estimating residual values and useful lives of property and equipment

The Group estimates residual values and useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded expenses and decrease non-current assets.

The carrying amounts of property and equipment amounted to P41,396,562 and P1,026,234,330 as of December 31, 2023 and 2022, respectively (see Note 14). Useful lives of property and equipment is disclosed in Note 3.16.

Estimating impairment losses on property and equipment

The Group assesses impairment on its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- a) significant underperformance relative to expected historical or projected future operating results;
- b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- c) significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from continued use of the assets, the Group is required to make estimates that can materially affect the financial statements.

The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to statements of loss if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no provision for impairment loss on property and equipment recognized in 2023, 2022 and 2021.

Estimating allowance for impairment losses on non-financial assets (except property and equipment)

The Group provides allowance for impairment losses on non-financial assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease related assets.

There was no indication of impairment noted on the Group's non-financial assets in 2023, 2022 and 2021.

Realizable amount of deferred tax assets

The Group 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. Deferred tax assets amounted to P3,515,454 and P3,958,726 as of December 31, 2023 and 2022, respectively (Note 15 and 29).

4.3 Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 3.31.

NOTE 5 – BUSINESS COMBINATION

On January 18, 2018, the Board of Directors of the Parent Company has approved the decision for the Parent Company to acquire 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of P30,000,000. The capital stock exchange was made through conversion of Parent Company's Advances to Tradition Homes, Inc.

On May 26, 2021, the Board of Directors of the Parent Company has approved the decision for the Parent Company to acquire 100% ownership and control of Lifestyle Development Corporation (LDC) for an acquisition cost of P105,737,000. The acquisition of LDC during the year in the Business Combination will increase the assets by Php853.5 million.

NOTE 6 – SEGMENT INFORMATION

The Group has only one business segment which is primarily involved in real estate. The Group operates in one geographic location only and therefore, no information on geographical segment is presented.

NOTE 7 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are composed of cash and cash equivalents, receivable and payables. The main purpose of these financial instruments is to raise finances for the Group's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Group's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

7.1 Objectives and policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group is cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Group such as trade and other receivables and trade and other payables, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

7.2 Interest rate risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

As at December 31, 2023 and 2022, only Tradition Homes, Inc. has re-priceable financial instruments subject to variable interest rates but there were no actual repricing that happened in the current and previous years, thus reducing the interest rate risk exposures. The Groups' interest-bearing loans and borrowings are subject to interest rates ranging from 5.13% to 12.00% and all other financial assets and liabilities are non-interest bearing.

7.3 Liquidity risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

	December 31, 2023			
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost				
Cash in bank (Note 10)	P 211,855,419	P 211,855,419	P -	P -
Receivables (Note 11)	1,103,704,971	-	1,022,237,233	81,467,738
Refundable deposits (Note 15)	4,384,192	-	-	4,384,192
Total	P 1,319,944,582	P 211,855,419	P 1,022,237,233	P 85,851,930
Financial liabilities at amortized cost				
Accounts and other payables* (Note 16)	P 210,665,812	P -	P 210,665,812	P -
Loans and borrowings (Note 17)	1,110,407,453	-	-	1,110,407,453
Advances from related parties (Note 19)	177,798,865	-	-	177,798,865
Total	P 1,498,872,130	P -	P 210,665,812	P 1,288,206,318

*excluding government liabilities

	December 31, 2022			
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost				
Cash in bank (Note 10)	P 51,212,470	P 51,212,470	P -	P -
Receivables (Note 11)	677,667,364	-	585,481,783	92,185,581
Refundable deposits (Note 15)	3,189,758	-	-	3,189,758
Total	P 732,069,592	P 51,212,470	P 585,481,783	P 95,375,339
Financial liabilities at amortized cost				
Accounts and other payables* (Note 16)	P 299,249,893	P -	P 299,250,893	P -
Loans and borrowings (Note 17)	426,023,815	-	202,951,034	223,072,781
Advances from related parties (Note 19)	244,671,814	-	-	244,671,814
Total	P 969,945,522	P -	P 502,201,927	P 467,744,595

*excluding government liabilities

7.4 Credit risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements).

As at December 31, 2023 and 2022, the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

Credit quality per class of financial assets

The following table show a comparison of the credit quality of the Group's financial assets by class as at the reporting date:

	As at December 31, 2023				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High Grade	Standard Grade			
Financial assets at amortized cost:					
Cash in bank (Note 10)	P 211,855,419	P -	P -	P -	P 211,855,419
Receivables (Note 11)	1,103,704,971	-	-	-	1,103,704,971
Refundable deposits (Note 15)	4,384,192	-	-	-	4,384,192
Total	P 1,319,944,582	P -	P -	P -	P 1,319,944,582
	As at December 31, 2022				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High Grade	Standard Grade			
Financial assets at amortized cost:					
Cash in bank (Note 10)	P 51,212,470	P -	P -	P -	P 51,212,470
Receivables (Note 11)	677,667,364	-	-	-	677,667,364
Refundable deposits (Note 15)	3,189,758	-	-	-	3,189,758
Total	P 732,069,592	P -	P -	P -	P 732,069,592

The Group evaluates credit quality on the basis of the credit strength of the refundable and/or counterparty/issuer. High grade financial assets are those which collectability is assured based on past experience. Standard grade financial assets are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty. The Group determines if credit risk have increased significantly when financial assets are more than 30 days past due.

The Group's management considers none of the financial assets to be impaired or past due at the end of each financial reporting period.

Cash in banks

The credit risks for cash in banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Receivables and advances to related parties

These pertain to receivables from counterparties which are not expected to default in setting its obligations, hence there is no perceived credit risk.

Refundable deposits

Deposits represent refundable deposits to contractors for their services in cash. Deposits are recorded as assets and measured at the amount of cash paid. The amount is presented as current assets if collection is expected in one year or less, if not, they are presented as non-current assets.

Maximum Credit Risk Exposure

Financial information on the Group's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	December 31,	
	2023	2022
Financial assets at amortized cost:		
Cash in bank (Note 10)	P 211,855,419	P 51,212,470
Receivables (Note 11)	1,103,704,971	677,667,364
Refundable deposits (Note 15)	4,384,192	3,189,758
Total	P 1,319,944,582	P 732,069,592

The Group does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

NOTE 8 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Group considers its equity and loans and borrowings as capital.

The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

	2023	2022
Total liabilities	1,515,874,951	996,773,057
Total equity	3,503,798,627	3,298,878,279
Debt-to-equity ratio	0.87:1	0.30:1

In compliance with loan covenants, the Group maintains Debt-to-Equity ratio of not more than 3:1 and Debt Service Coverage ratio of at least 1.2:1. As of December 31, 2023, the Group is compliant with these loan covenants. There were no changes in the Group's approach to capital management during the year.

NOTE 9 – FAIR VALUE MEASUREMENT

9.1 Carrying amounts and fair values by category

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments for the years ended December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 211,143,419	₱ 211,143,419	₱ 51,212,470	₱ 51,212,470
Receivables (Note 11)	1,103,704,971	1,103,704,971	677,667,364	677,667,364
Refundable deposits (Note 15)	4,384,192	4,384,192	3,189,758	3,189,758
Total	₱ 1,319,232,582	₱ 1,319,232,582	₱ 732,069,592	₱ 732,069,592
Financial liabilities at amortized cost				
Accounts and other payables* (Note 16)	₱ 210,665,815	₱ 210,665,815	₱ 299,250,893	₱ 299,250,893
Loans and borrowings (Note 17)	1,110,407,453	1,110,407,453	426,023,815	426,023,815
Advances from related parties (Note 19)	177,798,865	177,798,865	244,671,814	244,671,814
Total	₱ 1,498,872,133	₱ 1,498,872,133	₱ 969,946,522	₱ 969,946,522

*excluding government liabilities

Cash in bank, Receivables, Refundable deposits, Accounts and other payables (excluding government liabilities), and Loans and borrowings. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

Advances to (from) Related Parties. The carrying amounts of these related party transactions approximate their fair values.

9.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Group's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the fair value hierarchy of the Group's financial assets and liabilities, which are measured at fair value or requires disclosure as prescribed by other PFRS, as of December 31, 2023 and 2022:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash in bank (Note 10)	P 211,143,419	P -	P -	P 211,143,419
Receivables (Note 11)	-	-	1,103,704,971	1,103,704,971
Refundable deposits (Note 15)	-	-	4,384,192	4,384,192
Total	P 211,143,419	P -	P 1,108,089,163	P 1,319,232,582
Financial liabilities at amortized cost				
Accounts and other payables* (Note 16)	P -	P -	P 210,665,815	P 210,665,815
Loans and borrowings (Note 17)	1,110,407,453	-	-	1,110,407,453
Advances from related parties (Note 19)	-	-	177,798,865	177,798,865
Total	P 1,110,407,453	P -	P 388,464,680	P 1,498,872,133

*excluding government liabilities

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash in bank (Note 10)	P 51,212,470	P -	P -	P 51,212,470
Receivables (Note 11)	-	-	677,667,364	677,667,364
Refundable deposits (Note 15)	-	-	3,189,758	3,189,758
Total	P 51,212,470	P -	P 680,857,122	P 732,069,592
Financial liabilities at amortized cost				
Accounts and other payables* (Note 16)	P -	P -	P 299,250,893	P 299,250,893
Loans and borrowings (Note 17)	426,023,815	-	-	426,023,815
Advances from related parties (Note 19)	-	-	244,671,814	244,671,814
Total	P 426,023,815	P -	P 543,922,707	P 969,946,522

*excluding government liabilities

As of December 31, 2023 and 2022, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2023 and 2022.

Financial instruments not measured at fair value for which fair value is disclosed

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

NOTE 10 – CASH

As of December 31, the account consists of:

Particulars	2023	2022
Petty cash fund	P 712,000	P 503,000
Cash in banks	<u>211,143,419</u>	<u>51,212,470</u>
Total	<u>P 211,855,419</u>	<u>P 51,715,470</u>

Cash in bank earns interest at the respective bank deposit rates. Interest income from bank deposits amounted to P59,432 and P13,413 for the years ended December 31, 2023 and 2022, respectively (Note 26).

NOTE 11 – RECEIVABLES

As of December 31, the account consists of:

Particulars	2023	2022
Installment contracts receivables at amortized cost	P 1,035,026,338	P 638,738,808
Receivables at amortized cost from:		
Contractors	4,838,425	6,097,959
Officers and employees	6,121,516	3,127,755
Suppliers	5,072,952	509,628
Broker	3,714,792	3,748,602
Buyer	11,492,765	2,316,110
Others	<u>37,438,183</u>	<u>23,128,502</u>
Total	1,103,704,971	677,667,364
Less: Noncurrent portion of installment contract receivables	<u>81,467,738</u>	<u>92,185,581</u>
Receivables, current portion	<u>P 1,022,237,233</u>	<u>P 585,481,783</u>

Installment contract receivables at amortized cost

Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of ten (10) years. These are carried at amortized cost. The corresponding titles to the subdivision units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivables are interest-bearing. Annual interest rates on installment contracts receivables range from 12.00% to 18.00%.

Receivables from contractors, suppliers, and brokers

These receivables at amortized cost are non-interest bearing and collectible within one year from the reporting date.

Receivables from buyers

These are post sales expenses due on the buyer. Post sales expense like, water meter, electric post, monthly dues, fire extinguisher, smoke detector, etc. The Company will accommodate first the payment on the expenses incurred to suppliers.

Receivables from officers and employees

These are non-interest bearing and to be liquidated within one year from the reporting date.

Others

Receivable others pertain to advances to other projects and housing overhead, HDMF and home guaranty. These are non-interest bearing and are generally collectible within one year from the reporting date.

None of the receivables were assigned or pledged to secure any of the Company's loans.

In case of default, the Group may cancel the contract with customers and find another buyer of the real estate thus, no allowance for expected credit losses was recognized in 2023 and 2022.

NOTE 12 – REAL ESTATE INVENTORIES

As of December 31, the account consists of:

Particulars	2023	2022
Land for sale and development	P 2,235,728,915	P 2,090,320,927
Residential units and development	382,539,204	406,550,003
Model units	8,546,962	10,934,869
Total	P 2,626,815,081	P 2,507,805,799

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. There was no allowance for impairment of inventories as of December 31, 2023 and 2022.

Land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

Real estate inventories recognized as cost of sales are included as cost of real estate sales in the consolidated statements of comprehensive income. Cost of real estate sales includes acquisition cost of subdivision land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 637 and License to Sell No. 815 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 1 with 36 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 637 and License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 for their housing project namely The Granary with an area of 104,661 sq.m on January 30, 2023 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The real estate inventories used as collateral or pledged as security to secure the borrowings of the Parent Company are as follows:

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal.

A Real Estate Mortgage for the loan was registered as a collateral for the title (or its subdivided titles): TCT No. 170-2023004067 covering 26,030 sqm named under the Company located within Brgy. San Antonio, Biñan City, Laguna.

A Real Estate Mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster A) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna: T-534315 to T-534320, T-534322 to T-534326, T-534328 to T-534333, T-534361 to T-534477, T-534795 to T-534797, T-2023001600, T-534815 to T-534821, T-534321, T-534327, T-534903, T-534916 to T-534918.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna:

Cluster B	T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906
Cluster C	T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-534746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599
Cluster D	T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919

NOTE 13 – PREPAYMENTS AND OTHER CURRENT ASSETS

As of December 31, the account consists of:

Particulars	2023	2022
Prepaid income tax	P 5,016,583	P -
Prepaid rent	3,939,870	798,500
Prepaid taxes and licenses	755,506	585,309
Prepaid interest	656,095	-
Prepaid insurance	51,677	64,584
Prepaid maintenance	14,737	1,050,000
Input VAT	-	11,691,224
Others	1,605,020	69,561
Total	P 12,039,488	P 14,259,178

Input VAT is a tax imposed on purchases of goods and services. These are available for offset against output VAT in future periods.

Prepaid income tax represents excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Prepaid taxes and licenses represent prepayment for taxes as well as local business real property taxes.

Others consist of Maxicare health benefit premiums of employees, billboard rent, design, architectural and planning and miscellaneous supplies.

NOTE 14 – PROPERTY AND EQUIPMENT, NET

The movements of property and equipment are as follows:

December 31, 2023

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Land	P 1,004,946,700	P 195,000	P -	P 1,005,141,700
Office improvement	3,375,886	-	-	3,375,886
Office equipment	5,293,105	1,692,607	-	6,985,712
Construction equipment	24,481,194	8,809,447	-	33,290,641
Transportation equipment	6,565,575	2,513,393	-	9,078,968
Furniture and fixture	223,861	738,700	-	962,561
Construction tools	3,305,256	17,168,630	-	20,473,886
Warehouse equipment	139,268	-	-	139,268
Temporary facilities	-	440,600	-	440,600
Total	1,048,330,845	P 31,558,377	P -	1,079,889,222
Accumulated depreciation:				
Office improvement	3,255,494	P 117,421	P -	P 3,372,915
Office equipment	3,522,519	1,054,216	-	4,576,735
Construction equipment	7,919,853	5,508,035	-	13,427,888
Transportation equipment	4,379,473	1,047,445	-	5,426,918
Furniture and fixture	142,132	71,902	-	214,034
Construction tools	2,835,803	3,333,502	-	6,169,305
Warehouse equipment	41,241	33,804	-	75,045
Temporary facilities	-	88,120	-	88,120
Total	22,096,515	P 11,254,445	P -	33,350,960
Net Book Value	P 1,026,234,330			P 1,046,538,262

December 31, 2022

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Land	P 853,537,500	P 151,409,200	P -	P 1,004,946,700
Office improvement	3,375,886	-	-	3,375,886
Office equipment	3,703,203	1,589,902	-	5,293,105
Construction equipment	12,787,297	11,693,897	-	24,481,194
Transportation equipment	4,608,396	1,957,179	-	6,565,575
Furniture and fixture	223,058	803	-	223,861
Construction tools	2,831,116	474,140	-	3,305,256
Warehouse equipment	44,625	94,643	-	139,268
Total	881,111,081	P 167,219,764	P -	1,048,330,845
Accumulated depreciation:				
Office improvement	2,956,620	P 298,874	P -	P 3,255,494
Office equipment	2,876,058	646,461	-	3,522,519
Construction equipment	4,715,373	3,204,480	-	7,919,853
Transportation equipment	3,458,505	920,968	-	4,379,473
Furniture and fixture	99,670	42,462	-	142,132
Construction tools	2,727,798	108,005	-	2,835,803
Warehouse equipment	7,437	33,804	-	41,241
Total	16,841,461	P 5,255,054	P -	22,096,515
Net Book Value	P 864,269,620			P 1,026,234,330

The Group elected to use the cost model in accounting for property and equipment.

As of December 31, 2023 and 2022, there are no indication of any impairment loss on the carrying amount of property and equipment since its recoverable amount exceeds its carrying amount.

The amount of depreciation charged to general and administrative expenses for the years ended December 31, 2023 and 2022 amounted to P11,254,445 and P5,255,054, respectively (Note 28).

Certain properties were pledged or mortgaged as collateral to secure some of the Company's loans (see Note 17).

NOTE 15 – OTHER NON-CURRENT ASSETS

As of December 31, the account consists of:

Particulars	2023	2022
Refundable deposits	P 4,384,192	P 3,189,758
Deferred tax assets (Note 29)	3,515,454	3,958,726
Security deposits	1,412,711	1,412,711
Other deposit	9,408,000	9,408,000
Total	P 18,720,357	P 17,969,195

Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recovered against future billings.

Other deposit pertains to computer software that is still under implementation.

The movement of deferred tax as of December 31, 2023, 2022 and 2021 is as follows:

December 31, 2023:

Particulars	Tax Base		Tax Rate	Tax Effect	
	Movement	Beginning balance		Movement	Ending balance
Retirement expense	P 2,779,805	P 2,666,669	25%	P 694,951	P 3,361,620
Customer deposit	(4,552,890)	1,292,057	25%	(1,138,223)	153,834
Total	P (1,773,085)	P 3,958,726		P (443,272)	P 3,515,454

December 31, 2022:

Particulars	Tax Base		Tax Rate	Tax Effect	
	Movement	Beginning balance		Movement	Ending balance
Retirement expense	P 4,951,246	P 1,428,857	25%	P 1,237,811	P 2,666,668
Customer deposit	1,903,627	816,151	25%	475,907	1,292,058
Total	P 6,854,873	P 2,245,008		P 1,713,718	P 3,958,726

December 31, 2021:

Particulars	Tax Base		Tax Rate	Tax Effect		
	Movement			Beginning balance	Movement	Ending balance
Retirement expense	P 2,438,074		25%	P 819,338	P 609,519	P 1,428,857
Customer deposit	<u>3,264,603</u>		25%	<u>-</u>	<u>816,151</u>	<u>816,151</u>
Total	P <u>5,702,677</u>			P <u>819,338</u>	P <u>1,425,670</u>	P <u>2,245,008</u>

NOTE 16 – ACCOUNTS AND OTHER PAYABLES

As of December 31, the account consists of:

Particulars	2023	2022
Trade payables	P 125,968,533	P 197,624,118
Customer deposits	45,123,463	74,270,200
Retention payable	18,282,496	10,162,958
Government liabilities	9,908,191	5,426,138
Other liabilities	<u>21,291,320</u>	<u>17,192,617</u>
Total	P <u>220,574,003</u>	P <u>304,676,031</u>

Trade payables

Trade payables represents payable to suppliers for the purchase of construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not due. These are expected to be settled within a year after the financial reporting date.

Customer deposits

Customer deposits consist mainly of collections from real estate customers which will be applied the contract price.

Retention payable

Retention payable pertains to contract payments is being withheld from the third party as guaranty for any claims against them. These are settled and paid once period has expired.

Government liabilities

Government liabilities include statutory contributions and withholding taxes and are normally settled within one year after the reporting date.

Other liabilities

Other liabilities include payment to buyer for refund of construction bond, Meralco services and installment payment made by the buyer subject to the provision of Republic Act 6552 (Realty Instalment Buyer Protection Act), various non-trade dues from utilities, professional fees and other services.

