COVER SHEET

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S.E.C. Registration Number

VISTA LAND & LIFESCAPES, INC.

(Registrant's Full Name)

LOWER GROUND FLOOR, BUILDING B, EVIA LIFESTYLE CENTER, VISTA CITY, DAANGHARI, ALMANZA

(Business Address: No. Street/City/Province)

Brian N. Edang

Contact Person

3226-3552 ext. 0088

Registrant Telephone Number

1	**2**		**3**	**1**

Month *Day*

Calendar Year

20-IS Preliminary Information Statement

FORM TYPE

0	**6**		**1**	**5**

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

CERTIFICATION

Vista Land & Lifescapes, Inc. (the "Company") hereby certifies that, except for Ms. Camille A. Villar, none of the directors and officers and the nominees for election of directors of the Company named in the Information Statement for the Annual Meeting of its shareholders for the year 2024 works in the government as of the date hereof.

Ms. Villar is currently a duly elected Congresswoman, representing Las Piñas City. She is not disqualified from being, and does not require any consent or approval to serve as, a director of the Company on account of her said position.

Issued this May 6, 2024.

Vista Land & Lifescapes, Inc.

By:

Gemma M. Santos
Corporate Secretary

VISTA LAND

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of stockholders of **VISTA LAND & LIFESCAPES, INC.** (the "**Company**" or "**VLL**") for the year 2024 will be held online on **June 18, 2024**, **Tuesday** at **10:00 a.m.** with the proceedings livestreamed and voting conducted in absentia through the Company's secure voting online facility which may be accessed through:
https://apps.vistaland.com.ph/VSRV/registration.

The following shall be the agenda of the meeting:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the minutes of the last Annual Meeting of Stockholders held on June 15, 2023
4. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 2023
5. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting.
6. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024
7. Appointment of External Auditors
8. Adjournment

Minutes of the 2023 Annual Meeting of Stockholders is available at the website of the Company, *www.vistaland.com.ph*.

Electronic copies of the Information Statement and Management Report with respect to the 2024 Annual Meeting of Stockholders of the Company, as well as the 2023 Annual Report (SEC Form 17A) and Quarterly Report for period ended 31 March 2024 (SEC Form 17Q) of the Company, are available on the Company's website (www.vistaland.com.ph) and PSE Edge (https://edge.pse.com.ph).

The Board of Directors has fixed the close of business on May 14, 2024, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.

For the convenience of the Company's stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication, and voting only *in absentia* or by appointing the Chairman of the meeting as their proxy.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote *in absentia* must notify the Corporate Secretary by registering through the *https://apps.vistaland.com.ph/VSRV/registration* on or before June 10, 2024. All information submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders who intend to appoint the Chairman of the Meeting as their proxy should submit duly accomplished proxy forms on or before June 10, 2024 at the Office of the Corporate Secretary at UGF Worldwide Corporate Center, Shaw Blvd., Mandaluyong City and/or by email to *ir@vistaland.com.ph*.

The procedures for participating in the meeting through remote communication and for casting of votes *in absentia* are set forth in the Information Statement.

GEMMA M. SANTOS
Corporate Secretary

Annex "A"

AGENDA DETAILS AND RATIONALE

1. Certification of Notice and Quorum

The Corporate Secretary, Atty. Gemma M. Santos, will certify that copies of the Notice of Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting.

A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely by registering through the *https://apps.vistaland.com.ph/VSRV/registration*. Stockholders may send their questions or comments prior to the meeting by e-mail at *ir@vistaland.com.ph*. The Website shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer the questions in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.

(iv) Voting shall only be allowed for stockholders registered in the Company's Electronic Voting in Absentia System or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company’s stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

2. Approval of the minutes of the last Annual Meeting of Stockholders held on June 15, 2023

The minutes of the last Annual Meeting of Stockholders held on June 15, 2023 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

A copy of such minutes has been uploaded on the Company’s website immediately after the Annual Meeting of Stockholders for the year 2023.

3. President’s Report, Management Report and Audited Financial Statements as of and for the year ended December 31, 2023

The audited financial statements (“AFS”) of the Company as of and for the year ended December 31, 2023 (as audited by SyCip, Gorres, Velayo & Co.), a copy of which is incorporated in the Preliminary Information Statement for this meeting, will be presented for approval by the stockholders.

The President and CEO of the Company, Mr. Manuel Paolo A. Villar, will deliver a report to the stockholders on the Company’s performance for the year 2023 (which will include highlights from the AFS) and the outlook for 2024.

