DAMOSALAND

RISK MANAGEMENT SYSTEM

Damosa Land's two successful decades in the real estate industry is a product of detailed planning, skillful execution, and management and mitigation of risks encountered from each project's start to completion. The Company recognizes that risk is inherent in all of its activities. The Company ensures that risks stemming from revenue-generating and support units are managed by a Risk Oversight Committee. The committee facilitates and manages the identification, assessment, mitigation, coordination, monitoring, compliance, and commitment to good governance of the Company.

RISK MANAGEMENT PROCESS

Regular sessions to understand risks emerging at the corporate level and at each business unit shall be held to establish control, discuss strategies, and formulate plans to address key risk areas. The outcome shall be formally communicated to the Risk Oversight Committee to better execute business decisions.

Damosa Land's risk management process involves six key stages: identifying emerging risks through regular monthly project meeting, assessing their potential impact, implementing targeted responses, monitoring key indicators, ensuring transparent communication, and continuously reviewing and improving practices to effectively navigate the dynamic real estate landscape.

RISK MANAGEMENT POLICY

The Committee identifies, assesses, and mitigates risks that are usually encountered over the course of business, which are, but not limited to:

TYPE OF RISK	MITIGATION MEASURES
FINANCIAL RISKS	
Funding, Liquidity and Interest Rate Risk - Challenges in securing loans, equity or other funding means for projects and changes in interest rates affecting loan repayments or project financing costs.	- Active monitoring of short and long-term borrowings, prudent management of cash, and exploring various means of funding sources. - Maintain relationships with all reputable financing institutions. - Maintain a strong credit collection policy and adapt innovative solutions involving technology for efficient collection of receivables.
Credit Risk - Defaults by buyers, tenants, or business partners.	
MARKET RISKS	
Demand and Trend Shifts - Demographic shifts and cultural trends, and increased competition.	- Conduct continuous market research. - Provide flexible and attractive offers to tenants and buyers. - Constant product innovation that targets the needs and preferences of specific demography.
Economic Downturns - Such as recession or economic instability reducing marketing activity.	
REGULATORY AND LEGAL RISKS	
- Zoning and permitting issues. - Compliance to design guidelines - Environmental regulations and litigation risks	- Maintain good and constant communication with approving bodies. - Ensure a thorough review of plans. - Engage with experts and consultants knowledgeable and updated of changes in laws and standards.

CONSTRUCTION AND OPERATIONAL RISKS	
- Budgetary constraints due to rising construction costs - Delays in construction due to supply chain issues, labor shortages, or weather conditions - Quality control issues and health and safety risks	- Explore cost-efficient and sustainable construction alternatives that address material or labor issues. - Provide skills training to the workforce to guarantee quality output. - Strictly impose health and safety guidelines on construction sites and/or workstations.
- **ENVIRONMENTAL AND CLIMATE RISKS**	
- Natural disasters such as floods, earthquakes, typhoons, or other disasters damaging projects - Climate change and Sustainability expectations	- Consider the possibility of fortuitous events as early as planning stages for all projects. - Explore building methodologies that are both sustainable and could withstand extreme weather conditions and earthquakes. - Implement practical drainage solutions for every project.

POLITICAL AND GEOPOLITICAL RISKS	
- Policy changes and expropriation risk - Property selling regulations - Rent controls - Property ownership laws	- Stay updated on tax policies, zoning laws and land use regulations, as well as working with legal experts to navigate permits and licenses challenges. - Expand in other growth areas in Mindanao such as Davao Del Norte and Cagayan de Oro City. - Balance investments between residential, commercial, industrial and tourism-related real estate projects to reduce exposure to sector-specific risks. - Maintain strong relationships with LGUs and national agencies.
TECHNOLOGICAL RISKS	
- Digital and cybersecurity risks - Difficulty in adopting new construction or management technologies	- Leverage AI and strengthen digital transformation initiatives to meet stakeholder demands for accessible options, while empowering the IT workforce to proactively combat evolving cybersecurity threats. - Utilize cloud-based applications and stay up to date on the latest construction and management technologies.

Ultimately, the Company's risk management framework is designed to protect and enhance value. By fostering a culture of risk awareness, proactively identifying and mitigating potential threats, and continuously monitoring the risk landscape, the Company can ensure the resilience and sustainable success of the organization. The Company remains adaptable and committed to embedding risk management principles into every facet of its operations.