NOTE 17 – LOANS AND BORROWINGS

As of December 31, the account consists of:

Loan agreements with local banks

These loans were obtained to augment the Company's funding for its operations. The outstanding balances of the account are as follows:

<u>Lending institution</u>	<u>Interest Rate</u>	<u>Terms</u>	<u>Security</u>	<u>2023</u>
Current				
Financing (Individual and Corporation)	12.50%	6 months	Secured	P 100,000,000
Asia United Bank	8.00%	1 year	Secured	98,414,163
ArqCapital SME Finance, Inc.	12.00%	1 year	Secured	60,000,000
China Banking Corporation	7.63%	3 months	Secured	50,000,000
Bank of the Philippine Islands	8.75%	3 years	Secured	22,500,000
Bank of the Philippine Islands	7.50%	10 years	Secured	17,500,000
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	15,495,380
Security Bank Corporation	8.00%	5 years	Secured	11,666,667
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	9,601,166
China Banking Corporation - CTS	7.50%	10 years	Secured	7,443,028
Sterling Bank of Asia	10.50%	5 years	Secured	1,875,000
China Banking Corporation	8.65%	10 years	Secured	1,683,588
Asia United Bank (Car loan)	9.25%	5 years	Secured	156,541
Asia United Leasing and Finance Corporation	8.00%	5 years	Secured	85,993
Subtotal				P 396,421,526
Noncurrent				
Sterling Bank of Asia - CTS	9.00% - 11.00%	10 years	Secured	P 274,662,650
Security Bank Corporation	8.00%	5 years	Secured	258,333,333
Sterling Bank of Asia	11.00%	5 years	Secured	65,000,000
Sterling Bank of Asia	10.50%	5 years	Secured	43,125,000
Asia United Bank - CTS	8.30%	3 years	Secured	34,470,000
China Banking Corporation - CTS	7.50%	10 years	Secured	29,546,071
China Banking Corporation	8.65%	10 years	Secured	8,134,065
Asia United Bank (Car loans)	9.25%	5 years	Secured	714,807
Subtotal				P 713,985,926
Total				P 1,110,407,453

Lending Institution	Interest Rate	Terms	Security	2022
Current				
ArqCapital SME Finance, Inc.	12.00%	1 year	Secured	P 90,000,000
Bank of the Philippine Islands	6.40%	3 years	Secured	22,500,000
Bank of the Philippine Islands	7.50%	10 years	Secured	35,000,000
China Banking Corporation	6.50%	3 years	Secured	17,714,863
China Banking Corporation – CTS	7.50%	10 years	Secured	2,662,397
Sterling Bank of Asia	9.00%	3 years	Secured	22,945,013
Sterling Bank of Asia	10.00%	3 years	Secured	4,530,648
Sterling Bank of Asia – CTS	9.00%	10 years	Secured	615,954
Sterling Bank of Asia – CTS	9.50%	10 years	Secured	4,562,170
Sterling Bank of Asia – CTS	10.00%	10 years	Secured	2,075,401
Sterling Bank of Asia – CTS	11.00%	10 years	Secured	265,314
Asia United Leasing and Finance Corporation		5 years	Secured	79,274
Subtotal				<u>202,951,034</u>
Noncurrent				
Bank of the Philippine Islands	6.40%	3 years	Secured	22,500,000
China Banking Corporation	6.50%	3 years	Secured	9,817,653
China Banking Corporation	7.25%	1 year	Secured	50,000,000
China Banking Corporation – CTS	7.50%	10 years	Secured	44,494,186
Sterling Bank of Asia	9.00%	3 years	Secured	4,015,702
Sterling Bank of Asia – CTS	9.00% - 10.00%	10 years	Secured	39,081,115
Sterling Bank of Asia – CTS	9.00%	10 years	Secured	6,294,609
Sterling Bank of Asia – CTS	9.50%	10 years	Secured	31,616,984
Sterling Bank of Asia – CTS	10.00%	10 years	Secured	12,644,774
Sterling Bank of Asia – CTS	11.00%	10 years	Secured	2,607,758
				<u>223,072,781</u>
Total				P 426,023,815

Bridge Loan

In April 2023, the Parent Company availed a bridge loan from Maria Beatriz Ortoll Manahan, Zarcon Development Corporation and Carosal Development Corporation to be used exclusively to partially finance its land acquisition activities. The company made a drawdown amounting to P50,000,000, P25,000,000, and P25,000,000 with a term of six (6) months and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, particularly, the 106,250,000, 53,125,000 and 53,125,000 shares, respectively.

Asia United Bank - Term Loan

On February 10, 2023, the Parent Company obtained a Credit Facility One (1) from Asia United Bank amounting to P60,000,000 with three (3) years term maturing on April 16, 2026. Where the first drawn dated April 14, 2023 amounting to P50,000,000 and the final release of P10,000,000 dated August 16, 2023. Secured with a registered real estate mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7.963sqm) named under the Company and Comprehensive Surety Agreement executed by Maria Rachel Madlambayan.

Asia United Bank – Contract-to-Sell Loan Line

On February 10, 2023, the Parent Company availed of Credit Facility Two (2) from Asia United Bank in the amount of P100,000,000 Contract-to-Sell Loan Line with one (1) year availability. Repayment of principal shall be on a lump sum basis.

ArqCapital SME Finance, Inc. – Loan Facility

On October 5, 2022, the Parent Company availed a Loan Facility from ArqCapital SME Finance, Inc. of up to One Hundred Million in Philippine Pesos (P100,000,000.00), to construct and develop subdivision projects over tract of land located in San Pedro, Laguna, Biñan, Laguna and Antipolo, and for the purpose of partially finance the cost of the Projects and partially finance the Company working capital requirements. It is secured with the Deed of Assignment of the Contract to Sell (CTS) whereas the Company acknowledge and agrees that all of the rights, title and interests, present and future have been assigned, conveyed, set over, and transferred absolutely

to ArqCapital SME Finance, Inc. The loan has an outstanding balance of P50,000,000 and P10,000,000 as of December 31, 2023 with maturity date on April 9, 2024 and April 27, 2024, respectively.

China Banking Corporation

The following loan agreements are entered into by the Parent Company with China Banking Corporation:

Straight Loan

In December 2023, the Company obtained a straight loan from China Bank amounting to P35,000,000 and P15,000,000 with maturity due at March 4, 2024 and March 7, 2024, respectively. The loan has an interest rate of 7.63%.

Contract to Sell Purchase Facility

On July 27, 2018, the Company has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of P100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Company's buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

The following loan agreements are entered into by the Subsidiary Company with China Banking Corporation:

Contract to Sell Purchase Facility

On July 27, 2018, the Company has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of P100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Company's buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

Bank of the Philippine Islands

Loan Facility

In December 2019, the Parent Company obtained a loan facility with BPI amounting to P60,000,000 to refinance their existing outstanding loan with the same bank. The loan is imposed with an interest rate based on the prevailing bank rate, payable monthly and subject to annual review, at which the maturity date is December 22, 2024.

A Real Estate Mortgage for the loan was registered with the following titles:

<u>Area (in sqm.)</u>	<u>TCT / CCT No.</u>	<u>Registered Owner</u>
250	004-2019008548	Maria Rachel D. Madlambayan
250	004-2019008549	Terrence Restituto D. Madlambayan
250	004-2019008550	Joselito D. Madlambayan
250	004-2019008551	Ma. Leah D. Madlambayan
250	004-2019008552	Noemi D. Madlambayan
250	004-2019008553	Luis Pio D. Madlambayan
250	004-2019008554	Rufino Albert D. Madlambayan
250	004-2019008555	Edward D. Madlambayan
21	004-2019008556	Ma. Leah D. Madlambayan

Promissory Note

In December 2019, the Subsidiary Company obtained a Promissory Note from BPI Family Savings Bank amounting to P42,000,000 with a maturity date on December 23, 2024 with loan balance amounting to P17,500,000 as of December 31, 2022. The loan is secured through continuing Suretyship of Allied Community Builders & Development, Inc., Edward D. Madlambayan and Ma. Rachel D. Madlambayan

Sterling Bank of Asia

The following loan agreements are entered into by the Parent Company with Sterling Bank of Asia:

Term Loan

On October 26, 2023, the Company obtained a term loan from Sterling Bank amounting to P45,000,000 payable in sixty (60) months inclusive of one (1) year grace period on principal, with the purpose to reimburse the acquisition cost of the 16,041 sqm lot area located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The loan has an interest rate based on prevailing bank rate, fixed for one (1) year and subject to annual repricing.

A Real Estate Mortgage amounting to P45,000,000 was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 to be transferred in the name of the Company.

On December 11, 2023, the Company obtained another term loan from Sterling Bank amounting to P65,000,000 payable in sixty (60) months inclusive of one (1) year grace period on principal, with the purpose to reimburse the acquisition cost of the 26,030 sqm lot area located within Brgy. San Antonio, Biñan City, Laguna. The loan has an interest rate based on prevailing bank rate, fixed for one (1) year and subject to annual repricing.

A Real Estate Mortgage amounting to P65,000,000 was registered as a collateral for the title (or its subdivided titles): TCT No. 170-2023004067 covering 26,030 sqm named under the Company.

Contract-to-Sell (CTS) Financing Line

On March 12, 2019, the Company availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Celestis 1 and 2, Eastview Premiere and The Granary. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan. On December 7, 2023, the bank granted line increased in the amount of P100,000,000 having the Company total amount of P200,000,000 Contract-to-Sell Financing Line (with recourse).

The following loan agreements are entered into by the Subsidiary Company with Sterling Bank of Asia:

Contract-to-Sell Financing Line

On March 12, 2019, the Company availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Southview Homes – Sta. Rosa and Southview Homes – Calendola. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan. On December 7, 2023, the bank granted line increased in the amount of P100,000,000 having the Company total amount of P200,000,000 Contract-to-Sell Financing Line (With Recourse).

Security Bank – Term Loan

On May 23, 2023, the Parent Company obtained a term loan from Security Bank Corporation amounting to P70,000,000 with five (5) years term inclusive of one (1) year grace period on principal, with the purpose to partially reimburse property under Cluster A located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster A): T-534315 to T-534320, T-534322 to T-534326, T-534328 to T-534333, T-534361 to T-534477, T-534795 to T-534797, T-2023001600, T-534815 to T-534821, T-534321, T-534327, T-534903, T-534916 to T-534918.

On December 22, 2023, the Parent Company obtained another term loan from Security Bank Corporation amounting to P200,000,000 with five (5) years term inclusive of one (1) year grace period on principal, with the purpose to partially reimburse its additional 7.5-hectare property under Cluster B to D located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D):

- Cluster B T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906
- Cluster C T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-534746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599
- Cluster D T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919

Asia United Leasing and Finance Corporation

In June 2019, the Subsidiary Company purchased a vehicle from MGM Motor Trading Inc. where the remaining balance applied as a loan payable from Asia United Leasing and Finance Corporation with sixty (60) months terms maturing on June 28, 2024. The loan has an outstanding balance of P85,993 as of December 31, 2023.

Finance costs arising from these loans amounted to P9,099,735, P9,669,347, P12,533,501 for the years ended December 31, 2023, 2022 and 2021, respectively (Note 26).

In 2023 and 2022, the borrowing cost capitalized in the real estate projects amounted to P21,301,608 and P15,775,925, respectively. The capitalization rate used to determine the amount of borrowing cost eligible for capitalization is ranging to 5% to 20%.

There were no breaches of loan agreement terms such as any defaults of principal and interest of these loan borrowings during the period.

NOTE 18 – DEFINED BENEFIT OBLIGATION

The Group does not maintain retirement fund but accrues and recognizes its actuarial estimate to conform with the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined type and provides a retirement benefit equal to 22.5 days pay per every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. In accordance with the provisions of the Labor Code, the Group is required to pay eligible employees at least the minimum regulatory benefit upon retirement, subject to age and service requirements.

The obligation status and amounts recognized under retirement obligation account in the consolidated statements of financial position for the retirement plan as of December 31, 2023 and 2022 are as follows:

Particulars	2023	2022
Present value of benefit obligation	P 7,094,630	P 15,396,582
Fair value of plan assets	-	-
Deficit	7,094,630	15,396,582
Effect of asset ceiling	-	-
Liability to be recognized	P <u>7,094,630</u>	P <u>15,396,582</u>

Net plan costs for the year are as follows:

Particulars	2023	2022	2021
Current service cost	P 1,086,485	P 2,933,956	1,940,048
Net interest cost	1,051,006	655,255	565,872
Benefits paid	(393,102)	(1,187,540)	(277,650)
Net plan cost to be recognized on profit or loss	<u>1,744,389</u>	<u>2,401,671</u>	<u>2,228,270</u>
Actuarial (gain) loss	(2,030,949)	-	(4,253,260)
Changes in the effect of asset ceiling	-	-	-
Re-measurement on plan assets	-	-	-
Total (gain) loss to be recognized on other comprehensive income	<u>(2,030,949)</u>	<u>-</u>	<u>(4,253,260)</u>
Net plan cost (gain) to be recognized on total comprehensive income	P <u>(286,560)</u>	P <u>2,401,671</u>	<u>(2,024,990)</u>

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2023	2022
At beginning of the year	P 15,396,582	P 12,994,911
Interest cost	1,051,006	655,255
Current service cost	1,162,485	2,933,956
Benefits paid	(76,000)	(1,187,540)
Actuarial gain	<u>(10,439,443)</u>	<u>-</u>
At end of the year	P <u>7,094,630</u>	P <u>15,396,582</u>

Changes in the fair value of plan assets are as follows:

Particulars	2023	2022
At beginning of the year	P -	P -
Interest	-	-
Contributions	-	-
Benefits paid	-	-
Re-measurement on plan asset	-	-
At end of the year	P -	P -

The principal assumptions used in determining retirement benefits are as follows:

Particulars	2023	2022
Discount rate	6.05%	4.80%
Salary increase rate	6.00%	6.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average working life expectancy of an individual retiring at the age of 60 is 20 years of both male and female.

NOTE 19 – RELATED PARTY TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are considered related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Significant transactions with related parties as of December 31, are as follows:

December 31, 2023

Related Party	Transactions	Outstanding Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	(66,872,949)	177,798,865	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
	P (66,872,949)	P 177,798,865		

December 31, 2022

Related Party	Transactions	Outstanding Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	28,187,519	244,671,814	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
	P 28,187,519	P 244,671,814		

Receivable from and payable to affiliates and stockholders

Receivable from and payable to affiliates represent trade receivables and payables in ordinary course of business. These are unsecured, non-interest bearing, cash settlement and are payable upon mutual agreement of both parties.

Compensation of Key Management Personnel

Key management compensation amounted as of December 31, 2023, 2022, and 2021 amounted to P16,072,050, P9,423,032, and P1,917,000, respectively.

NOTE 20 – SHARE CAPITAL

As of December 31, the account consists of:

Particulars	2023		2022	
	No. of shares	Amount	No. of shares	Amount
Authorized P1.00 par				
Balance at beginning and end of year	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>
Issued and Outstanding				
Balance at beginning of year	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issuance of shares	<u>-</u>	<u>-</u>	<u>500,000,000</u>	<u>500,000,000</u>
Balance at end of year	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>

Issuance of Capital Stock

On December 23, 2021, the SEC approved the Initial Public Offering of the Company of 500,000,000 common shares at an Offer Price of P1.50, with a par value of P1.00 per share. Offer shares were approved for listing on January 17, 2022.

Listing Under Small, Medium and Emerging Board (SME) of the PSE

On November 18, 2021 and December 2, 2021, the Securities and Exchange Commission (SEC) and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing of up to 2,500,000,000 common shares of the Company, which includes the 500,000,000 common shares subject of the Company's Initial Public Offering (IPO), under the Small, Medium and Emerging Board (SME Board) of the PSE.

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol "HTI".

NOTE 21 – SHARE PREMIUM

As of December 31, the movements of additional paid-in capital are as follows:

	2023	2022
At January 1	P 218,849,628	P -
Share premium on common shares issued during the year		
Gross proceeds	-	750,000,000
Less: Directly attributable issuance costs	-	31,150,372
Par value of issued shares	-	<u>500,000,000</u>
Subtotal	<u>218,849,628</u>	<u>218,849,628</u>
End	P <u>218,849,628</u>	P <u>218,849,628</u>

Share premium arises when the amount subscribed is in excess of nominal value.

Issuance of Capital Stock

On December 23, 2021, the SEC approved the Initial Public Offering of the Company of 500,000,000 common shares at an Offer Price of P1.50, with a par value of P1.00 per share. Offer shares were approved for listing on January 17, 2022.

NOTE 22 – RETAINED EARNINGS

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

As of December 31, the account consists of the following:

<u>Particulars</u>	<u>2023</u>	<u>2022</u>
Retained earnings, beginning	P 576,692,833	P 438,545,329
Dividend declaration	(48,166,011)	-
Net income for the year	<u>242,646,915</u>	<u>138,147,504</u>
Retained earnings, ending	P <u>771,173,737</u>	P <u>576,692,833</u>

The Parent Company's Board of Directors approved and declared a cash dividend on October 16, 2023 in the total amount of P27,688,772 equivalent to P0.011 per share. The cash dividend was taken from the unrestricted retained earnings of the Parent as of December 31, 2022 as was made available to all stockholders of record as of November 8, 2023, and was paid on December 5, 2023.

On September 27, 2023, THI (Subsidiary)'s BOD declared cash dividend amounting to P20,477,240 for all stockholders qualified on records as of December 31, 2023. The cash dividend was paid on September 30, 2023 at the rate of P1 per common share owned by the qualified stockholders.

NOTE 23 – REAL ESTATE SALES

For the years ended December 31, 2023, 2022, and 2021, the account consists of residential house and lot amounting to P1,011,106,834, P619,524,508, and P428,006,472, respectively.

NOTE 24 – OTHER OPERATING INCOME

For the years ended December 31, the account consists of the following:

<u>Particulars</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Dividend	P 20,472,461	P -	P -
Interest - in house financing	14,863,025	13,245,688	11,305,673
Forfeiture	1,460,000	1,510,000	1,094,692
Miscellaneous	<u>1,826,022</u>	<u>1,250,469</u>	<u>886,288</u>
Total	P <u>38,621,508</u>	P <u>16,006,157</u>	P <u>13,286,653</u>

Miscellaneous income consists of penalty charges and other fees billed to buyers.

NOTE 25 – COST OF REAL ESTATE SALES

For the years ended December 31, the account consists of the following:

<u>Particulars</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land cost development	P 234,124,261	P 83,510,696	P 68,810,368
Construction cost	318,270,946	236,526,258	173,565,108
Other cost	<u>29,887,014</u>	<u>15,775,925</u>	<u>16,860,873</u>
Total	P <u>582,282,221</u>	P <u>335,812,879</u>	P <u>259,236,349</u>

Other cost includes various expenses related to the construction cost and land development.

NOTE 26 – FINANCE COST, NET

For the years ended December 31, the account consists of the following:

<u>Particulars</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest income – bank	P 59,432	P 13,413	P 20,406
Interest expense – retirement benefit (Note 18)	(1,051,005)	(655,255)	(565,872)
Interest expense	<u>(9,099,735)</u>	<u>(9,669,347)</u>	<u>(12,533,501)</u>
Subtotal	<u>(10,150,740)</u>	<u>(10,324,602)</u>	<u>(13,099,373)</u>
Net	P <u>(10,091,308)</u>	P <u>(10,311,189)</u>	P <u>(13,078,967)</u>

NOTE 27 – SELLING EXPENSES

For the years ended December 31, the account consists of the following:

<u>Particulars</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Advertising and promotion	P 14,989,204	P 5,213,002	P 1,002,898
Commissions	<u>43,533,549</u>	<u>18,389,824</u>	<u>13,845,077</u>
Total	P <u>58,522,753</u>	P <u>23,602,826</u>	P <u>14,847,975</u>

NOTE 28 – GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, the account consists of the following:

Particulars	2023	2022	2021
Salaries, wages and allowances	P 59,136,619	P 34,698,824	P 19,381,770
Listing fee	14,972,488	2,483,667	815,000
Taxes and licenses	10,095,687	5,542,145	2,887,039
Depreciation (Note 14)	11,254,445	5,255,054	4,438,417
Interest expense	8,845,008	-	-
Professional fees	8,164,072	8,973,788	4,950,390
SSS, HDMF and PHIC contributions	3,813,192	-	-
Representation and entertainment	2,897,837	597,595	390,504
Retirement expense	1,846,485	4,398,382	1,940,048
Utilities	1,805,655	1,535,227	2,647,977
Dues, subscriptions and donations	1,155,897	607,317	932,976
Stationery and office supplies	908,113	525,827	334,815
Repairs and maintenance	876,929	1,020,105	126,601
Transportation and travel	869,473	1,094,092	921,557
Rent expense	545,726	536,694	847,715
Insurance expense	245,070	240,583	323,507
Penalty and other charges	37,850	-	-
Miscellaneous expenses	7,058,473	18,893,150	1,569,969
Total	P 134,529,019	P 86,402,450	P 42,508,285

Miscellaneous expenses consist of administrative expenses, processing, registration and certificate fees, notarization fees, bank charges, and other miscellaneous expenses.

NOTE 29 – INCOME TAXES

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery or Tax incentives for Enterprises Act" (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

In accordance with the Corporate Recovery and Tax Incentives Enterprises Act (CREATE) and Revenue Regulation Memorandum Circular No. 69-2023, effective July 1, 2023, the minimum corporate income tax (MCIT) rate will revert to two percent (2%) from one percent (1%). This adjustment applies to both domestic and resident foreign corporations, encompassing offshore banking units and regional operating headquarters.

Tax expense (benefit) consists of the following:

Particulars	2023	2022	2021
Current tax expense	21,212,853	42,967,535	15,616,613
Deferred tax income	443,272	(1,713,718)	(1,425,670)
Income tax expense	21,656,125	41,253,817	14,190,943

The detailed computation of the normal corporate income tax expense (benefit) for the years ended December 31, is as follows:

Particulars	2023	2022	2021
Income before tax	P 264,303,041	P 179,401,321	P 111,621,549
Add (Deduct) reconciling items:			
Permanent difference:			
Net income of tax-exempt housing projects*	(162,317,471)	(14,375,818)	(54,910,316)
Income subject to final tax	(20,531,894)	(13,413)	(20,406)
Nondeductible expenses	5,170,823	3,176	5,102
Temporary difference:			
Customer deposit	(4,552,890)	1,903,627	3,264,603
Retirement expense	2,779,805	4,951,246	2,505,920
Taxable income	P 84,851,414	P 171,870,139	P 62,466,452
Applicable tax rate	25.00%	25.00%	25.00%
Regular corporate income tax expense	P 21,212,853	P 42,967,535	P 15,616,613
Minimum corporate income tax:			
Sales	P 1,911,106,834	P 619,524,508	P 428,006,472
Cost of sales	(582,282,221)	(335,812,879)	(259,236,349)
Gross income	428,824,613	283,711,629	168,770,123
Other income	6,554,395	16,006,157	13,286,653
Total income	435,379,008	299,717,786	182,056,776
Total income of tax-exempt housing projects*	194,602,121	(20,481,182)	(61,113,142)
Total income subject to MCIT	629,981,129	279,236,604	120,943,634
Applicable tax rate	1.50%	1.00%	1.00%
Minimum corporate income tax expense	P 9,449,717	P 2,792,366	P 1,209,436
Particulars	2023	2022	2021
Tax due (Higher between RCIT and MCIT)	P 21,212,853	P 42,967,535	P 15,616,613
Deferred tax income (expense):			
Customer deposit	P (4,552,890)	P 1,903,627	P 3,264,603
Retirement expense	2,779,805	4,951,246	2,438,074
Total	(1,773,085)	6,854,873	5,702,677
Applicable tax rate	25.00%	25.00%	25.00%
Deferred tax income (expense)	P (443,272)	P 1,713,718	P 1,425,670
Income tax expense	P 21,656,125	P 41,253,817	P 14,190,943

*Non-taxable income (cost) from BOI low-cost housing and HLRB socialized housing project

The Group is subject to Minimum Corporate Income Tax (MCIT) which is computed at 1.50% and 1.00% of gross income in 2023 and 2022, respectively, as defined under tax regulations, or RCIT, whichever is higher.

As of December 31, 2023, 2022, and 2021, the Group's Regular Corporate Income Tax (RCIT) is higher than their Minimum Corporate Income Tax (MCIT), hence being the basis of their tax due.

As of December 31, the income tax payable of the Group is presented as follows:

Particulars	2023	2022	2021
Income tax due for the year	P 21,212,854	P 42,967,535	P 15,616,613
Overpayment due to prior year amendment	-	(275,877)	-
Quarterly tax payments	(22,513,154)	(24,772,987)	(689,568)
Creditable withholding taxes	(5,311,030)	(11,914,856)	(752,264)
Income tax still due (Overpayment)	P <u>(6,611,330)</u>	P <u>6,003,815</u>	P <u>14,174,781</u>

NOTE 30 – BASIC EARNINGS PER SHARE

As of December 31, the financial information pertinent to the derivation of the basic and diluted earnings per share are as follows:

Particulars	2023	2022	2021
Net income attributable to the equity holders of the Company	P <u>242,646,916</u>	P <u>138,147,504</u>	P <u>97,430,606</u>
Weighted average number of shares outstanding:			
Balance at beginning of year	2,500,000,000	2,000,000,000	2,000,000,000
Effect of share issuances	-	500,000,000	-
Balance at end of year	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,000,000,000</u>
Total weighted average number of shares outstanding:	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,000,000,000</u>
Basic/Diluted earnings per share	P <u>0.097</u>	P <u>0.055</u>	P <u>0.049</u>

Diluted earnings per share is equal to the basic earnings per share since the Group does not have potential dilutive shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial reporting date and the date of authorization of these consolidated financial statements.

NOTE 31 – SIGNIFICANT COMMITMENTS

Lease Agreement

Since November 1, 2016, the Group has been using an approximately one hundred fifty-nine (159sqm) square meter office space located at Unit 701 Orient Square Building, along F. Ortigas Center, Pasig City, covered by CCT No. PT 54210 which is gratuitously granted for use by the owner, Miss Noemi D. Madlambayan, a major stockholder of the Company. As discussed in Note 2, the asset pertaining to such lease was classified as a short-term lease and its related rental payments are recognized in profit or loss on a straight-line basis.

Rent expense amounted to P545,726, P536,694, and P847,715 in 2023, 2022 and 2021, respectively (see Note 28).

Housing and Land Use Regulatory Board

The Parent Company has registered with the Housing and Land Use Regulatory Board and was issued Certificate of Registration no. 24744 and License to sell on September 18, 2013, for the sale of lots/units/lots with units of their housing project namely Eastview Homes 3 Antipolo with 379 lots and units located at Brgy. San Roque, Antipolo City.

The Certificate of Registration and License to Sell were subsequently amended 029480 and 034564 as a result of the alterations made by the development plan which reduced the saleable lots and units to 377.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 065 and Provisional License to Sell No. 101 on July 30, 2020, for the sale of lots/units/lots with units of their housing project namely Eastview Residences – Premiere with 42 lots and units located at Brgy. San Roque, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 637 and Provisional License to Sell No. 815 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 1 with 36 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 638 and Provisional License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

THI has registered under Certificate of Registration no. 028698 and approved on August 30, 2017 with the Housing and Land Use Regulatory Board for the license to sell of the saleable lots/units/lots with units of their housing project namely Southview Homes – Sta. Rosa with 261 lots and units located at Brgy. Ibaba, Sta. Rosa City, Laguna.

THI has registered Certificate of Registration no. 028195 and approved on May 10, 2018 with the Housing and Land Use Regulatory Board for the license to sell of the saleable lots/units/lots with units of their housing project namely Southview Homes – Sta. Rosa with 278 lots and units located at Hopeful St., Area 4, Sitio Veterans, Brgy. Bagong Silangan, Quezon City.

THI has registered with the Department of Human Settlements and Urban Development, was granted Provisional Certificate of Registration No. 067 and Provisional License to Sell No. 103 on July 29, 2020 for the sale of lots/units/lots with units of their housing project name Southview Homes – Calendola with 398 lots and unit located at Brgy. Calendola, San Pedro City, Laguna. On September 9, 2022, amended Provisional Certificate of Registration No. 238 and Provisional License to Sell No. 342 was issued due to alteration of Plan and change of housing price ceiling.

NOTE 32 – OTHER MATTERS

Supplemental disclosure of cash flow information

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes.

Particulars	January 1, 2023	Cash flows	Interest expense	December 31, 2023
Loans and borrowings	P 426,623,815	P 684,383,638	P -	P 1,110,407,453
Advances from related parties	244,671,814	(66,872,949)	-	177,798,865
Total liabilities from financing activities	P 670,695,629	P 617,510,689	P -	P 1,288,206,318

Particulars	January 1, 2022	Cash flows	Interest expense	December 31, 2022
Loans and borrowings	P 375,905,374	P 50,118,441	P -	P 426,023,815
Advances from related parties	216,484,295	28,187,519	-	244,671,814
Total liabilities from financing activities	P 592,389,669	P 78,305,960	P -	P 670,695,629

Particulars	January 1, 2021	Cash flows	Interest expense	December 31, 2021
Loans and borrowings	P 456,663,806	P (80,758,432)	P -	P 375,905,374
Advances from related parties	164,500,000	51,984,295	-	216,484,295
Total liabilities from financing activities	P 621,163,806	P (28,774,137)	P -	P 592,389,669

Non-cash Activities

The Group had no material non-cash investing or financing activity-related transactions for the years ended December 31, 2023, 2022 and 2021.

NOTE 33 – CONTINGENCIES

As of December 31, 2023, the Group has the following legal cases:

(a) Tradition Homes Inc. vs Julmer Sanico (CA GR SP 175875)

The Parent Company received a decision from the Court of Appeals (5th Division) denying the Company's Petition, decision of HSAC affirmed. Notice for grace period already complied and lapsed.

In favor of the Parent Company, property valued at P2,222,283 was returned to HTI's inventory.

(b) Tradition Homes Inc. vs Michael Barros (Consignation) (Civil Case No. 3203)

The Parent Company received no monetary reward from the consignment granted in favor of HTI by MTCC Branch 2, San Pedro, Laguna.

(c) Tradition Homes Inc. vs Michael Barros (Ejectment) (SCC No. 22-926)

Execution completed by MTCC Branch 2, San Pedro, Laguna in favor of the Parent Company – property valued at P1,082,246 and was returned to HTI's inventory.

(d) Tradition Homes Project Managers and Development Inc. vs. Cristina A. Inoue (O.P. Case No. 16-j-216)

The Parent Company received a decision from the Office of the President (OP) in favor of the buyer awarding the latter 1) refund amounting to P342,262 with interest at the rate of 6% per annum reckoned from the date complaint was filed until full payment; 2) moral damages amounting to P50,000; 3) attorney's fees amounting to P50,000; and 4) exemplary damages amounting to P30,000 cost of suit.

The Parent Company filed an Appeal Submitted for Resolution (on Motion for Reconsideration).

(e) Sps. Rafael Inocando and Marius Inocando vs. Haustalk Project Managers, Inc. (HSAC-REM-A-220426-0681)

Appeal filed was granted directing Inocando to vacate the property. Pending motion for issuance of Writ of Execution was filed with HSAC.

In favor of HTI, pending execution, property amounting to P2,924,040 to return to HTI's inventory.

(f) Cornello Vasquez vs. Haus Talk Project Managers & Maria Leah Madiambayon (HSAC Case No. RIVA-REM-230126-00657)

Filed with HSAC RIV-A, complaint was granted. HTI/MLDM directed to refund Vasquez. For filing of appeal to HSAC, decision was received by Firm on March 11, 2024; with 15 days to file appeal. Amount of award is P813,519 at 6% per annum from finality of decision until fully paid.

- (g) *Dian Ducusin et. al. vs. Haustalk Project Managers, Inc. (NLRC Case No. 11-00064-22)*
Appeal memorandum and motion to reduce appeal bond filed in NLRC-Banawe, with reply memorandum filed by complainant-appellees. Awaiting for further notices from NLRC. Award amounts to P5,376,924.
- (h) *In re: Petition for Cancellation of Annotation of Encumbrance in relation to Section 7 R.A. 26 on ICT No. 060-2019005044 (LRC Case No. 337-srcl)*
Petition granted under RTC Br. 102 Sta. Rosa, Laguna. For issuance of Certificate of Finality with no monetary award.
- (i) *In re: Petition for Cancellation of Annotation of Encumbrance in relation to Section 7 R.A. 26 on TCT No. 060-2019005014 (LRC Case No. 338-SRCL)*
For initial presentation of evidence on April 23, 2024, 1:30PM at RTC Br. 101 Sta. Rosa, Laguna.
- (j) *In re: Application for Original Registration of Title Pursuant to the Provisions of the Property Registration Decree (P.D. 1529) Josefino Alora and Oscar Alora vs. Register of Deeds of Calamba, Laguna (LRC Case No. SPL-1130-17)*
For continuation of hearing on jurisdictional requirements at RTC Branch 93, San Pedro, Laguna. LRA requesting additional documents for publication requirement. Next scheduled hearing on July 23, 2024 at 8:30AM.

HAUS TALK, INC. AND ITS SUBSIDIARY
(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)
 Schedule of Philippine Financial Reporting Standards

**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
 DIVIDEND DECLARATION**

December 31, 2023 and 2022

Items	2023	2022
Unappropriated Retained Earnings, beginning	P 576,692,833	P 438,545,329
Dividend declaration	(48,166,011)	-
Net income based on the face of AFS	242,646,916	138,147,504
Less: Non-actual/unrealized income net of tax		
• Equity in net income/(loss) of associate/joint venture	-	-
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	-
• Unrealized actuarial gain	-	-
• Fair value adjustment (M2M gains)	-	-
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	-	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)	-	-
• Adjustment due to deviation from PFRS/GAAP - loss	-	-
• Loss on fair value adjustment of investment property (after tax)	-	-
FMV gain/(loss) transferred to equity as a result of disposal of equity investment at FVOCI	-	-
Gain/(loss) from disposal of financial assets at FVOCI	-	-
Net Income Actual/Realized	-	-
Unappropriated Retained Earnings, as adjusted, ending	P <u>771,173,738</u>	P <u>576,692,833</u>

**REPORT OF INDEPENDENT PUBLIC AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE
BASIC FINANCIAL STATEMENTS**

The Board of Directors and the Stockholders
HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)
Unit 701 Orient Square Building, F. Ortigas Avenue,
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES** *(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)* as of December 31, 2023 on which we have rendered the attached report dated April 26, 2024. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules of the Company as of December 31, 2023 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 29, 2021, Valid until July 14, 2024
SEC Accreditation No.0314 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PIR No. 10081734, Issued Date: January 8, 2024, Makati City
BOA/PRC Reg. No. 0314
Issued on July 29, 2021, Valid until July 14, 2024
SEC Accreditation No. 99805 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-005-2024
Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 26, 2024

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

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BOA/PRC Reg. No. 0314

SEC Accreditation No. 0314 - SEC



member

an association of
legally independent
accounting firms

partnering for success

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly *Haus Talk Project Managers, Inc. and its Subsidiary*)
Unit 701 Orient Square Building, F. Ortigas Avenue,
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards Auditing, the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES (Formerly, Haus Talk Project Managers, Inc. and its Subsidiary)** as at December 31, 2023 and 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the consolidated financial statements as at December 31, 2023 and 2022, and no material exceptions were noted.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No.0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:

ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10081734, Issued Date: January 8, 2024, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 26, 2024

HAUS TALK, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

I	Supplemental schedules required by Revised SRC Rule Annex 68-J	
A	Financial Assets	<u>Attached</u>
	Amounts receivables from directors, officers, employees, related parties and principal stockholders (other than related parties)	<u>Not applicable</u>
B	Amounts receivables and payable from/to related parties which are eliminated during consolidation process of financial statements	<u>Attached</u>
C	Intangible assets - other asset	<u>Not applicable</u>
D	Long-term debt	<u>Attached</u>
E	Indebtedness to related parties (Long-term loans from related parties)	<u>Attached</u>
F	Guarantees of securities of other issuers	<u>Not applicable</u>
G	Capital Stock	<u>Attached</u>
H		
II	Map of the relationships of the Parent Company within the Parent Company	<u>Attached</u>
III	Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as required by Revised SRC Rule Annex 68-D	<u>Attached</u>
IV	Schedule of Financial Soundness Indicators as required by Revised SRC Rule Annex 68-E	<u>Attached</u>

HAUS TALK, INC. AND SUBSIDIARIES

I. SUPPLEMENTAL SCHEDULES REQUIRED BY REVISED SRC RULE ANNEX 68-J AS AT DECEMBER 31, 2023

SCHEDULE A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and rates	Amount shown in the financial position	Value based on market quotation at end of reporting period	Income received and accrued
<i>Financial assets at amortized cost</i>				
Cash	-	P 211,855,419	P 211,855,419	P 59,432
Receivables	-	1,103,704,971	1,103,704,971	-
Refundable deposits	-	4,384,192	4,384,192	-
Total		P 1,319,944,582	P 1,319,944,582	P 59,432

SCHEDULE B. Amounts of Receivable from Directors, Officers, Employees Related Parties and Principal Stockholders (Other Than Related Parties)

Name and designation of debtor	Balance at beginning of period	Amounts (collected) transferred	Provision for expected credit losses (ECL)	Amounts written-off	Current	Non-current	Balance at end of period
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Not Applicable

SCHEDULE C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected/ consolidated	Amounts written-off	Current	Non-current	Balance at end of period
Advances to related parties							
Tradition Homes, Inc.	578,000,000	-	-	-	-	578,000,000	578,000,000
Lifestyle Development Corporation	661,800,000	-	-	-	-	661,800,000	661,800,000
Total	P 1,239,800,000	-	-	-	-	1,239,800,000	1,239,800,000

SCHEDULE D. Intangible Assets – Other Assets

Description	Balance at beginning of period	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Balance at end of period
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Not Applicable

SCHEDULE E. Long-term Debt

<u>Title of issue</u>	<u>Amount authorized by indenture</u>	<u>Amount shown under caption "Current portion of long-term debt"</u>	<u>Amount shown under caption "Long term debt" in related financial position</u>
Loans and borrowings	-	396,421,526	713,985,927

SCHEDULE F. Indebtedness to Related Parties (Long Term Loans from Related Parties)

<u>Name of related party</u>	<u>Balance at beginning of period</u>	<u>Balance at end of period</u>
Stockholders	244,671,814	177,798,865

Advances from stockholders represent payables in the ordinary course of business. These are unsecured, non-interest bearing, cash settlement and are payable upon mutual agreement of both parties.

SCHEDULE G. Guarantees of Securities of Other Issuers

<u>Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed</u>	<u>Title of issue of each class of securities guaranteed</u>	<u>Total amount guaranteed and outstanding</u>	<u>Amount owned by person for which statement is filed</u>	<u>Nature of guarantee</u>
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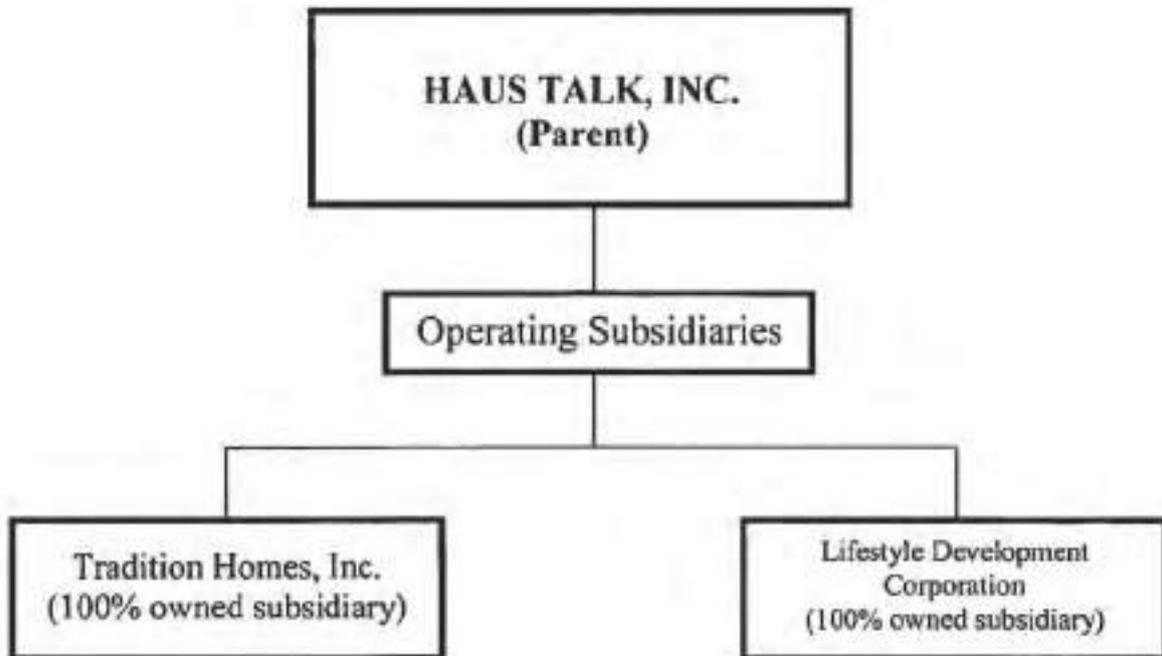
Not Applicable

SCHEDULE H. Capital Stock

<u>Title of issue</u>	<u>Number of shares authorized</u>	<u>Number of shares issued and outstanding as shown under related financial position</u>	<u>Number of shares reserved for options, warrants, conversion and other rights</u>	<u>Number of shares held by related parties</u>	<u>Directors, officers, and employees</u>	<u>Others</u>
Common	2,500,000,000	2,500,000,000	-	-	1,850,001,000	649,999,000
Total	2,500,000,000	2,500,000,000	-	-	1,850,001,000	649,999,000

HAUS TALK, INC. AND SUBSIDIARIES

II. MAP OF THE RELATIONSHIP OF THE PARENT COMPANY WITHIN THE PARENT COMPANY FOR THE YEAR ENDED DECEMBER 31, 2023



HAUS TALK, INC. AND SUBSIDIARIES

III. SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS REQUIRED BY SRC RULE ANNEX 68-D FOR THE YEAR ENDED DECEMBER 31, 2023

Items	2023	2022
Unappropriated Retained Earnings, beginning	P 576,692,833	P 438,545,329
Dividend declaration	(48,166,011)	-
Net Income based on the face of AFS	242,646,916	138,147,504
Less: Non-actual/unrealized income net of tax		
• Equity in net income/(loss) of associate/joint venture	-	-
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	-
• Unrealized actuarial gain	-	-
• Fair value adjustment (M2M gains)	-	-
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	-	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)	-	-
• Adjustment due to deviation from PFRS/GAAP – loss	-	-
• Loss on fair value adjustment of investment property (after tax)	-	-
FMV gain/(loss) transferred to equity as a result of disposal of equity investment at FVOCI	-	-
Gain/(loss) from disposal of financial assets at FVOCI	-	-
Net Income Actual/Realized	-	-
Unappropriated Retained Earnings, as adjusted, ending	P <u>771,173,738</u>	P <u>576,692,833</u>

HAUS TALK, INC. AND SUBSIDIARIES

IV. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC RULE ANNEX 68-E FOR THE YEAR ENDED DECEMBER 31, 2023

Ratio	Formula	As of December 31,	
		2023	2022
Current Ratio	Total current assets	P 3,872,947,221	P 3,159,262,230
	Divided by: Total current liabilities	<u>616,995,529</u>	<u>513,631,880</u>
	Current ratio	<u>6.28:1</u>	<u>6.15:1</u>
Acid test ratio	Total current assets	P 3,872,947,221	P 3,159,262,230
	Less: Other current assets	<u>2,638,854,569</u>	<u>2,522,064,977</u>
	Quick assets	P 1,234,092,652	P 637,197,253
	Divide by: Total current liabilities	<u>616,995,529</u>	<u>513,631,880</u>
Acid test ratio	<u>2.00:1</u>	<u>1.24:1</u>	
Solvency Ratio	Net income	P 242,646,916	P 138,147,504
	Add: Depreciation	<u>11,254,445</u>	<u>5,255,054</u>
	Total	P 253,901,361	P 143,402,558
	Divide by: Total liabilities	<u>1,515,874,951</u>	<u>996,773,057</u>
Solvency ratio	<u>0.17:1</u>	<u>0.14:1</u>	
Debt-to-Equity Ratio	Total liabilities	P 1,515,874,951	P 996,773,057
	Divided by: Total Equity	<u>3,503,798,627</u>	<u>3,298,878,279</u>
	Debt-to-equity ratio	<u>0.43:1</u>	<u>0.30:1</u>
Asset-to-equity ratio	Total assets	P 5,019,673,578	P 4,295,651,336
	Divided by: Total equity	<u>3,503,798,627</u>	<u>3,298,878,279</u>
	Asset-to-equity ratio	<u>1.43:1</u>	<u>1.30:1</u>
Interest rate coverage ratio	Income before income tax	P 264,303,041	P 179,401,321
	Add: Interest expense	<u>10,150,741</u>	<u>10,324,602</u>
	Total	P 274,453,782	P 189,725,923
	Divided by: Interest expense	<u>10,150,741</u>	<u>10,324,602</u>
Interest rate coverage ratio	<u>27.04:1</u>	<u>18.38:1</u>	
Return on average equity	Net income	P 242,646,916	P 138,147,504
	Divided by: Average equity	<u>3,401,338,453</u>	<u>3,298,878,729</u>
	Return on equity	<u>0.07:1</u>	<u>0.04:1</u>
Return on average assets	Net income	P 242,646,916	P 138,147,504
	Divided by: Average assets	<u>4,657,662,457</u>	<u>3,767,352,165</u>
	Return on assets	<u>0.05:1</u>	<u>0.037:1</u>
Net profit margin	Net income	P 242,646,916	P 138,147,504
	Net sales	<u>1,011,105,834</u>	<u>619,524,508</u>
	Net profit margin	<u>0.24:1</u>	<u>0.22:1</u>

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches:

Cebu and Davao

Phone: (632) 8892-5931 to 35

(632) 8519-2105

Fax: (632) 8819-1468

Website: www.vacpa.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0361-F



The Board of Directors and the Stockholders
HAUS TALK, INC. AND ITS SUBSIDIARIES

Unit 701 Orient Square Building,
F. Ortigas, Jr. Road, Ortigas Center,
Pasig City

We have reviewed the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES** at September 30, 2025, which comprise of the consolidated statements of financial position, and the related consolidated statements of comprehensive income, consolidated changes in equity and consolidated cash flows for the nine-month period then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with the Philippine Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of Group's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements as at September 30, 2025 and of its financial performance and its cash flows for the nine-month period then ended are not presented fairly, in all material respects, in accordance with the Philippine Financial Reporting Standards (PFRS).

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

For the firm:



ALFONSO L. CAY-AN
Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10777156, Issued Date: January 13, 2026, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
February 20, 2026

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Philippine Peso)

ASSETS	Note	Unaudited September 30, 2025	As Restated Audited December 31, 2024	Unaudited September 30, 2024
CURRENT ASSETS				
Cash	10	104,003,213	244,377,548	74,627,797
Receivables	11	1,195,249,786	762,916,855	707,350,393
Contract assets - current portion	12	796,521,912	827,156,013	1,054,806,372
Real estate inventories	13	3,630,014,080	2,948,626,556	2,825,689,799
Prepayments and other current assets	14	2,588,344	17,403,681	11,400,853
Total Current Assets		5,728,377,335	4,800,480,653	4,673,875,214
NON-CURRENT ASSETS				
Contract assets - net of current portion	12	121,760,968	90,279,658	91,937,295
Property and equipment - net	15	1,072,100,341	1,075,445,189	1,064,138,481
Other non-current asset	16	30,015,870	30,535,837	33,231,102
Total Non-Current Assets		1,223,877,179	1,196,260,684	1,189,306,878
TOTAL ASSETS		6,952,254,514	5,996,741,337	5,863,182,092
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts and other payables	17	153,187,738	197,407,432	269,908,737
Contract liabilities - current	18	13,959,997	38,015,175	42,824,132
Income tax payable	31	2,670,779	-	851,443
Lease liability		318,206	-	-
Loans and borrowings - current portion	19	1,073,161,335	782,700,538	104,277,998
Total Current Liabilities		1,243,298,055	1,018,123,145	417,862,310
NON-CURRENT LIABILITIES				
Loans and borrowings - net of current portion	19	1,407,588,439	974,138,084	1,448,926,989
Advances from related parties	21	168,159,119	173,928,719	174,425,348
Defined benefit obligation	20	12,703,551	12,703,551	7,094,630
Total Non-Current Liabilities		1,588,451,109	1,160,770,354	1,630,446,967
EQUITY				
Share capital	22	2,500,000,000	2,500,000,000	2,500,000,000
Share premium	23	218,849,628	218,849,628	218,849,628
Retained earnings	24	1,390,644,747	1,087,987,235	1,082,247,926
Actuarial gain on defined benefit obligation		11,010,975	11,010,975	13,775,261
Total Equity		4,120,505,350	3,817,847,838	3,814,872,815
TOTAL LIABILITIES AND EQUITY		6,952,254,514	5,996,741,337	5,863,182,092

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Philippine Peso)

For the Periods and Year Ended,	Note	Unaudited Nine (9) Months Ended September 30		Unaudited Three (3) Months Ended September 30	
		2025	2024	2025	2024
REVENUE					
Real estate sales	25	1,201,062,150	1,190,558,654	599,285,950	620,836,654
Other operating income	26	8,778,805	8,397,421	2,793,039	2,487,454
Total Revenue		1,209,840,955	1,198,956,075	602,078,989	623,324,108
COST OF REAL ESTATE SALES	27	660,418,895	646,276,084	317,831,239	335,828,439
GROSS PROFIT		549,422,060	552,679,991	284,247,750	287,495,669
OPERATING EXPENSES					
Selling expenses	29	63,462,492	99,729,759	33,795,057	54,786,592
General and administrative expenses	30	161,323,356	127,721,750	73,247,745	42,072,570
Total Operating Expenses		224,785,848	227,451,509	107,042,802	96,859,162
NET OPERATING INCOME		324,636,212	325,228,482	177,204,948	190,636,507
FINANCE COST - NET	28	12,228,511	22,126,914	10,798,842	17,928,687
INCOME BEFORE TAX	31	312,407,701	303,101,568	166,406,106	172,707,820
INCOME TAX (EXPENSE) BENEFIT	31	(9,750,189)	7,972,620	(9,627,695)	10,624,459
NET INCOME		302,657,512	311,074,188	156,778,411	183,332,279
OTHER COMPREHENSIVE INCOME					
Actuarial gain on retirement plan	20	-	-	(2,764,286)	(10,439,443)
TOTAL COMPREHENSIVE INCOME		302,657,512	311,074,188	154,014,125	172,892,836
BASIC EARNINGS PER SHARE		0.121	0.124	0.063	0.073

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Philippine Peso)

	Share Capital (Note 20)	Share Premium (Note 21)	As Restated Retained Earnings (Note 22)	Actuarial Gain (loss) on Defined Benefit Obligation (Note 18)	Total
BALANCE AT DECEMBER 31, 2023	2,500,000,000	218,849,628	771,173,738	13,775,261	3,503,798,627
Dividend paid (Note 22)	-	-	-	-	-
Net income	-	-	311,074,188	-	311,074,188
BALANCE AS OF SEPTEMBER 30, 2024	2,500,000,000	218,849,628	1,082,247,926	13,775,261	3,814,872,815
Dividend paid (Note 22)	-	-	(50,000,000)	-	(50,000,000)
Net income	-	-	55,739,309	-	55,739,309
Other comprehensive income	-	-	-	(2,764,286)	(2,764,286)
BALANCE AT DECEMBER 31, 2024	2,500,000,000	218,849,628	1,087,987,235	11,010,975	3,817,847,838
Dividend paid (Note 22)	-	-	-	-	-
Net income	-	-	302,657,512	-	302,657,512
BALANCE AS OF SEPTEMBER 30, 2025	2,500,000,000	218,849,628	1,390,644,747	11,010,975	4,120,505,350

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Philippine Peso)

For the Periods and Year Ended,	Note	Unaudited September 30, 2025	As Restated Audited December 31, 2024	Unaudited September 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	31	312,407,701	363,091,792	303,101,568
Adjustments for:				
Provision for expected credit losses	12,13	1,282,565	-	-
Interest expense - bank loans	28	12,260,401	30,951,948	22,168,425
Interest expense - defined benefit obligation	28	-	431,833	-
Retirement expense	30	-	2,412,802	-
Interest income earned	10	(31,890)	(65,047)	(41,511)
Depreciation	15	10,672,651	12,189,668	7,871,837
Operating income before changes in working capital		336,591,428	409,012,996	333,100,319
Changes in assets and liabilities:				
Decrease (Increase) in receivables		(433,615,496)	(518,078,894)	(462,512,432)
Increase in contract asset		(847,209)	(58,568,660)	(287,876,656)
Decrease (Increase) in real estate inventories		(681,387,524)	(321,811,475)	(198,874,718)
Decrease (Increase) in prepayments and other current assets		14,815,337	(5,364,193)	638,635
Decrease in other non-current assets		519,967	(5,821,530)	(14,510,745)
Increase in accounts and other payables		(44,219,694)	21,956,891	94,458,196
Increase in contract liabilities		(24,055,178)	(7,108,288)	(2,299,331)
Increase in lease liability		318,206	-	-
Cash generated from operations		(831,880,163)	(485,783,153)	(537,876,732)
Interest received	28	31,890	65,047	41,511
Income taxes paid		(7,079,410)	(2,272,245)	8,824,063
Net Cash from Operating Activities		(838,927,683)	(487,990,351)	(529,011,158)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment		(7,327,803)	(41,096,595)	(25,472,056)
CASH FLOWS FROM FINANCING ACTIVITIES				
Additions to loans and borrowings		723,911,152	646,431,169	442,797,534
Payment of advances from related parties		(5,769,600)	(3,870,146)	(3,373,517)
Issuance of share capital, net of issuance cost		-	-	-
Interest paid	28	(12,260,401)	(30,951,948)	(22,168,425)
Dividend declaration		-	(50,000,000)	-
Net Cash from Financing Activities		705,881,151	561,609,075	417,255,592
NET INCREASE (DECREASE) IN CASH		(140,374,335)	32,522,129	(137,227,622)
CASH, BEGINNING	10	244,377,548	211,855,419	211,855,419
CASH, ENDING	10	104,003,213	244,377,548	74,627,797

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2025, December 31, 2024 and September 30, 2024

NOTE 1 – GENERAL INFORMATION

HAUS TALK, INC. (the “Parent Company”) was organized under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) per Registration no. CS200409462 on June 21, 2004 under the name of Haus Talk Project Managers, Inc., which was amended on March 15, 2017 under the name of Haus Talk, Inc. Its primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

On November 18, 2021 and December 23, 2021, the Securities and Exchange Commission (SEC) and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing of up to 2,500,000,000 common shares of the Company, which includes the 500,000,000 common shares subject of the Company’s Initial Public Offering (IPO), under the Small, Medium and Emerging Board (SME Board) of the PSE.

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol “HTI”. As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68.1.

The Company was approved by the Board of Investments (BOI) as a New Developer of Economic Housing Project for its Granary - Phase 1, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2023-152 valid from August 8, 2023, and four (4) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said project.

The Company was approved by the Board of Investments (BOI) as an Expanding Developer of Economic Housing Project for its The Granary Phase 2 and The Granary Phase 3, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2024-069 and 2024-362 valid from March 22, 2024 and December 16, 2024, respectively, and three (3) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said projects.

The Parent Company’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

The Parent Company and its subsidiaries are collectively known herein as the “Group”.

Tradition Homes, Inc. (referred to as the “Subsidiary or THI”), formerly known as Tradition Homes Project Managers, Inc. before it was amended on December 11, 2017 as Tradition Homes, Inc., was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No.CS200700454 on January 16, 2007. The Subsidiary’s primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development, and participate in the government’s mass housing program.

The Subsidiary’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

On January 18, 2018, the Parent Company acquired 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of ₱30,000,000.

THI was approved by the Board of Investments (BOI) as a New Developer of Economic and Low-Cost Housing Project for its Southview Homes – Sta. Rosa, located at Sta. Rosa, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2019-041 valid from March 6, 2019, and four (4) years thereafter provides exemption from income taxes on revenue generated from the said project.

THI’s WINN residences project, a residential condominium project located at Sitio Veterans, Barangay Bagong Silangan, Quezon City, was approved as a Socialized Housing Project by the Housing and Land Regulatory Board

(HLURB) and thereby granting the Company exemption from Income Tax, Capital Gains Tax and Value-Added Tax. The certification issued by the HLURB bears the reference number 15-06-038.

Lifestyle Development Corporation (referred to as the “Subsidiary or LDC”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. A199918322 on November 18, 1999. The Subsidiary’s primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development, and participate in the government’s mass housing program.

The Subsidiary’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

On May 26, 2021, the Parent Company acquired 100% ownership and control of Lifestyle Development Corporation for an acquisition cost of ₱105,737,000.

Approval of Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as of and for the period ended September 30, 2025 and, 2024 for the year ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors on February 20, 2026.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretation Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adapted by Securities and Exchange Commission (SEC).

2.2 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

2.3 Going concern assumption

The preparation of the accompanying condensed consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

2.4 Functional and presentation currency

The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented has been rounded off to the nearest Peso unless otherwise stated.

2.5 Use of judgment and estimates

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group’s consolidated financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group’s significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management’s evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 4.

2.6 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries, after the elimination of intercompany transactions.

The separate financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Investment in subsidiaries

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control. Consolidation of a subsidiary begins when control is obtained over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Non-controlling interests

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

There is no non-controlling interest as of September 30, 2025, December 31, 2024 and September 30, 2024.

2.7 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

There are no transactions with non-controlling interests as of September 30, 2025, December 31, 2024, and September 30, 2024.

Loss of control and disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- Derecognizes the assets, including goodwill, and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative transaction differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of the any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss retained earnings, as appropriate.

2.8 Adoption of new and revised accounting standards

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations. The adoption of these new and amended standards and interpretations did not have significant impact on the Group consolidated financial statements unless otherwise stated.

Effective beginning on or after January 1, 2024

Adopted the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry.

On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the following provisions of PIC Q&A 2018-12 until December 31, 2023:

- a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Accounting for significant financing components discussed in PIC Q&A No. 2018-12-D
- c. Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods under Philippine Accounting Standards (PAS) 23, Borrowing Cost, for Real Estate industry.

The adoption of the above provision did not have material impact on the consolidated financial statements.

Amendment to PFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments do not have material impact on the consolidated financial statements.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
 - Amendments to PAS 7, *Cost Method*
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a "De Facto Agent"*

The Group is currently assessing the impact of adopting these standards on its consolidated financial statements.

Effective beginning on or after January 1, 2027

PFRS 18, Presentation and Disclosure in Financial Statements

The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

The Group is currently assessing the impact of adopting this standard on its consolidated financial statements.

Deferred effectivity

Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2026 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

3.1 Financial assets and financial liabilities

Date of recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition and measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

Financial assets at amortized cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets. As of September 30, 2025, December 31, 2024, and September 30, 2024, the Group's cash, receivables, contract assets, refundable deposits, and advances to related parties are included under this category.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. As of September 30, 2025, December 31, 2024 and September 30, 2024 the Group has no financial assets at FVPL.

Financial assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of September 30, 2025, December 31, 2024, and September 30, 2024, no accounts are included under this category.

Financial liabilities at amortized cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As of September 30, 2025, December 31, 2024 and September 30, 2024, the Group's accounts and other payables, contract liabilities, loans and borrowings, and advances from related parties are included under this category.

3.2 Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

3.3 Impairment of financial assets at amortized cost and FVOCI

The Group records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate. For loan receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3.4 Derecognition of financial assets and liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- The Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

3.5 Offsetting financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

3.6 Classification of financial instrument between liability and equity

A financial instrument is classified as a liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

3.7 Current versus non-current classification

The Group presents financial statements based on current/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 12 months after the financial reporting period;
- Expected to be settled on demand; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial 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 financial reporting period;
- It is expected to be settled on demand; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the financial reporting period

The Group classifies all other liabilities as noncurrent.

3.8 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

3.9 Fair value measurements

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy.

3.10 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 6, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3.11 Cash

Cash includes cash on hand and in banks which are measured at face value. Cash in banks earns interest at respective bank deposit rates

Cash funds are set aside for current purposes such as petty cash fund. Cash in banks include demand deposits which are unrestricted as to withdrawal.

3.12 Receivables

Receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (*refer to the accounting policies for Revenue from contract with customers*). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

3.13 Real estate inventories

Real estate inventories consist of subdivision land, residential houses and lots for sale and development. These are properties acquired or being developed and constructed for sale in the ordinary course of business.

Inventories are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion, and estimated costs necessary to make sale.

Cost includes the costs incurred for acquisition cost, development and improvement of properties including borrowing costs.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the statement of income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

3.14 Prepayments and other current assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are expensed to profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the company statements of financial position as current assets when they are expected to be expensed within one year. Otherwise, prepayments are classified as non-current.

Prepaid expenses and other current assets include input value-added tax (VAT), deferred input tax and prepaid taxes and licenses.

3.15 Advances to related parties

These includes transfer of resources, services or obligations to affiliates, regardless of whether a price is charged. The amount is presented as current assets if collection is expected in one year or less, otherwise, they are presented as non-current assets.

Advances to parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

3.16 Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation on other assets is charged to allocate the cost of assets less their fair value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

<u>Particulars</u>	<u>No. of Years</u>
Office improvement	5 years
Construction equipment	5 years
Transportation equipment	5 years
Furniture and fixture	5 years
Office equipment	3 years
Computer software	3 years
Construction tools	2 years

Depreciation of property and equipment begins when it becomes available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation and depletion ceases at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, and depreciation methods are reviewed periodically to ensure that the estimated, residual values, periods and methods of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. The residual values, if any, are reviewed and adjusted, if appropriate, at each end of reporting period. If there is an indication that there has been a significant change in depreciation and

depletion rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When properties are retired or otherwise disposed of, the cost and related accumulated depreciation and any allowance for impairment loss are eliminated from the accounts and any resulting gain or loss is credited or charged to the consolidated statements of comprehensive income.

An item of property and equipment 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 items) is included in the consolidated statements of comprehensive income in the year the asset is derecognized.

Fully depreciated assets are retained as property and equipment until these are no longer in use.

3.17 Impairment of non-financial assets

General

An assessment is made at each balance sheet date of whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the assets recoverable amount is calculated as the higher of the assets' value in use or net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is credit to current operations.

Property and equipment

The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amounts, the assets or cash generating units (CGU) are written down to their estimated recoverable amounts. The estimated recoverable amount of an asset is the greater of the fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal, while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset is belongs. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed by a credit to current operations (unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the same asset) to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and depletion) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statements of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on systematic basis over its remaining useful life.

3.18 Accounts and other payables

Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amounts of accruals; however, the uncertainty is generally much less than for provision.

Government dues and remittances include withholding income taxes which represent taxes retained by the Group for an item of income required to be remitted to the Bureau of Internal Revenue (BIR). The obligation of the Group to deduct and withhold the taxes arises at the time the income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term “payable” refers to the date the obligation becomes due, demandable, or legally enforceable.

Accounts and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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.

Other borrowing costs are expensed in the period in which they are incurred.

3.21 Advances from related parties

These include receipts of resources, services or obligations to affiliates, regardless of whether a price is charged from the related parties. The amount is presented as current liability if payment is expected in one year or less, otherwise, they are presented as non-current liabilities.

3.22 Share capital

Share capital is measured at par value for all shares issued. When the shares are sold out at a premium, the difference between the proceeds and the par value is credited to the “Additional paid-in capital” account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Dividends on share capital, if any, are recognized as a liability and deducted from equity when declared and approved by BOD of the Group. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

3.23 Retained earnings

Retained earnings represent the cumulative balance of periodic net income or losses of the Group, dividend distribution, prior period adjustments, effect of changes in accounting policies in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and other capital adjustments. When retained earnings account has a debit balance, it is called “deficit”, and presented as a deduction from equity.

Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as liability in the Group’s financial statements in the period in which the dividends are declared and approved by the entity’s Board of Directors.

3.24 Revenue recognition

Revenue from contract with customers

The Group derives its real estate revenue from the sale of subdivision land and residential units. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Revenue is recognized only when (or as) the Group 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.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, 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.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 4.

Real estate sales

The Group entered into reservation agreements with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate units covers subdivision land and residential house units and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

The payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% - 20% of the contract price to be paid over a maximum of 24 months at a fixed payment for horizontal developments and with remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to 15 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customers does not necessarily coincide with the progress of construction, which results in either installment contracts receivable or contract liability.

After the delivery of the completed real estate unit, the Group provides a one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the company as a quality assurance warranty and not treated as a separate performance obligation.

The performance obligations expected to be recognized within one year and more than one year relate to the continuous development of the real estate projects.

Income from forfeited reservations and collections

Income from forfeited reservations and collections is recognized when the deposits from potential buyers are deemed non-refundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, Realty Installment Buyer Act, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest income

Interest income is recognized using effective interest accrues using effective interest method.

Other income

Other income is recognized in the consolidated statements of comprehensive income when earned.

Contract balances

Receivable from customers

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

The Group's contract fulfilment assets pertain to land acquisition costs.

3.25 Costs and expenses recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the consolidated statements of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;

- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Cost of real estate sales

The Group recognizes costs related to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned. These include cost of land, land development costs, building cost, professional fees, depreciation, permits and licenses, and capitalized borrowing costs.

Selling, administrative, and other operating expenses

Selling expenses are costs incurred to sell or distribute inventories. Administrative expenses normally include costs of administering the business as incurred by administrative departments. Other operating expenses are costs incurred other than for selling or administrative purposes.

3.26 Employees benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

Retirement benefits

The Group does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a 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 Group. The Group's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds 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 pension liability.

The cost of providing benefits under the defined benefits plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurement of net defined benefit liability or asset

Service cost which includes current service costs, past service costs and gains or losses on non-routine settlement are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of comprehensive income.

Remeasurement comprising actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the statement of comprehensive income in subsequent periods.

Past-service costs are recognized immediately in the consolidated income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

3.27 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether the contract meets three key evaluations, which are whether:

- a) 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 Group,
- b) The Group 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,
- c) The Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use asset

At the initial application date, the Group recognizes a right-of-use asset on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the initial application date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options 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.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.28 Income taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

3.29 Value Added Taxes (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT, except:

1. Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
2. Receivables and payables that are stated with the amount of VAT included.

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than ₱3,600,000, a tax exemption applies.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Group. Input tax pertains to the 12% VAT paid or payable by the Group in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the consolidated statements of financial position.

3.30 Related party transactions and relationship

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Group and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

An entity is related to the Group if any of the following conditions apply:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the company of an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Group when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Group. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

3.31 Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense' in the statement of income.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

3.32 Earnings per share (EPS) attributable to equity holders

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Group has no dilutive potential common shares outstanding.

3.33 Events after the reporting date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes when material to the consolidated financial statements.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Judgments

1. Going concern

As of and for the period ended September 30, 2025 and 2024, and As of December 31, 2024, the Group's primary objective is to ensure its ability to continue as a going concern and that it maintains the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Determination of functional currency

The consolidated financial statements are presented in the Philippine Peso, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

3. Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

4. Classification of financial instruments

The Group manages its financial assets based on business models that maintain an adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument, or a portfolio of financial instruments, belong to taking into consideration the objectives of each business model established by the Group.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such

sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

5. Assessing significant influence and control over investee.

The Group determines that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following are also considered:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual agreements.
- The Group's voting rights and potential voting rights.

Management has assessed the level of influence the Parent Company has on Tradition Homes, Inc. (formerly known as Tradition Homes Project Managers, Inc.) and Lifestyle Development Corporation and determines that it has control by virtue of the Parent Company holding 100% voting power over both companies.

6. Identification of the contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age 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.

7. Measure of progress

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development (which include customized uninstalled materials) to the customers. The Group determined that in the case of customized materials, the Group is not just providing a simple procurement service to the customer as it is significantly involved in the design and details of the manufacture of the materials.

8. Determining transaction price of sale of real estate

The Group determines whether a contract contains a significant financing component using portfolio approach by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Group applied practical expedient by not adjusting the effect of financing component when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group determined that its transaction price on sale of real estate recognized over time do not include a significant financing component.

9. Determining performance obligation

With respect to equity sale of real properties, the Group concluded that the transfer of goods and services in each contract constitute a performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct in the

context contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output.

10. Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for recognition over a period of time:

- The customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- The Group's performance does not create an asset with an alternative use and;
- The goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised property is specifically identified in the contract and the contract has a restriction on the Group for redirecting the use of the property for other purposes. In addition, the customer is contractually obliged to make payments to the developer up to the end of contract terms.

11. Determination whether an arrangement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

12. Accounting for lease commitments – Group as lessee

The Group has a lease agreement for its office space with a term of 12 months and is renewable upon mutual agreement of both parties. The Group availed of exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

Rent expense arising from operating lease agreements amounted to ₱2,137,535, ₱4,241,799, ₱ (899,804) and ₱1,761,386 in September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, respectively. (see Note 30)

13. Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below.

Fair values of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing

fair values. The fair values of consolidated financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 9 to the consolidated financial statements.

Revenue recognition method

The Group concluded that revenue from sale of real estate is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The cost to obtain a contract is recognized using the percentage-of-completion method, except for commissions. Commissions are recognized as an expense in the period incurred for contracts with short-term benefits or contracts with a duration of one year or less.

Revenue from sale of real estate amounted to ₱1,201,062,150, ₱1,190,558,654, ₱599,285,950 and ₱ 620,836,654, for the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, respectively, while the cost of real estate sold amounted to ₱660,418,895, ₱646,276,084 ₱317,831,239 and ₱ 335,828,439 for the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, respectively. (see Note 25 and 27)

Definition of default and credit-impaired installment contracts receivable

The Group defines the account as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty.

These are instances where:

1. The customer is experiencing financial difficulty or is insolvent;
2. The customer is in breach of financial covenant(s);
3. An active market for that financial asset has disappeared because of financial difficulties;
4. Concessions have been granted by the Company, for economic or contractual reasons relating to the customer's financial difficulty;
5. It is becoming probable that the customer will enter bankruptcy or other financial reorganization.

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (ED) throughout the Company's expected loss calculation.

Allowance for expected credit losses of receivables

The Group reviews its impaired receivables at each reporting date to assess whether an additional provision for credit losses should be recorded in the profit and loss. In particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the allowance.

The carrying value of receivables amounted to ₱1,195,249,786, ₱762,916,855 and ₱707,350,393 as of September 30, 2025, December 31, 2024, and September 30, 2024, respectively. (Note 11)

In case of default, dunning letters are to be sent to the customers indicating the overdue accounts. The following actions should be carried out depending if the default payments pertain to equity of amortization.

Equity

1. 1st Equity Default – Issue Forfeiture Letter with Statement of Account (SOA)
2. 2nd Equity Onwards – Issue the 1st Demand Letter with Statement of Account (SOA), call and/or text the customer. If still no payment within five (5) days from receipt of the 1st demand letter, a Final Demand to Pay with the Statement of Account (SOA) will be issued with corresponding call and/or text to the customer. If within sixty (60) days from receipt of the 2nd Demand Letter, no payment has been made, the Group will issue a notarized Notice of cancellation (NOC). After thirty (30) days from receipt of NOC, no payment received from the customer, the unit shall be reopened for resale.

Amortization

1. Customers with delayed payments
 - Issue the 1st Notice of Overdue Payment (NOP) with Statement of Account (SOA) with corresponding call or email to the customer.
 - If within five (5) days from receipt of 1st Notice of Overdue Payment (NOP), no payment has been made, the Group will issue Final Demand to Pay.
2. With payments for two (2) years or less
 - If no payment within sixty (60) days from receipt of Final Demand Letter, the Group will issue a notarized Notice of Cancellation (NOC). However, if the customer response to the NOC, Loan Restructuring will be offered, subject to the approval by the Management. If after thirty (30) days, no response from the customer, contract will be cancelled and open for resale.
3. With payments for more than two (2) years
 - If no payment within ninety (90) days from receipt of Final Demand Letter, the Group will issue a notarized Notice of Cancellation (NOC) and the unit will be re-opened for sale.

Allowance for credit losses was recognized as of September 30, 2025, and nil for both December 31, 2024 and September 30, 2024. Neither write-off nor recoveries were also recognized as of September 30, 2025, December 31, 2024, and September 30, 2024. (Note 11)

Evaluation of net realizable value of real estate inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. For real estate inventories, the Group adjusts the cost of its real estate inventories to its net realizable value based on its assessments of the recoverability of the real estate inventories. In determining the recoverability of the inventories considers whether those inventories are damaged or if their selling process have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Inventories carried at cost amounted to ₱3,630,014,080, ₱2,948,626,556 and ₱2,825,689,799 as of September 30, 2025, December 31, 2024, and September 30, 2024, respectively (Note 13). No impairments were assessed for the inventories as of September 30, 2025, December 31, 2024 and September 30, 2024, respectively.

Estimating residual values, and useful lives of property and equipment

The Group estimates residual values and useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase recorded expenses and decrease non-current assets.

The carrying amounts of property and equipment amounted to ₱1,072,100,341, ₱1,075,445,189, and ₱1,064,138,481 as of September 30, 2025, December 31, 2024, and September 30, 2024, respectively (see Note 15). Useful lives of property and equipment is disclosed in Note 3.16.

Estimating impairment losses on property and equipment

The Group assesses impairment on its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review, include the following:

- a) Significant underperformance relative to expected historical or projected future operating results;
- b) Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- c) Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from continued use of the assets, the Group is required to make estimates that can materially affect the financial statements.

The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to statements of loss if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no provision for impairment loss on property and equipment recognized in September 30, 2025 and 2024 and December 31, 2024.

Estimating allowance for impairment losses on non-financial assets (except property and equipment)

The Group provides allowance for impairment losses on non-financial assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease related assets.

There was no indication of impairment noted on the Group's non-financial assets in September 30, 2025, December 31, 2024, and September 30, 2024.

Realizable amount of deferred tax assets

The Group 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. Deferred tax assets amounted to ₱9,184,647, ₱9,509,404, and ₱12,339,516 as of September 30, 2025, December 31, 2024 and September 30, 2024, respectively. (Note 16 and 31).

4.3 Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 3.31.

NOTE 5 – BUSINESS COMBINATION

On January 18, 2018, the Board of Directors of the Parent Company has approved the decision for the Parent Company to acquire 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of ₱30,000,000. The capital stock exchange was made through conversion of Parent Company's Advances to Tradition Homes, Inc.

On May 26, 2021, the Board of Directors of the Parent Company has approved the decision for the Parent Company to acquire 100% ownership and control of Lifestyle Development Corporation (LDC) for an acquisition cost of ₱105,737,000. The acquisition of LDC during the year in the Business Combination will increase the assets by ₱853.5 million.

NOTE 6 – SEGMENT INFORMATION

The Group has only one business segment which is primarily involved in real estate. The Group operates in one geographic location only and therefore, no information on geographical segment is presented.

NOTE 7 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are composed of cash, receivables and payables. The main purpose of these financial instruments is to raise finances for the Group's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Group's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, and liquidity risk.

7.1 Objectives and policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group are cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Group, such as trade and other receivables and trade and other payables, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

7.2 Interest rate risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

As at September 30, 2025, December 31, 2024 and September 30, 2024, only Tradition Homes, Inc. has re-priceable financial instruments subject to variable interest rates but there was no actual repricing that happened in the current and previous years, thus reducing the interest rate risk exposures. The Groups' interest-bearing loans

and borrowings are subject to interest rates ranging from 5.13% to 12.00% and all other financial assets and liabilities are non-interest bearing.

7.3 Liquidity risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

	September 30, 2025			
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 102,952,213	₱ 102,952,213	₱ -	₱ -
Receivables (Note 11)	1,020,934,693	-	1,020,934,693	-
Contract assets (Note 12)	796,521,912	-	796,521,912	-
Refundable deposits (Note 16)	10,193,855	-	-	10,193,855
Total	₱ 1,930,602,673	₱ 102,952,213	₱ 1,817,456,605	₱ 10,193,855
Financial liabilities at amortized cost:				
Accounts and other payables* (Note 17)	₱ 146,418,964	₱ -	₱ 146,418,964	₱ -
Contract liabilities (Note 18)	13,959,997	-	13,959,997	-
Loans and borrowings (Note 19)	2,480,749,774	-	-	2,480,749,774
Advances from related parties (Note 21)	168,159,120	-	-	168,159,120
Total	₱ 2,809,287,855	₱ -	₱ 160,378,961	₱ 2,648,908,894
<i>*Excluding government liabilities.</i>				
	December 31, 2024			
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 243,656,548	₱ 243,656,548	₱ -	₱ -
Receivables (Note 11)	690,989,584	-	690,989,584	-
Contract assets (Note 12)	879,120,062	-	879,120,062	-
Refundable deposits (Note 16)	10,204,135	-	-	10,204,135
Total	₱ 1,823,970,329	₱ 243,656,548	₱ 1,570,109,646	₱ 10,204,135
Financial liabilities at amortized cost:				
Accounts and other payables* (Note 17)	₱ 194,018,230	₱ -	₱ 194,018,230	₱ -
Contract liabilities (Note 18)	38,015,175	-	38,015,175	-
Loans and borrowings (Note 19)	1,756,838,622	-	-	1,756,838,622
Advances from related parties (Note 21)	173,928,719	-	-	173,928,719
Total	₱ 2,162,800,746	₱ -	₱ 232,033,405	₱ 1,930,767,341
<i>*Excluding government liabilities.</i>				

September 30, 2024				
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 73,912,797	₱ 73,912,797	₱ -	₱ -
Receivables (Note 11)	638,871,981	-	638,871,981	-
Contract assets (Note 12)	1,054,806,372	-	1,054,806,372	-
Refundable deposits (Note 16)	11,483,586	-	-	11,483,586
Total	₱ 1,779,074,736	₱ 73,912,797	₱ 1,693,678,353	₱ 11,483,586
Financial liabilities at amortized cost:				
Accounts and other payables* (Note 17)	₱ 265,254,236	₱ -	₱ 265,254,236	₱ -
Contract liabilities (Note 18)	42,824,132	-	42,824,132	-
Loans and borrowings (Note 19)	1,553,204,987	-	-	1,553,204,987
Advances from related parties (Note 21)	174,425,348	-	-	174,425,348
Total	₱ 2,035,708,703	₱ -	₱ 308,078,368	₱ 1,727,630,335

*Excluding government liabilities.

7.4 Credit risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements).

As at September 30, 2025, December 31, 2024 and September 30, 2024, the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

Credit quality per class of financial assets

The following table show a comparison of the credit quality of the Group's financial assets by class as at the reporting date:

As at September 30, 2025							
	Neither past due nor impaired		Past due but not impaired		Impaired		Total
	High Grade	Standard Grade					
Financial assets at amortized cost:							
Cash in bank (Note 10)	₱ 101,669,648	₱ -	₱ -	₱ -	₱ -	₱ -	₱ 101,669,648
Receivables (Note 11)	1,020,934,693	-	-	-	-	-	1,020,934,693
Contract assets (Note 12)	796,521,912	-	-	-	-	-	796,521,912
Refundable deposits (Note 16)	10,193,855	-	-	-	-	-	10,193,855
Total	₱ 1,929,320,108	₱ -	₱ -	₱ -	₱ 1,282,565	₱ -	₱ 1,930,602,673

		As at December 31, 2024				
		Neither past due nor impaired		Past due but not impaired	Impaired	Total
		High Grade	Standard Grade			
Financial assets at amortized cost:						
Cash in bank (Note 10)	₱ 243,656,548	₱ -	₱ -	₱ -	₱ -	243,656,548
Receivables (Note 11)	690,989,584	-	-	-	-	690,989,584
Contract assets (Note 12)	827,156,013					827,156,013
Refundable deposits (Note 16)	10,204,135	-	-	-	-	10,204,135
Total	₱ 1,772,006,280	₱ -	₱ -	₱ -	₱ -	1,772,006,280

		As at September 30, 2024				
		Neither past due nor impaired		Past due but not impaired	Impaired	Total
		High Grade	Standard Grade			
Financial assets at amortized cost:						
Cash in bank (Note 10)	₱ 73,912,797	₱ -	₱ -	₱ -	₱ -	73,912,797
Receivables (Note 11)	638,871,981	-	-	-	-	638,871,981
Contract assets (Note 12)	1,054,806,372					1,054,806,372
Refundable deposits (Note 16)	11,483,586	-	-	-	-	11,483,586
Total	₱ 1,779,074,736	₱ -	₱ -	₱ -	₱ -	1,779,074,736

The Group evaluates credit quality on the basis of the credit strength of the refundable and/or counterparty/issuer. High grade financial assets are those which collectability is assured based on past experience. Standard grade financial assets are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty. The Group determines if credit risk have increased significantly when financial assets are more than 30 days past due.

The Group's management considers none of the financial assets to be impaired or past due at the end of each financial reporting period.

Cash in banks

The credit risks for cash in banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Receivables and advances to related parties

These pertain to receivables from counterparties which are not expected to default in setting its obligations, hence there is no perceived credit risk.

Aging Schedules of Receivables

This account as of September 30, 2025 consist of the following:

	Total	Neither past due nor impaired	1-30 days	31-60 days	61-90 days	over 90 days
Receivables	1,940,500,137	1,937,337,946	1,552,926	344,362	221,102	1,043,802

Current	1,827,609,101	1,824,446,909	1,552,926	344,362	221,102	1,043,802
Noncurrent	112,891,037	112,891,037	-	-	-	-

Refundable deposits

Deposits represent refundable deposits to contractors for their services in cash. Deposits are recorded as assets and measured at the amount of cash paid. The amount is presented as current assets if collection is expected in one year or less, if not, they are presented as non-current assets.

Maximum Credit Risk Exposure

Financial information on the Group's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	<u>September 31, 2025</u>	<u>December 31, 2024</u>	<u>September 31, 2024</u>
Financial assets at amortized cost:			
Cash in bank (Note 10)	₱ 102,952,213	₱ 243,656,548	₱ 73,912,797
Receivables (Note 11)	1,020,934,693	690,989,584	638,871,981
Contract assets (Note 12)	796,521,912	879,120,062	1,054,806,372
Refundable deposits (Note 16)	10,193,855	10,204,135	11,483,586
Total	₱ 1,930,602,673	₱ 1,823,970,329	₱ 1,779,074,736

The Group does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

NOTE 8 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Group considers its equity and loans and borrowings as capital.

The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Total liabilities	2,831,749,164	2,178,893,500	2,048,309,277
Total equity	4,120,505,350	3,817,847,838	3,814,872,815

Debt-to-equity ratio 0.69:1 0.57:1 0.54:1

There were no changes in the Group's approach to capital management during the year.

NOTE 9 – FAIR VALUE MEASUREMENT

9.1 Carrying amounts and fair values by category

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments for the year September 30, 2025 and 2024 and December 31, 2024:

	September 30, 2025		December 31, 2024		September 30, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortized cost:						
Cash in bank (Note 10)	₱ 102,952,213	₱ 102,952,213	₱ 243,656,548	₱ 243,656,548	₱ 73,912,797	₱ 73,912,797
Receivables (Note 11)	1,020,934,693	1,020,934,693	801,232,465	801,232,465	638,871,981	638,871,981
Contract assets (Note 12)	796,521,912	796,521,912	690,989,584	690,989,584	1,054,806,372	1,054,806,372
Refundable deposits (Note 16)	10,193,855	10,193,855	10,204,135	10,204,135	11,483,586	11,483,586
Total	₱ <u>1,930,602,673</u>	₱ <u>1,930,602,673</u>	₱ <u>1,746,082,732</u>	₱ <u>1,746,082,732</u>	₱ <u>1,779,074,736</u>	₱ <u>1,779,074,736</u>
Financial liabilities at amortized cost:						
Accounts and other payables* (Note 17)	₱ 122,197,204	₱ 122,197,204	₱ 194,018,230	₱ 194,018,230	₱ 277,003,367	₱ 277,003,367
Contract liabilities (Note 18)	13,959,997	13,959,997	38,015,175	38,015,175	42,824,132	42,824,132
Loans and borrowings (Note 19)	2,480,749,774	2,480,749,774	1,756,838,622	1,756,838,622	1,553,204,987	1,553,204,987
Advances from related parties (Note 21)	168,159,120	168,159,120	173,928,719	173,928,719	174,425,348	174,425,348
Total	₱ <u>2,785,066,095</u>	₱ <u>2,785,066,095</u>	₱ <u>2,162,800,746</u>	₱ <u>2,162,800,746</u>	₱ <u>2,047,457,834</u>	₱ <u>2,047,457,834</u>

*Excluding government liabilities.

Cash in bank, Receivables, Refundable deposits, Accounts and other payables (excluding government liabilities), and Loans and borrowings. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

Advances to (from) Related Parties. The carrying amounts of these related party transactions approximate their fair values.

9.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Group's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the fair value hierarchy of the Group's financial assets and liabilities, which are measured at fair value or require disclosure as prescribed by other PFRS, as of September 30, 2025 and 2024 and December 31, 2024:

	September 30, 2025			Total
	Level 1	Level 2	Level 3	

Financial assets at amortized cost:

Cash in bank (Note 10)	₱	102,952,213	₱	-	₱	-	₱	102,952,213
Receivables (Note 11)		-		-		1,020,934,693		1,020,934,693
Contract assets (Note 12)		-		-		796,521,912		796,521,912
Refundable deposits (Note 16)		-		-		10,193,855		10,193,855
Total	₱	102,952,213	₱	-	₱	1,827,650,460	₱	1,930,602,673

Financial liabilities at amortized cost

Accounts and other payables*(Note 17)	₱	-	₱	-	₱	122,197,204	₱	122,197,204
Contract liabilities (Note 18)		-		-		13,959,997		13,959,997
Loans and borrowings (Note 19)		2,480,749,773		-		-		2,480,749,774
Advances from related parties (Note 21)		-		-		168,256,025		168,159,120
Total	₱	2,480,749,773	₱	-	₱	04,413,226	₱	2,785,066,095

*Excluding government liabilities.

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 243,656,548	₱ -	₱ -	₱ 243,656,548
Receivables (Note 11)	-	-	690,989,584	690,989,584
Contract assets (Note 12)	-	-	827,156,013	827,156,013
Refundable deposits (Note 16)	-	-	10,204,135	10,204,135
Total	₱ 243,656,548	₱ -	₱ 1,528,349,732	₱ 1,772,006,280

Financial liabilities at amortized cost

Accounts and other payables* (Note 17)	₱	-	₱	-	₱	194,018,230	₱	194,018,230
Contract liabilities (Note 18)		-		-		38,015,175		38,015,175
Loans and borrowings (Note 19)		1,756,838,622		-		-		1,756,838,622
Advances from related parties (Note 21)		-		-		173,928,719		173,928,719
Total	₱	1,756,838,622	₱	-	₱	405,962,124	₱	2,162,800,746

*Excluding government liabilities.

September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash in bank (Note 10)	₱ 73,912,797	₱ -	₱ -	₱ 73,912,797
Receivables (Note 11)	-	-	638,871,981	638,871,981
Contract assets (Note 12)	-	-	1,054,806,372	1,054,806,372
Refundable deposits (Note 16)	-	-	11,483,586	11,483,586
Total	₱ 73,912,797	₱ -	₱ 1,705,161,939	₱ 1,779,074,736

Financial liabilities at amortized cost

Accounts and other payables* (Note 17)	₱	-	₱	-	₱	277,003,367	₱	277,003,367
Contract liabilities (Note 18)		-		-		42,824,132		42,824,132
Loans and borrowings (Note 19)		1,553,204,987		-		-		1,553,204,987
Advances from related parties (Note 21)		-		-		174,425,348		174,425,348
Total	₱	1,553,204,987	₱	-	₱	494,252,847	₱	2,047,457,834

*Excluding government liabilities.

As of September 30, 2025, December 31, 2024 and September 30, 2024, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2025 and 2024.

Financial instruments not measured at fair value for which fair value is disclosed

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

NOTE 10 – CASH

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Petty cash fund	₱ 1,051,000	₱ 721,000	₱ 715,000
Cash in banks	102,952,213	243,656,548	73,912,797
Total	₱ 104,003,213	₱ 244,377,548	₱ 74,627,797

Cash in bank earns interest at the respective bank deposit rates. Interest income from bank deposits amounted to ₱31,890, ₱65,047 and ₱41,511 for the period ended September 30, 2025, December 31, 2024 and September 30, 2024, respectively (Note 28).

NOTE 11 – RECEIVABLES

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of:

Particulars	September 2025	December 2024	September 2024
Receivables from customers	₱ 1,022,126,600	₱ 690,989,583	₱ 638,871,981
Receivables at amortized cost from:			
Contractors	38,807,693	11,033,388	8,379,969
Officers and employees	13,266,361	7,721,999	2,276,110
Buyer	6,323,171	5,747,489	5,139,929
Broker	4,939,779	4,509,779	4,054,779
Suppliers	1,492,073	2,097,893	5,074,469
Others	109,486,016	40,816,724	43,553,156
Gross receivables	1,196,441,693	762,916,855	707,350,393
Less: Allowance for expected credit losses	1,191,907	-	-
Net	₱ 1,195,249,786	₱ 762,916,855	₱ 707,350,393

Receivables from customers

Receivables from customers pertain to receivables from the sale of condominium units and lots which are generally non-interest bearing and financed by the local banks or the home development mutual fund or the Pag-IBIG upon settlement of outstanding balance of at least 80% to 90% of the total contract price, subject to approval of the latter. Upon approval, proceeds are considered as payment of the related receivables and loan balances.

Trade receivables from real estate buyers who availed in-house financing are interest bearing and are collectible in equal monthly installments with various terms up to a maximum of fifteen (15) years.

These are carried at amortized cost. The corresponding titles to the subdivision units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivables are interest-bearing. Annual interest rates on installment contracts receivables range from 12.00% to 18.00%.

Receivables from contractors, suppliers, and brokers

These receivables mainly consist of refundable advances, unliquidated billings, and amounts due from brokers arising from commission arrangements in the ordinary course of business. These receivables at amortized cost are non-interest bearing and collectible within one year from reporting date.

Receivables from buyers

These are post sales expenses due on the buyer. Post sales expense like, water meter, electric post, monthly dues, fire extinguisher, smoke detector, etc. The Company will accommodate first the payment on the expenses incurred to suppliers.

Receivables from officers and employees

These are non-interest bearing and to be liquidated within one year from the reporting date.

Others

Receivable others pertain to advances to other projects and housing overhead, HDMF and home guaranty. These are non-interest bearing and are generally collectible within one year from the reporting date.

None of the receivables were assigned or pledged to secure any of the Company's loans.

In case of default, the Group may cancel the contract with customers and find another buyer of the real estate thus, no allowance for expected credit losses was recognized in 2024 and 2023. The Group accounts for sales cancellations as a contract modification under PFRS 15.21(b). Upon cancellation, the Group reverses the previously recognized revenue and related costs of sales for the portion of the contract that is no longer enforceable. The repossessed unit is reinstated to 'Real Estate Inventory' at its specific historical cost.

Movements in the allowance for ECL are as follows:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Beginning balance	₱ -	₱ -	₱ -
Addition	1,191,970	-	-
Reversal	-	-	-
Recovery	-	-	-
Ending balance	₱ 1,191,970	₱ -	₱ -

NOTE 12 – CONTRACT ASSETS – CURRENT PORTION

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Contract asset	₱ 918,373,537	₱ 917,435,671	₱ 1,146,743,667
Less: Contract assets – non-current portion	121,760,968	90,279,658	91,937,295
Less: Allowance for expected credit losses	90,657	-	-
Total	₱ 796,521,912	₱ 827,156,013	₱ 1,054,806,372

Contract Assets – Real Estate

Contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as receivable.

Movements in the allowance for ECL are as follows:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Beginning balance	₱ -	₱ -	₱ -
Addition	90,657	-	-
Reversal	-	-	-
Recovery	-	-	-

Ending balance	₱	<u>90,657</u>	₱	<u>-</u>	₱	<u>-</u>
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NOTE 13 – REAL ESTATE INVENTORIES

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Real estate inventories, beginning	₱ 2,948,626,556	₱ 2,626,815,081	₱ 2,626,815,081
Land acquired during the year	991,603,472	281,579,862	279,079,862
Construction and development costs incurred during the year	350,202,947	812,836,455	566,070,940
Less: Cost of sales (Note 25)	-660,418,895	772,604,842	646,276,084
Total	₱ 3,630,014,080	₱ 2,948,626,556	₱ 2,825,689,799

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. There was no allowance for impairment of inventories as of September 30, 2025 and December 31, 2024.

Land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

Real estate inventories recognized as cost of sales are included as cost of real estate sales in the consolidated statements of comprehensive income. Cost of real estate sales includes acquisition cost of subdivision land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition.

The Group has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 637 and License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Group has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 for their housing project namely The Granary with an area of 104,661 sq.m on January 30, 2023 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Group has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 1682 on November 24, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 2 with 454 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Group has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 571 on June 7, 2024, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 3 with 456 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Group has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 571 on June 7, 2024, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 3 with 456 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Group has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 2981 and License to Sell No. 3465 for their housing project namely The Granary Extension with an area of 26,030 sq.m on July 9, 2025, for the sale of lots/units/lots with units of their housing project with 288 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Group has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 3053 and License to Sell No. 3548 for their housing project namely The Hammond with an area of 14,932 sq.m on September 2, 2025, for the sale of lots/units/lots with units of their housing project with 143 lots and units located at Brgy. San Jose, Antipolo City, Rizal.

The real estate inventories used as collateral or pledged as security to secure the borrowings of the Group are as follows:

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The carrying amount of the said inventory is ₱13,803,650.

A Real Estate Mortgage for the loan was registered as a collateral for the title (or its subdivided titles): TCT No. 170-2023004067 covering 26,030 sqm named under the Company located within Brgy. San Antonio, Biñan City, Laguna. The carrying amount of the said inventory is ₱200,000,000.

A Real Estate Mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company. The carrying amount of the said inventory is ₱12,951,201.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster A) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna: T-534315 to T-534320, T-534322 to T-534326, T-534328 to T-534333, T-534361 to T-534477, T-534795 to T-534797, T-2023001600, T-534815 to T-534821, T-534321, T-534327, T-534903, T-534916 to T-534918. The carrying amount of the said inventory is ₱128,333,544.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna:

Cluster B T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906

Cluster C T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-534746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599

Cluster D T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT No.: T-93608 and (060-T-94742) 170-0002896 with a lot area of 10,000 sqm and 6,486 sqm for the 1.65-hectares Amberwood Project located Biñan City, Laguna. The carrying amount of the said inventory is ₱133,459,674.

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 with a lot area of 16,041 sqm The Hammond Project located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The carrying amount of the said inventory is ₱86,543,864.

NOTE 14 – PREPAYMENTS AND OTHER CURRENT ASSETS

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Deferred MCIT	₱ 720,336	₱ 720,336	₱ -
Deposits		10,000,000	
Prepaid rent	676,992	253,872	2,037,650
Prepaid taxes and licenses	405,049	499,187	966,854
Tax credit	26,644	-	750,336
Prepaid insurance	26,690	64,614	153,274
Prepaid income tax	-	5,176,380	3,414,661
Input VAT	-	264,745	-
Prepaid Interest	-	-	656,095
Others	732,633	424,547	3,421,983
Total	₱ 2,588,344	₱ 17,403,681	₱ 11,400,853

Input VAT is a tax imposed on purchases of goods and services. These are available for offset against output VAT in future periods.

Prepaid income tax represents excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Prepaid taxes and licenses represent prepayment for taxes as well as local business real property taxes.

Deposit is an advance payment, earnest money is a deposit or partial payment in anticipation or commitment to purchase an asset, in this case, the purchase of eight (8) contiguous lots for a total contract price of Php1 Billion.

Others consist of Maxicare health benefit premiums of employees, billboard rent, design, architectural and planning and miscellaneous supplies.

NOTE 15 – PROPERTY AND EQUIPMENT - NET

As of September 30, 2025, the movement of the account as follows:

Particulars	Beginning Balances	Additions/ Provisions	Ending Balances
Cost:			
Land	₱ 1,019,305,440	₱ -	₱ 1,019,305,440
Office improvement	3,557,174	-	3,557,174
Office equipment	9,120,051	1,168,736	10,288,787
Construction equipment	51,323,180	1,250,576	57,292,279
Transportation equipment	9,078,968	1,030,267	10,109,235
Furniture and fixture	1,373,674	105,594	1,479,268
Construction tools	25,598,116	683,056	28,858,396
Warehouse equipment	182,732	67,857	250,589
Temporary facilities	6,996,273	-	6,996,273
Leasehold improvement	3,058,158	3,021,717	6,079,875
Right of use Asset	2,419,780	-	2,419,780
Total Cost	₱ 1,132,013,546	₱ 7,327,803	₱ 1,146,637,097
Accumulated depreciation:			
Office improvement	₱ 3,409,121	₱ 27,194	₱ 3,436,315
Office equipment	6,101,640	1,234,700	7,336,340
Construction equipment	20,746,469	3,114,939	27,750,969
Transportation equipment	6,465,240	672,446	7,137,686
Furniture and fixture	404,258	199,165	603,423
Construction tools	17,286,424	2,727,834	23,420,447
Warehouse equipment	104,309	23,543	127,852
Temporary facilities	841,006	1,253,880	2,094,886
Leasehold improvement	-	511,532	511,532
Right of use Asset	1,209,890	907,418	2,117,308
Total Accumulate Depreciation	₱ 56,568,357	₱ 10,672,651	₱ 74,536,757
Net book value	₱ 1,075,445,189		₱ 1,072,100,341

As of December 31, 2024, the movement of the account as follows:

Particulars	Beginning Balances	Additions/ Provisions	Ending Balances
Cost:			
Land	₱ 1,005,141,700	₱ 14,163,740	₱ 1,019,305,440
Office improvement	3,375,886	181,288	3,557,174
Office equipment	6,985,712	2,134,339	9,120,051
Construction equipment	33,290,641	9,445,074	51,323,180
Transportation equipment	9,078,968	-	9,078,968
Furniture and fixture	962,561	411,113	1,373,674
Construction tools	20,473,886	2,683,966	25,598,116
Warehouse equipment	139,268	43,464	182,732
Temporary facilities	440,600	6,555,673	6,996,273
Leasehold improvement	-	3,058,158	3,058,158
Right of use Asset	-	2,419,780	2,419,780
Total Cost	₱ 1,079,889,222	₱ 41,096,595	₱ 1,132,013,546
Accumulated depreciation:			
Office improvement	₱ 3,372,915	₱ 36,206	₱ 3,409,121
Office equipment	4,576,735	1,524,905	6,101,640
Construction equipment	13,427,888	2,940,807	20,746,469
Transportation equipment	5,426,918	1,038,322	6,465,240
Furniture and fixture	214,034	190,224	404,258
Construction tools	6,169,305	4,467,164	17,286,424
Warehouse equipment	75,045	29,264	104,309
Temporary facilities	-	752,886	841,006
Right of use Asset	88,120	1,209,890	1,209,890
Total Accumulated Depreciation	₱ 33,350,960	₱ 12,189,668	₱ 56,568,357
Net book value	₱ 1,046,538,262		₱ 1,075,445,189

As of September 30, 2024, the movement of the account as follows:

Particulars	Beginning Balances	Additions/ Provisions	Ending Balances
Cost:			
Land	₱ 1,005,141,700	₱ 11,749	₱ 1,005,153,450
Office improvement	3,375,886	181,287	3,557,173
Office equipment	6,985,712	181,448	7,167,160
Construction equipment	33,290,641	11,982,755	51,323,181
Transportation equipment	9,078,968	-	9,078,968
Furniture and fixture	962,561	89,685	1,052,246
Construction tools	20,473,886	3,405,089	25,598,118
Warehouse equipment	139,268	43,464	182,732
Temporary facilities	440,600	6,555,673	6,996,273
Leasehold improvement	-	3,020,906	3,020,906
Total Cost	₱ 1,079,889,222	₱ 25,472,056	₱ 1,113,130,207
Accumulated depreciation:			
Office improvement	₱ 3,372,915	₱ 27,142	₱ 3,400,057
Office equipment	4,576,735	(243,494)	4,333,241
Construction equipment	13,427,888	2,241,342	18,517,802
Transportation equipment	5,426,918	814,174	6,241,092
Furniture and fixture	214,034	137,233	351,267
Construction tools	6,169,305	4,041,718	15,347,732
Warehouse equipment	75,045	22,358	97,403
Temporary facilities	88,120	615,012	703,132
Right of use Asset	-	0	-
Total Accumulated Depreciation	₱ 33,350,960	₱ 7,871,837	₱ 48,991,726
Net book value	₱ 1,046,538,262		₱ 1,064,138,481

The Group elected to use the cost model to account the property and equipment.

As of September 30, 2025, December 31, 2024 and September 30, 2024, there are no indication of any impairment loss on the carrying amount of property and equipment since its recoverable amount exceeds its carrying amount.

The amount of depreciation charged to general and administrative expenses for the years September 30, 2025, December 31, 2024 and September 30, 2024 amounted to ₱10,672,651, ₱12,189,668 and ₱7,871,837, respectively (Note 30).

Certain properties were pledged or mortgaged as collateral to secure some of the Group's loans (see Note 19).

NOTE 16 – OTHER NON-CURRENT ASSETS

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Refundable deposits	₱ 10,193,855	₱ 10,204,135	₱ 11,483,586
Deferred tax assets (Note 31)	9,184,647	9,509,404	12,339,516
Security deposits	1,414,297	1,414,298	-
Other deposits	9,223,071	9,408,000	9,408,000
Total	₱ 30,015,870	₱ 30,535,837	₱ 33,231,102

Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recovered against future billings.

Other deposit pertains to computer software that is still in development phase.

NOTE 17 – ACCOUNTS AND OTHER PAYABLES

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Trade payables	₱ 88,260,957	₱ 139,460,458	₱ 123,932,777
Accrued expenses	7,745,429	-	93,526,975
Government liabilities	6,768,774	3,389,203	4,654,501
Retention payable	49,191,628	37,109,687	30,939,957
Other liabilities	1,220,950	17,448,085	16,854,527
Total	₱ 153,187,738	₱ 197,407,433	₱ 269,908,737

Trade payables

Trade payables represent payable to suppliers for the purchase of construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not due. These are expected to be settled within a year after the financial reporting date.

Accrued expenses

Accrued expenses pertain to various expenses incurred but not yet paid as of reporting date which includes electric and water billings, utilities expenses, and subscriptions. These are normally settled on the following months.

Government liabilities

Government liabilities include statutory contributions and withholding taxes and are normally settled within one year after the reporting date.

Retention payable

Retention payable pertains to contract payments is being withheld from the third party as guaranty for any claims against them. These are settled and paid once period has expired.

Other liabilities

Other liabilities include payment to buyer for refund of construction bond, Meralco services and installment payment made by the buyer subject to the provision of Republic Act 6552 (Realty Instalment Buyer Protection Act), various non-trade dues from utilities, professional fees and other services.

NOTE 18 – CONTRACT LIABILITIES

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account amounting to ₱13,959,997, ₱38,015,175 and ₱42,824,132, respectively.

Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects

NOTE 19 – LOANS AND BORROWINGS

Loan agreements with local banks. These loans were obtained to augment the Company's funding for its operations. The outstanding balances of the account are as follows:

As of September 30, 2025, the account consists of the following:

Lender	Interest Rate	Terms	Security	Balance
Current				
Financing (Individual and Corporation)	11.00% - 15.00%	1 year	Secured	₱ 236,000,000
China Banking Corporation	7.63%	3 months	Secured	48,663,398
China Banking Corporation	7.41%	5 years	Secured	21,666,667
China Banking Corporation - CTS	7.50%	5 years	Secured	7,855,405
China Banking Corporation	8.65%	10 years	Secured	2,032,057
Sterling Bank of Asia	10.50%	5 years	Secured	10,512,492
Sterling Bank of Asia - CTS	9.00% - 11.00%	5 years	Secured	34,904,826
Security Bank Corporation	8.00%	5 years	Secured	95,531,915
Security Bank Corporation - CTS	7.50%-8.00%	2 years	Secured	601,361,588
Asia United Bank	8.30%	3 years	Secured	14,632,988
Subtotal				₱ 1,073,161,335
Non-current				
Financing (Individual and Corporation)	11.00% - 15.00%	2 years	Secured	₱ 173,000,000
China Banking Corporation	7.41%	5 years	Secured	43,333,333
China Banking Corporation - CTS	7.50%	5 years	Secured	13,529,536
China Banking Corporation	8.65%	10 years	Secured	4,229,497
Sterling Bank of Asia	10.50%	5 years	Secured	25,770,353
Sterling Bank of Asia - CTS	9.00% - 11.00%	5 years	Secured	445,413,569
Security Bank Corporation	8.00%	5 years	Secured	659,219,858
Security Bank Corporation - CTS	8.00%	5 years	Secured	41,531,139
Asia United Bank (Car loans)	9.25%	5 years	Secured	1,561,153
Subtotal				₱ 1,407,588,439
Total				₱ 2,480,749,774

As of December 31, 2024, the account consists of the following:

Lending institution	Interest Rate	Terms	Security	Balance
Current				
Financing (Individual and Corporation)	12.50%	1 year	Secured	₱ 142,900,000
China Banking Corporation	7.63%	3 months	Secured	48,663,398
China Banking Corporation	7.41%	5 years	Secured	5,416,667
China Banking Corporation	8.65%	10 years	Secured	2,032,123
China Banking Corporation - CTS	7.50%	10 years	Secured	7,368,702
Sterling Bank of Asia	10.50%	5 years	Secured	9,719,720
Sterling Bank of Asia	11.00%	5 years	Secured	13,685,864
Sterling Bank of Asia - CTS	9.0% - 11.0%	10 years	Secured	30,690,136
Security Bank Corporation	8.00%	5 years	Secured	73,125,000
Security Bank Corporation	8.00%	4 years	Secured	49,326,241
Sterling Bank of Asia - CTS	9.0% - 11.0%	10 years	Secured	399,601,030
Asia United Bank (Car loan)	9.25%	5 years	Secured	171,657
Subtotal				₱ 782,700,538
Non-current				
Financing (Individual and Corporation)	12.50%	2 years	Secured	₱ 35,000,000
China Banking Corporation	7.41%	5 years	Secured	59,583,333
China Banking Corporation	8.65%	10 years	Secured	5,922,812
China Banking Corporation - CTS	7.50%	10 years	Secured	21,402,384
Sterling Bank of Asia	10.50%	5 years	Secured	33,756,840
Sterling Bank of Asia	11.00%	5 years	Secured	51,314,136
Sterling Bank of Asia - CTS	9.0% - 11.0%	10 years	Secured	414,167,850
Security Bank Corporation	8.00%	5 years	Secured	163,125,000
Security Bank Corporation	8.00%	4 years	Secured	110,035,461
Security Bank Corporation - CTS	8.00%	4 years	Secured	50,033,516
Asia United Bank	8.30%	3 years	Secured	29,253,602
Asia United Bank (Car loans)	9.25%	5 years	Secured	543,150
Subtotal				₱ 974,138,084
Total				₱ 1,756,838,622

As of September 30, 2024, the account consists of the following:

Lending institution	Interest Rate	Terms	Security	Balance
Current				
China Banking Corporation	7.63%	3 months	Secured	₱ 1,422,236
China Banking Corporation - CTS	7.50%	5 years	Secured	50,858,211
Sterling Bank of Asia - CTS	9.0% - 11.0%	5 years	Secured	6,303,107
Bank of the Philippines	7.50%	10 years	Secured	10,000,000
Security Bank Corporation - CTS	8.00%	5 years	Secured	10,694,444
Arq Capital SME Finance, Inc.	12.00%	1 years	Secured	25,000,000
Subtotal				₱ 104,277,998
Non-current				
China Banking Corporation	7.41%	5 years	Secured	₱ 65,000,000
China Banking Corporation - CTS	7.50%	5 years	Secured	28,595,405
China Banking Corporation	8.65%	10 years	Secured	6,871,374
Sterling Bank of Asia	10.50%	5 years	Secured	45,000,000
Sterling Bank of Asia - CTS	9.0% - 11.0%	5 years	Secured	179,767,752
Security Bank Corporation	8.00%	5 years	Secured	403,755,910
Security Bank Corporation - CTS	8.00%	5 years	Secured	668,973,138
Asia United Bank	8.30%	3 years	Secured	30,208,105
Asia United Bank (Car loans)	9.25%	5 years	Secured	755,305
Subtotal				₱ 1,448,926,989
Total				₱ 1,553,204,987

Bridge Loan – Financing and Individual Corporation

The Company availed a financing loan from various individuals and corporations to be used exclusively to partially finance its land acquisition activities, with details as follows:

The Group borrowed a loan total of ₱70,000,000 with a term of two (2) years with an interest rate of 12.50% and (3) years with an interest rate of 15%. The drawdown was made on October 17, 2024 and August 05, 2025 amounting to ₱35,000,000 and ₱35,000,000 respectively. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, equivalent to a total of 126,000,000 shares.

The Group borrowed a loan amounting to ₱30,000,000 with a term of two (2) years and an interest rate of 12%. The loan is unsecured.

The Group borrowed a loan total of ₱128,000,000 with a term of one (1) to two (2) years with an interest rate of 12.0% to 12.50% and (3) years with an interest rate of 15%. The drawdown was made on October 28, 2024, November 08, 2024, December 19, 2024, April 04, 2025, April 11, 2025, May 14, 2025 and August 01, 2025 amounting to ₱20,000,000, ₱8,000,000, ₱20,000,000, ₱30,000,000, ₱10,000,000, ₱10,000,000 and ₱30,000,000 respectively. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, equivalent to a total of 160,000,000 shares.

The Group borrowed a loan total of ₱181,000,000 from Atram Trust Corporation with a term of one (1) to two (2) years with an interest rate of 11%. The drawdown was made on May 20, 2025, May 29, 2025, July 10, 2025, and August 22, 2025 amounting to ₱90,000,000, ₱10,000,000, ₱21,000,000 and ₱60,000,000 respectively. The loan is secured by 108,600 sqm., property located in Mariveles Bataan.

Asia United Bank - Term Loan

On February 10, 2023, the Group obtained a Credit Facility One (1) from Asia United Bank amounting to ₱60,000,000 with three (3) years term maturing on April 16, 2026. Where the first drawn dated April 14, 2023 amounting to ₱50,000,000 and the final release of ₱10,000,000 dated August 16, 2023. Secured with a registered real estate mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company and Comprehensive Surety Agreement executed by Maria Rachel Madlambayan.

China Banking Corporation

The following loan agreements are entered into by the Group with China Banking Corporation:

Straight Loan

In December 2024, the Parent Company obtained a straight loan from China Bank amounting to ₱35,000,000 and ₱15,000,000 with maturity due at December 3, 2025. The loan has an interest rate of 7.63%.

Term Loan

On August 21, 2024, the Group secured a term loan facility from China Banking Corporation of up to ₱100,000,000. The proceeds shall be used to partially finance the land acquisition cost for the 1.65-hectares Amberwood Project and to partially finance the land development cost. On September 9, 2024 the initial drawdown was made amounting to ₱65,000,000 with a term of four (4) years and interest rate of 7.4069% to partially finance the land acquisition cost for the Project. Secured with mortgaged properties as a collateral under TCT No.: T-93608 and (060-T-94742) 170-0002896 with a lot area of 10,000 sqm and 6,486 sqm, respectively.

Contract to Sell Purchase Facility

On July 27, 2018, the Group has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Group buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

The following loan agreements are entered into by the Subsidiary Company with China Banking Corporation:

Contract to Sell Purchase Facility

On July 27, 2018, THI has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by THI's buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, THI has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against THI.

Sterling Bank of Asia

The following loan agreements are entered into by the Parent Company with Sterling Bank of Asia:

Term Loan

On October 26, 2023, the Parent Company obtained a term loan from Sterling Bank amounting to ₱45,000,000 payable in sixty (60) months inclusive of one (1) year grace period on principal, with the purpose to reimburse the acquisition cost of the 16,041 sqm lot area located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The loan has an interest rate based on prevailing bank rate, fixed for one (1) year and subject to annual repricing.

A Real Estate Mortgage amounting to ₱45,000,000 was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 to be transferred in the name of the Parent Company.

Contract-to-Sell (CTS) Financing Line

On March 12, 2019, the Parent Company availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Celestis 1 and 2, Eastview Premiere and The Granary. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan. On December 7, 2023, the bank granted line increased in the amount of ₱100,000,000 having the Parent Company total amount of ₱200,000,000 Contract-to-Sell Financing Line (with recourse).

The following loan agreements are entered into by the Subsidiary Company with Sterling Bank of Asia:

Contract-to-Sell Financing Line

On March 12, 2019, THI availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Southview Homes – Sta. Rosa and Southview Homes – Calendola. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan. On December 7, 2023, the bank granted line increased in the amount of ₱100,000,000 having the Company total amount of ₱200,000,000 Contract-to-Sell Financing Line (With Recourse).

Security Bank – Term Loan

On December 22, 2024, the Parent Company obtained another term loan from Security Bank Corporation amounting to ₱200,000,000 with five (5) years term inclusive of one (1) year grace period on principal, with the purpose to partially reimburse its additional 7.5-hectare property under Cluster B to D located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

On April 2, 2024, the Parent Company obtained a term loan from Security Bank Corporation amounting to ₱80,000,000 with five (5) years term. The loan has an interest rate of 8%.

On June 28, 2024, the Parent Company obtained a term loan from Security Bank Corporation amounting to ₱100,000,000 with five (5) years term. The loan has an interest rate of 8%.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D):

- Cluster B T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906
- Cluster C T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-534746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599
- Cluster D T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919

On April 25, 2025, the Parent Company has been approved by Security Bank Corporation of a term loan in the amount of ₱500,000,000, with the purpose to partially support the acquisition of a 12.56-hectare land in Antipolo, Rizal owned by National Steel. On June 4, 2025 the drawdown was made amounting to ₱500,000,000 with five (5) years term inclusive of one (1) year grace period on principal payment. The loan has a fixed/floating rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

Security Bank Corporation - Contract to Sell Credit Facility

On June 19, 2024, the Parent Company has been approved by Security Bank Corporation of a Purchase of Contract Receivables under Contract to Sell with Recourse for regular/in-house and bridge financing in the amount of ₱500,000,000, for the purpose of liquefying receivables from all their residential projects. Collateral documents for the financing are the Deed of Purchase of Receivables and Contract to Sell. The term for regular/in-house financing is co-terminus with the maturity of the CTS or maximum of fifteen (15) years, whichever comes early. Repayment shall be made in equal monthly amortization of principal and interest. The maximum term for bridge financing is twenty-four (24) months payable in interest only while receivables are being bridged finance on a monthly basis. The entire principal is payable upon conversion to home loan or at the end of the term, whichever comes earlier. In May 2025, the bank granted line increased in the amount of ₱500,000,000 having the Company total amount of ₱1,000,000,000 Contract-to-Sell Credit Facility with Recourse.

Finance costs arising from these loans amounted to ₱12,260,401, ₱30,951,948 and ₱22,168,425 for the years ended September 30, 2025, December 31, 2024 and September 30, 2024, respectively.

There were no breaches of loan agreement terms such as any defaults of principal and interest of these loan borrowings during the period.

NOTE 20 – DEFINED BENEFIT OBLIGATION

The Group does not maintain a retirement fund but accrues and recognizes its actuarial estimate to conform with the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined type and provides a retirement benefit equal to 22.5 days pay per every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. In accordance with the provisions of the Labor Code, the Group is required to pay eligible employees at least the minimum regulatory benefit upon retirement, subject to age and service requirements.

The obligation status and amounts recognized under retirement obligation account in the consolidated statements of financial position for the retirement plan as of September 30, 2025, December 31, 2024 and September 30, 2024 are as follows:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Present value of benefit obligation	₱ 12,703,551	₱ 12,703,551	₱ 7,094,630
Fair value of plan assets	-	-	-
Deficit	12,703,551	12,703,551	7,094,630
Effect of asset ceiling	-	-	-
Liability to be recognized	₱ <u>12,703,551</u>	₱ <u>12,703,551</u>	₱ <u>7,094,630</u>

Net plan costs for the year are as follows:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Current service cost	₱ 2,412,820	₱ 2,412,820	₱ 1,086,485
Net interest cost	431,833	431,833	1,051,006
Benefits paid	-	-	(393,102)
Net plan cost to be recognized on profit or loss	<u>2,844,653</u>	<u>2,844,653</u>	<u>1,744,389</u>
Actuarial (gain) loss	738,392	738,392	(2,030,949)
Changes in the effect of asset ceiling	-	-	-
Re-measurement on plan assets	-	-	-
Total (gain) loss to be recognized on other comprehensive income	<u>738,392</u>	<u>738,392</u>	<u>(2,030,949)</u>
Net plan cost (gain) to be recognized on total comprehensive income	₱ <u>3,583,045</u>	₱ <u>3,583,045</u>	₱ <u>(286,560)</u>

Changes in the present value of the defined benefit obligation are as follows:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
At beginning of the year	₱ 7,094,630	₱ 7,094,630	₱ 15,396,582
Interest cost	431,833	431,833	1,051,006
Current service cost	2,412,802	2,412,802	1,162,485
Benefits paid	-	-	(-76,000)
Actuarial gain	-	2,764,286	-
At end of the year	₱ <u>9,939,265</u>	₱ <u>12,703,551</u>	₱ <u>17,534,073</u>

Changes in the fair value of plan assets are as follows:

Particulars	September 30, 2025	December 31, 2024	September 31, 2024
At beginning of the year	₱ -	₱ -	₱ -
Interest	-	-	-
Contributions	-	-	-
Benefits paid	-	-	-
Re-measurement on plan asset	-	-	-
At end of the year	₱ -	₱ -	₱ -

The principal assumptions used in determining retirement benefits are as follows:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Discount rate	6.08%	6.08%	6.05%
Salary increase rate	6.00%	6.00%	6.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average working life expectancy of an individual retiring at the age of 60 is 20 years of both male and female.

NOTE 21 – RELATED PARTY TRANSACTIONS

In the normal course of business, the Group has transactions and balances with its related parties. All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually or in aggregate over a 12-month period, that exceed 10% of the Group's total assets based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

As of September 30, 2025, significant transactions with related parties are as follows:

Particulars	Transaction	Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	₱ (5,769,600)	₱ 168,159,119	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash

As of December 31, 2024, significant transactions with related parties are as follows:

Particulars	Transaction	Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	₱ (3,870,146)	₱ 173,928,719	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash

As of September 30, 2024, significant transactions with related parties are as follows:

Particulars	Transaction	Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	₱ (3,373,517)	₱ 174,425,348	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash

Receivable from and payable to affiliates and stockholders

Receivable from and payable to affiliates represent trade receivables and payables in ordinary course of business. These are unsecured, non-interest bearing, cash settlement and are payable upon mutual agreement of both parties.

Compensation of Key Management Personnel

Key management compensation for the period ended September 30, 2025 and 2024, and December 2024 amounted to ₱45,160,766, ₱64,496,832 and ₱43,750,881, respectively.

NOTE 22 – SHARE CAPITAL

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of:

Particulars	September 30, 2025		December 31, 2024		September 30, 2024	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Authorized at ₱1.00 par value per share:						
Balance at beginning and end of year	<u>2,500,000,000</u>	<u>₱ 2,500,000,000</u>	<u>2,500,000,000</u>	<u>₱ 2,500,000,000</u>	<u>2,500,000,000</u>	<u>₱ 2,500,000,000</u>
Issued and Outstanding:						
Balance at beginning and end of year	<u>2,500,000,000</u>	<u>₱ 2,500,000,000</u>	<u>2,000,000,000</u>	<u>₱ 2,000,000,000</u>	<u>2,000,000,000</u>	<u>₱ 2,000,000,000</u>

Issuance of Capital Stock

On December 23, 2021, the SEC approved the Initial Public Offering of the Company of 500,000,000 common shares at an Offer Price of ₱1.50, with a par value of ₱1.00 per share. Offer shares were approved for listing on January 17, 2022.

Listing Under Small, Medium and Emerging Board (SME) of the PSE

On November 18, 2021 and December 2, 2021, the Securities and Exchange Commission (SEC) and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing of up to 2,500,000,000 common shares of the Company, which includes the 500,000,000 common shares subject of the Company's Initial Public Offering (IPO), under the Small, Medium and Emerging Board (SME Board) of the PSE.

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol "HTT".

NOTE 23 – SHARE PREMIUM

As of September 30, 2025, December 31, 2024 and September 30, 2024, the movement of additional paid-in capital are as follows:

	September 30, 2025		December 31, 2024		September 30, 2024	
At January 1	₱	<u>218,849,628</u>	₱	218,849,628	₱	218,849,628
Share premium on common shares:						
Gross proceeds		-		-		-
Less: Directly attributable issuance		-		-		-
Par value of issued shares		-		-		-
Subtotal		<u>218,849,628</u>		<u>218,849,628</u>		<u>218,849,628</u>
End	₱	<u>218,849,628</u>	₱	<u>218,849,628</u>	₱	<u>218,849,628</u>

Share premium arises when the amount subscribed is in excess of nominal value.

NOTE 24 – RETAINED EARNINGS

As of September 30, 2025, December 31, 2024 and September 30, 2024, the account consists of the following:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Retained earnings, beginning	₱ 1,087,987,235	₱ 1,082,247,926	₱ 771,173,738
Dividend paid	-	(50,000,000)	-
Net income for the year	<u>302,657,512</u>	<u>55,739,309</u>	<u>311,074,188</u>
Retained earnings, ending	<u>₱ 1,390,644,747</u>	<u>₱ 1,087,987,235</u>	<u>₱ 1,082,247,926</u>

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

The Group Board of Directors approved and declared a cash dividend on October 9, 2024 in the total amount of ₱50,000,000 equivalent to ₱0.02 per share. The cash dividend was taken from the unrestricted retained earnings of the Corporation as of December 31, 2023 as was made available to all stockholders of record as of November 8, 2024, and was paid on December 2, 2024.

The Group Board of Directors approved and declared a cash dividend on October 14, 2025 in the total amount of ₱75,000,000 equivalent to ₱0.03 per share. The cash dividend was taken from the unrestricted retained earnings of the Corporation as of December 31, 2024 as was made available to all stockholders of record as of November 17, 2025, and was paid on December 10, 2025.

NOTE 25 – REAL ESTATE SALES

For the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, the account consists of residential house and lot amounting to ₱1,201,062,150, ₱1,190,558,654, ₱599,285,950 and ₱620,836,654, respectively.

NOTE 26 – OTHER OPERATING INCOME

For the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024 the account consists of:

Particulars	September 30, 2025	September 30, 2024	July to September 2025	July to September 2024
Interest - in house financing	₱ 7,379,052	₱ 7,281,377	₱ 2,229,054	₱ 2,163,145
Forfeiture	290,000	240,000	30,000	30,000
Miscellaneous	<u>1,109,753</u>	<u>876,044</u>	<u>533,985</u>	<u>294,309</u>
Total	<u>₱ 8,778,805</u>	<u>₱ 8,397,421</u>	<u>₱ 2,793,039</u>	<u>₱ 2,487,454</u>

Miscellaneous income consists of penalty charges and other fees billed to buyers.

NOTE 27 – COST OF REAL ESTATE SALES

For the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, the account consists of:

Particulars	September 30, 2025	September 30, 2024	July to September 2025	July to September 2024
Construction cost	₱ 425,894,452	₱ 412,301,842	₱ 206,828,931	201,155,176
Land cost development	204,099,591	187,875,147	94,260,612	106,157,766
Other cost	<u>30,424,852</u>	<u>46,099,095</u>	<u>16,741,695</u>	<u>28,515,496</u>
Total	<u>₱ 660,418,895</u>	<u>₱ 646,276,084</u>	<u>₱ 317,831,239</u>	<u>335,828,439</u>

Other cost includes various necessary expenses related to the land development and construction cost.

NOTE 28 – FINANCE COST - NET

For the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, the account consists of:

Particulars	September 30, 2025	September 30, 2024	July to September 2025	July to September 2024
Interest income – bank	₱ 31,890	₱ 41,511	₱ 10,687	₱ 41,511
Interest expense - loans	(12,260,401)	(22,168,425)	(10,809,529)	(17,970,198)
Interest expense – retirement benefit (Note 18)	-	-		
Interest expense – right of use	-	-		
Subtotal	<u>(12,260,401)</u>	<u>(22,168,425)</u>	<u>(10,809,529)</u>	<u>(17,970,198)</u>
Net	<u>₱ (12,228,511)</u>	<u>₱ (22,126,914)</u>	<u>₱ (10,798,842)</u>	<u>₱ (17,928,687)</u>

NOTE 29 – SELLING EXPENSES

For the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, the account consists of the following:

Particulars	September 30, 2025	September 30, 2024	July to September 2025	July to September 2024
Commissions	57,474,618	93,367,891	31,406,694	52,529,916
Advertising and promotion	₱ 5,987,874	₱ 6,361,868	₱ 6,361,868	₱ 2,256,676
Total	<u>₱ 63,462,492</u>	<u>₱ 99,729,759</u>	<u>₱ 33,795,057</u>	<u>₱ 54,786,592</u>

NOTE 30 – GENERAL AND ADMINISTRATIVE EXPENSES

For the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, the account consists of the following:

Particulars	September 30, 2025	September 30, 2024	July to September 2025	July to September 2024
Salaries, wages and allowances	₱ 97,287,455	₱ 64,496,832	₱ 51,406,127	23,692,326
Taxes and licenses	10,710,386	10,794,268	5,475,238	4,967,308
Depreciation	10,672,651	7,871,837	3,509,661	3,148,143
Professional fees	10,366,948	9,866,782	5,080,142	2,714,298
Processing, registration, listing, certification fees	7,604,318	13,275,327	1,843,039	3,712,052
Insurance expense	3,560,381	347,826	1,230,372	96,886
Repairs and maintenance	3,010,551	2,681,260	851,777	1,006,546
Rent expense	2,137,535	4,241,799	(899,804)	1,761,386
Utilities	2,106,591	1,718,120	726,788	649,891
Dues, subscriptions and donations	1,883,542	2,165,514	459,272	874,795
Provision for expected credit losses (Note 12,13)	1,282,565	-	1,282,565	-
Stationery and office supplies	1,097,134	965,093	404,827	385,008
Transportation and travel	797,810	684,763	320,998	251,953
Retirement expense	-	-	-	-
Miscellaneous expenses	8,805,489	8,610,305	1,556,743	(1,188,022)
Total	₱ <u>161,323,356</u>	₱ <u>127,721,750</u>	₱ <u>73,247,745</u>	<u>42,072,570</u>

Miscellaneous expenses consist of administrative expenses, other processing, registration and certification fees, notarization fees, bank charges, and other related incidental expenses.

NOTE 31 – INCOME TAXES

On January 5, 2024, Ease of Paying Taxes (EOPT) Act was passed into law. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 (“The Code”) which are intended to protect and safeguard taxpayer rights and welfare to modernize tax administration by providing mechanisms that encourage easy compliance at the best cost and resources, and to update the tax system and adopt best practices.

The amendments include the following:

- File and pay anywhere mechanism. Taxes shall be paid either electronically or manually at the time the return is filed.
- Classification of taxpayers into micro, small, medium and large taxpayers.
- Withholding of tax on income payments only when payable.
- Imposing value-added tax (VAT) on services, based on gross sales, no longer on gross receipts.
- VAT invoices are sufficient to substantiate input VAT arising from the purchase at both goods and services.
- Removal of “business style” as a VAT invoicing requirement.
- Removal of withholding tax as requirement for deductibility of income payments.

For the periods ended September 30, 2025, and 2024, and December 31, 2024, income tax expense (benefit) consists of the following:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Current tax expense	₱ 9,425,432	₱ 2,272,246	₱ 851,442
Deferred tax (income) expense, net	<u>324,757</u>	<u>(5,993,950)</u>	<u>(8,824,062)</u>
Income tax expense (benefit)	<u>₱ 9,750,189</u>	<u>₱ (3,721,704)</u>	<u>₱ (7,972,620)</u>

The reconciliation of income tax at the statutory tax rate to the income tax as shown in the consolidated statement of comprehensive income is as follows:

Particulars	September 30, 2024	December 31, 2024	September 30, 2023
Income before tax	₱ 312,407,702	₱ 363,091,792	₱ 303,101,568
Income tax at statutory tax rate	78,101,925	90,772,948	75,775,392
Tax effects of:			
Tax exempt housing projects	(68,715,742)	(95,470,442)	(83,740,274)
Non-deductible expenses	1,993	986,922	2,579
Income subject to final tax	(7,972)	(16,262)	(10,317)
Unrecorded NOLCO – LDC	<u>369,985</u>	<u>5,130</u>	<u>-</u>
Income tax expense (benefit)	<u>₱ 9,750,189</u>	<u>₱ (3,721,704)</u>	<u>₱ (7,972,620)</u>

For the periods ended September 30, 2025 and 2024, and December 31, 2024, the Group is subject to Regular Corporate Income Tax (RCIT) which higher than the Minimum Corporate Income Tax (MCIT).

The Subsidiary Lifestyle Development Corporation does not recognize the tax effect from Net Operating Loss Carry Over as Management believes that it is not probable that sufficient taxable profit will be available against which the related tax benefits may be utilized.

Details of recognized and unrecognized deferred tax assets of the Group are as follows:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Unrecognized per book:			
NOLCO – LDC	₱ 369,985	₱ 5,130	₱ -
Recognized per book:			
NOLCO – HTI and THI	₱ 1,501,209	₱ 1,501,209	₱ 8,824,062
Retirement liability	5,251,842	5,251,842	3,361,620
Customer deposits	2,110,955	2,756,353	153,834
Provision for ECL	<u>320,641</u>	<u>-</u>	<u>-</u>
Total	<u>₱ 9,184,647</u>	<u>₱ 9,509,404</u>	<u>₱ 12,339,516</u>

The NOLCO of the business for any taxable year shall be carried over as a deduction from gross income for the next three (3) consecutive years. In effect, therefore, a tax benefit arises on the year the losses were incurred. Such tax benefits are reported in the consolidated statements of financial position as deferred tax asset, and are reported at current statutory tax rates.

As of September 30, 2025, the movement of deferred tax assets are as follows:

Particulars	Tax Base Movement	Tax Rate	Tax Effect		
			Beginning	Movement	Ending
Deferred MCIT	₱ -	25%	₱ 1,501,209	₱ -	₱ 1,501,209
Retirement expense	-	25%	5,251,842	-	5,251,842
Customer deposit	(2,581,592)	25%	2,756,353	(645,398)	2,110,955
Provision for ECL	1,282,564	25%	-	320,641	320,641
Total	₱ (1,299,028)		₱ 9,509,404	₱ (324,757)	₱ 9,184,647

As of December 31, 2024, the movement of deferred tax assets are as follows:

Particulars	Tax Base Movement	Tax Rate	Tax Effect		
			Beginning	Movement	Ending
Deferred MCIT	₱ 6,004,837	25%	₱ -	₱ 1,501,209	₱ 1,501,209
Retirement expense	7,560,886	25%	3,361,620	1,890,222	5,251,842
Customer deposit	10,410,077	25%	153,834	2,602,519	2,756,353
Leases	-	25%	18,134	-	18,134
Total	₱ 23,975,800		₱ 3,533,588	₱ 5,993,950	₱ 9,509,404

As of September 30, 2024, the movement of deferred tax assets are as follows:

Particulars	Tax Base Movement	Tax Rate	Tax Effect		
			Beginning	Movement	Ending
Deferred MCIT	₱ 35,296,249		₱ -	₱ 8,824,062	₱ 8,824,062
Retirement expense	-	25%	3,361,620	-	3,361,620
Customer deposit	-	25%	153,834	-	153,834
Total	₱ 35,296,249		₱ 3,515,454	₱ 8,824,062	₱ 12,339,516

As of September 30, 2025 and 2024 and December 31, 2024, the income tax still due (overpayment) of the Group is presented as follows:

Particulars	September 30, 2025	December 31, 2024	September 30, 2024
Income tax due for the year	₱ 9,425,432	₱ 2,992,582	₱ 851,443
Overpayment due to prior year	(4,996,539)	(6,611,330)	-
Quarterly tax payments	-	-	-
Creditable withholding taxes applied	(1,758,114)	(1,377,790)	-
Income tax still due	₱ 2,670,779	₱ -	₱ 851,443

NOTE 32 – BASIC EARNINGS PER SHARE

For the periods ended September 30, 2025 and 2024, and for the periods from July to September 2025 and 2024, the financial information pertinent to the derivation of the basic and diluted earnings per share are as follows:

Particulars	September 30, 2025	September 30, 2024	July to September 2025	July to September 2024
Net income attributable to the equity holders of the Group	₱ <u>302,657,512</u>	₱ <u>311,074,188</u>	₱ <u>156,778,411</u>	₱ <u>183,332,279</u>
Weighted average number of shares outstanding:				
Balance at beginning and end of year	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>
Total weighted average number of shares outstanding:	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>
Basic/Diluted earnings per share	₱ <u>0.121</u>	₱ <u>0.124</u>	₱ <u>0.063</u>	₱ <u>0.073</u>

Diluted earnings per share is equal to the basic earnings per share since the Group does not have potential dilutive shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial reporting date and the date of authorization of these consolidated financial statements.

NOTE 33 – SIGNIFICANT COMMITMENTS*Lease Agreement*

Since November 1, 2016, the Group has been using an approximately one hundred fifty-nine (159sqm) square meter office space located at Unit 701 Orient Square Building, along F. Ortigas Center, Pasig City, covered by CCT No. PT 54210 which is gratuitously granted for use by the owner, Miss Noemi D. Madlambayan, a major stockholder of the Company. As discussed in Note 2, the asset pertaining to such lease was classified as a short-term lease and its related rental payments are recognized in profit or loss on a straight-line basis.

Rent expense amounted to ₱2,137,535, ₱4,241,799, ₱(899,804), and ₱1,761,386 in September 30, 2025 and 2024 and December 31, 2024, respectively (see Note 30).

Housing and Land Use Regulatory Board

The Parent Company has registered with the Housing and Land Use Regulatory Board and was issued Certificate of Registration no. 24744 and License to sell on September 18, 2013, for the sale of lots/units/lots with units of their housing project namely Eastview Homes 3 Antipolo with 379 lots and units located at Brgy. San Roque, Antipolo City.

The Certificate of Registration and License to Sell were subsequently amended 029480 and 034564 as a result of the alterations made by the development plan which reduced the saleable lots and units to 377.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 065 and Provisional License to Sell No. 101 on July 30, 2020, for the sale of lots/units/lots with units of their housing project namely Eastview Residences – Premiere with 42 lots and units located at Brgy. San Roque, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 637 and Provisional License to Sell No. 815 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 1 with 36 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 638 and Provisional License to Sell No. 816 on August 15,

2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 1682 on November 24, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 2 with 454 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 571 on June 7, 2024, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 3 with 456 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

THI has registered under Certificate of Registration no. 028698 and approved on August 30, 2017 with the Housing and Land Use Regulatory Board for the license to sell of the saleable lots/units/lots with units of their housing project namely Southview Homes – Sta. Rosa with 261 lots and units located at Brgy. Ibaba, Sta. Rosa City, Laguna.

THI has registered Certificate of Registration no. 028195 and approved on May 10, 2018 with the Housing and Land Use Regulatory Board for the license to sell of the saleable lots/units/lots with units of their housing project namely Southview Homes – Sta. Rosa with 278 lots and units located at Hopeful St., Area 4, Sitio Veterans, Brgy. Bagong Silangan, Quezon City.

THI has registered with the Department of Human Settlements and Urban Development, was granted Provisional Certificate of Registration No. 067 and Provisional License to Sell No. 103 on July 29, 2020 for the sale of lots/units/lots with units of their housing project name Southview Homes – Calendola with 398 lots and unit located at Brgy. Calendola, San Pedro City, Laguna. On September 9, 2022, amended Provisional Certificate of Registration No. 238 and Provisional License to Sell No. 342 was issued due to alteration of Plan and change of housing price ceiling.

Acquisition of Asset

On September 20, 2024 the Group entered into a Memorandum of Agreement with Liberty Flour Mills, Inc. (the “Seller”) for the purchase of eight (8) contiguous lots constituting 372,201 square meters, in the Province of Rizal for a total contract price of ₱1 Billion.

On the same period, the Group paid an amount of Ten Million Pesos (₱10,000,000.00) as and by way of earnest money.

NOTE 34 – OTHER MATTERS

Supplemental disclosure of cash flow information

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes.

Particulars	January 1, 2025	Cash flows	Interest expense	September 30, 2025
Loans and borrowings	₱ 2,199,636,156	₱ 723,911,152	₱ -	₱ 2,923,547,308
Advances from related parties	<u>170,555,202</u>	<u>(5,769,600)</u>	-	<u>164,785,602</u>
Total liabilities from financing activities	₱ <u>2,370,191,358</u>	₱ <u>718,141,552</u>	₱ -	₱ <u>3,088,332,910</u>

Particulars	January 1, 2024	Cash flows	Interest expense	December 31, 2024
Loans and borrowings	₱ 1,110,407,453	₱ 646,431,169	₱ -	₱ 1,756,820,622
Advances from related parties	177,798,865	(3,870,146)	-	173,928,719
Total liabilities from financing activities	₱ 1,288,206,318	₱ 642,561,023	₱ -	₱ 1,930,749,341

Particulars	January 1, 2023	Cash flows	Interest expense	September 30, 2024
Loans and borrowings	₱ 1,110,407,453	₱ 442,797,534	₱ -	₱ 1,553,204,987
Advances from related parties	177,798,865	(3,373,517)	-	174,425,348
Total liabilities from financing activities	₱ 1,288,206,318	₱ 439,424,017	₱ -	₱ 1,727,630,335

Non-cash Activities

The Group had no material non-cash investing or financing activity-related transactions for the years ended September 30, 2025, December 31, 2024 and September 30, 2024.

NOTE 35 – CONTINGENCIES

As of September 30, 2024, the Group has the following legal cases:

(a) *Tradition Homes Project Managers and Development Inc. vs. Cristina A. Inoue (O.P. Case No. 16-j-216)*

On June 30, 2022, Tradition Homes Project Managers and Development Inc. received the Decision dated May 20, 2022 issued by the Office of the President, which affirmed the Decision dated September 9, 2016 of the Board of Commissioners of the Housing and Land Use Regulatory Board in favor of the Complainant-Appellee. The Decision: (1) declared the cancellation of the contract covering Block 2, Lot 22, Phase 2 of the South Hills Subdivision Project in San Pedro, Laguna; (2) directed the Company to refund the Complainant the amount of ₱342,262, with interest at 6% per annum from the filing of the complaint until full payment; and (3) ordered the Company to pay ₱50,000 as moral damages, ₱50,000 as attorney's fees, ₱30,000 as exemplary damages, and costs of suit.

On July 14, 2022, Tradition Homes Project Managers and Development Inc. filed a Motion for Reconsideration of the Decision dated May 20, 2022. As of December 2025, Tradition Homes Project Managers and Development Inc. has not yet received a Resolution from the Office of the President on the appeal.

The Parent Company filed an Appeal Submitted for Resolution on Motion for Reconsideration. As of December 31, 2024 based on management's assessment and legal counsel's opinion, the outcome of the appealed motion is uncertain. Accordingly, no provision has been recognized in the financial statements

(b) *Sps. Rafael Inocando and Marites Inocando vs. Haustalk Project Managers, Inc. (HSAC-REM-A-220426-0681)*

The Company received the Decision dated August 25, 2022 issued by HSAC on the appeal filed by the Company from the Decision dated 02 February 2022 of OIC-Assistant Regional Adjudicator Atty. Michelle Ligsay. HSAC ruled as follows: (a) ordering the Company to refund Spouses Inocando the amount of ₱139,875.96; and (b) ordering Spouses Inocando to vacate and turn over possession of the house and lot (Block 6, Lot 21, Eastview Homes 3, Brgy. San Roque, Antipolo) to the Company.

Sometime in 2024, the Company filed a Motion for Issuance of Writ of Execution which as of August 05, 2024 was submitted for resolution. However, since there was an error in the Entry of Judgment as attorneys' fees and damages were erroneously included, Haus Talk was directed to file necessary motions to correct the Entry of Judgment, in order to proceed with the execution. As of December 2025, Haustalk Project Managers, Inc. is waiting for the release of the corrected Entry of Judgment and the resolution of the Motion.

(c) *Cornelio Vasquez vs. Haus Talk Project Managers & Maria Leah Madlambayan (HSAC Case No. RIVA-REM-230126-00657)*

On February 22, 2024, HSAC Regional Adjudication Branch directed the Respondents to refund the Complainant ₱813,519.49, with legal interest of 6% per annum from finality of decision until full payment. On appeal, HSAC issued the Decision dated August 6, 2024 granting the appeal and: (a) dismissing the complaint against Ms. Madlambayan; (b) declaring the Contract to Sell valid and existing; and (c) ordering the Company to abide by the terms of the Contract.

On September 19, 2024, the Complainant filed a Petition for Review with the Court of Appeals (“CA”). The CA, in a Decision dated December 3, 2024, denied the Petition. Mr. Vasquez filed a Motion for Reconsideration, which was denied in the Decision dated May 13, 2025. On June 10, 2025, Vasquez, through counsel, filed a Motion for Extension to File Petition for Certiorari before the Supreme Court. No Petition was received as of this date. Meanwhile, on 30 May 2025, HSAC already issued an Entry of Judgment for the Decision dated August 6, 2024, and due to the withdrawal of the counsel of the Complainant due to lack of coordination by the Complainant, the CA issued Entry of Judgment.

(d) *Dion Ducusin et. al. vs. Haustalk Project Managers, Inc. (NLRC Case No. 11-00064-22)*

In a Decision dated October 26, 2023, the Labor Arbiter ruled in favor of the Complainants and ordered the Company to pay full back wages and other monetary claims. Haustalk Project Managers, Inc. appealed, and the appeal was partly granted in the Decision dated July 11, 2024. In February 2025, Haustalk Project Managers, Inc. filed a Petition for Certiorari with Application for Temporary Restraining Order before the Court of Appeals. Haustalk Project Managers, Inc. is presently awaiting the CA’s Resolution.

On April 3, 2025, the Pre-Execution Conference commenced and was terminated on July 16, 2025. On July 28, 2025, Haustalk Project Managers, Inc. filed its Comment on the computation of the monetary award amounting to ₱5,880,362.41. On August 8, 2025, the Complainants filed a Motion for Issuance of Writ of Execution. On November 21, 2025, Haustalk Project Managers, Inc. received an Order from the Labor Arbiter granting the Motion for Execution filed by the Complainants. On December 01, 2025, Haustalk Project Managers, Inc. availed of the extraordinary remedies under the NLRC Rules and filed a Verified Petition with Application for a Temporary Restraining Order (“TRO”) and/or a Writ of Preliminary Injunction (“WPI”) before the NLRC.

NOTE 36 – SUBSEQUENT EVENTS

Declaration of Cash Dividends

The Group Board of Directors approved and declared a cash dividend on October 14, 2025 in the total amount of ₱75,000,000 equivalent to ₱0.03 per share. The cash dividend was taken from the unrestricted retained earnings of the Corporation as of December 31, 2024 as was made available to all stockholders of record as of November 17, 2025, and was paid on December 10, 2025.

Authority to Issue Bond

The Group Board of Directors on October 14, 2025 approved the application and filing of the registration statement for the Securities and Exchange Commission (“SEC”)-registered fixed rate, Philippine Peso-denominated Bonds constituting the direct, unconditional, unsecured and unsubordinated obligations of the Corporation as the Issuer (the “Bonds or the “Offer Bonds”) and to issue the Bonds consisting of up to PESOS: ONE BILLION (PhP1,000,000,000.00) base offer and an oversubscription option of up to PESOS: ONE BILLION (PhP1,000,000,000.00).

HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)
Schedule of Philippine Financial Reporting Standards

**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION**

September 30, 2025, December 31, 2024, and September 30, 2024

Items	September 30, 2025	December 31, 2024	September 30, 2024
Unappropriated Retained Earnings, beginning	₱ 1,087,987,235	₱ 1,071,712,088	₱ 771,173,738
Dividend declaration	-	(50,000,000)	-
Net Income based on the face of AFS	302,657,512	66,275,147	311,074,188
Less: Non-actual/unrealized income net of tax			
• Equity in net income/(loss) of associate/joint venture	-	-	-
• Equity in net income/(loss) of associate/joint venture	-	-	-
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	-	-
• Unrealized actuarial gain	-	-	-
• Fair value adjustment (M2M gains)	-	-	-
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	-	-	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-	-
Add: Non-actual losses			
• Depreciation on revaluation increment (after tax)	-	-	-
• Adjustment due to deviation from PFRS/GAAP – loss	-	-	-
• Loss on fair value adjustment of investment property (after tax)	-	-	-
• FMV gain/(loss) transferred to equity as a result of disposal of equity investment at FVOCI	-	-	-
Gain/(loss) from disposal of financial assets at FVOCI	-	-	-
Net Income Actual/Realized	-	-	-
Unappropriated Retained Earnings, as adjusted, ending	₱ <u>1,390,644,747</u>	₱ <u>1,087,987,235</u>	₱ <u>1,082,247,926</u>

HAUS TALK, INC. AND ITS SUBSIDIARY

IV. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC RULE 68 ANNEX 68-E

Ratio	Formula	September 30, 2025	December 31, 2024
Current Ratio	Total current assets	5,728,377,335	4,800,480,653
	Divided by: Total current liabilities	<u>1,243,298,055</u>	<u>1,018,123,145</u>
	Current ratio	4.61	4.72:1
Acid test ratio	Total current assets	5,728,377,335	4,800,480,653
	Less: Other current assets	<u>3,632,602,424</u>	<u>2,966,030,237</u>
	Quick assets	2,095,774,911	1,834,450,416
	Divide by: Total current liabilities	<u>1,243,298,055</u>	<u>1,018,123,145</u>
	Acid test ratio	1.69:1	1.80:1
Solvency Ratio	Net income	302,367,512	366,813,496
	Add: Depreciation	<u>10,672,651</u>	<u>12,189,668</u>
	Total	313,040,163	379,003,164
	Divide by: Total liabilities	<u>2,831,749,164</u>	<u>2,178,893,499</u>
	Solvency ratio	0.10:1	0.17:1
Debt-to-Equity Ratio	Total liabilities	2,831,749,164	2,178,893,499
	Divided by: Total Equity	<u>4,120,215,350</u>	<u>3,817,847,838</u>
	Debt-to-equity ratio	0.69:1	0.58:1
Asset-to-equity ratio	Total assets	6,952,254,514	5,996,741,337
	Divided by: Total equity	<u>4,120,215,350</u>	<u>3,817,847,838</u>
	Asset-to-equity ratio	1.69:1	1.58:1
Interest rate coverage ratio	Income before income tax	312,117,701	363,091,792
	Add: Interest expense	<u>12,260,401</u>	<u>31,383,781</u>
	Total	324,378,102	394,475,573
	Divided by: Interest expense	<u>12,260,401</u>	<u>31,383,781</u>
	Interest rate coverage ratio	26.48:1	12.57:1
Return on average equity	Net income	302,367,512	366,813,496
	Divided by: Average total capital accounts	<u>3,969,031,594</u>	<u>3,660,823,233</u>
	Return on equity	0.08	0.10:1
Return on average assets	Net income	302,367,512	366,813,496
	Divided by: Average total assets	<u>9,406,088,972</u>	<u>14,210,932,589</u>
	Return on average assets	0.04:1	0.07:1
Net profit margin	Net income	302,367,512	366,813,496
	Net sales	<u>1,201,062,150</u>	<u>1,401,027,855</u>
	Net profit margin	0.25:1	0.26:1