The Board and Management of the Company believe it in keeping with the Company’s thrust to at all times observe best corporate governance practices, that the results of operations and financial condition of the Company be presented and explained to the shareholders. Any comment from the shareholders, and their approval or disapproval of these reports, will provide guidance to the Board and Management in their running of the business and affairs of the Company.

4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders’ meeting until the date of this meeting

Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors and all the acts of Management taken or adopted from the date of the last annual stockholders’ meeting until the date of this meeting. A brief summary of these resolutions and actions is set forth in the Preliminary Information Statement for this meeting. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the offices of the Company during business hours.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices, that ratification of their acts and resolutions be requested from the shareholders in this annual meeting. Such ratification will be a confirmation that the shareholders approve the manner that the Board and Management run the business and affairs of the Company.

5. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024

The Corporate Secretary will present the names of the persons who have been duly nominated for election as Directors of the Company in accordance with the By-Laws and Revised Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in the Preliminary Information Statement for this meeting.

6. Appointment of External Auditors

The Audit Committee is endorsing to the stockholders the re-appointment of SyCip, Gorres, Velayo & Co. as external auditor of the Company for the fiscal year 2024.

PROXY

Stockholders who would like to be represented thereat by a proxy may choose to execute and send a proxy form to the Office of the Corporate Secretary (Atty. Gemma M. Santos) at UGF Worldwide Corporate Center, Shaw Blvd., Mandaluyong City, on or before June 10, 2024.

A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to gmsantos@picazolaw.com or to *ir@vistaland.com.ph*.

The undersigned stockholder of **VISTA LAND & LIFESCAPES, INC.** (the "Company") hereby appoints the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote ______________ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company on June 18, 2024 at 10:00 a.m. and at any adjournment thereof for the purpose of acting on the following matters:

1. Approval of the minutes of the last Annual Meeting of Stockholders held on June 15, 2023

   ❑ Yes ❑ No ❑ Abstain

2. Noting of the President's Report and Management Report and Approval of the Audited Financial Statements for the year 2023

   ❑ Yes ❑ No ❑ Abstain

3. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting

   ❑ Yes ❑ No ❑ Abstain

4. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024

	No. of Votes
Manuel B. Villar	______________
Manuel Paolo A. Villar	______________
Cynthia J. Javarez	______________
Camille A. Villar	______________
Frances Rosalie T. Coloma	______________
Justina F. Callangan	______________
Cherrylyn P. Caoile	______________

5. Re-appointment of SyCip Gorres Velayo & Co. as external auditor

   ❑ Yes ❑ No ❑ Abstain

____
Printed Name and Signature of the Stockholder

____
Date

This proxy should be received by the Corporate Secretary on or before June 10, 2024, the deadline for submission of proxies.

This proxy when properly executed will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.

Notarization of this proxy is not required.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [x] Preliminary Information Statement
   [ ] Definitive Information Statement (Amended)

2. Name of Registrant as specified in its charter: **VISTA LAND & LIFESCAPES, INC.**

3. **Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **CS200703145**

5. BIR Tax Identification Code **006-652-678-000**

6. **Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** **1747**
   Address of principal office Postal Code

7. **(632) 8874-5758 / (632) 8872-6947 / (632) 3226-3552**
   Registrant's telephone number, including area code

8. Date, time and place of the meeting of security holders

   June 18, 2024, 10:00 a.m. (via Remote Communication)

9. Approximate date on which the Information Statement is first to be sent or given to security holders

   May 23, 2024

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares *(net of treasury shares as of April 30, 2024)*	**12,698,007,676 Shares**
Series 1 Preferred Shares	*3,300,000,000 Shares*
Vista Land Retail Bonds issued in 2017	**₱ 5,000,000,000.00**
Vista Land Retail Bonds issued in 2018	**₱ 10,000,000,000.00**
Vista Land Retail Bonds issued in 2019	**₱ 10,000,000,000.00**
Vista Land Retail Bonds issued in 2023	**₱ 6,000,000,000.00**

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes ___x___ No _______

Philippine Stock Exchange Common shares

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

PART I

INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date: June 18, 2024
Time: 10:00 a.m.
Place: N/A (via remote communication)

The corporate mailing address of the principal office of the Company is Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City.

This Information Statement may be accessed by the Company's stockholders beginning May 23, 2024 at the Company's website *www.vistaland.com.ph*.

Dissenters' Right of Appraisal

Under Sections 41 and 80, Title X, of the Revised Corporation Code of the Philippines ("**Corporation Code**"), any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Corporation Code:

(1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
(3) In case of merger or consolidation; and
(4) In case of investment of corporate funds for any purpose other than the primary purpose of the Company.

The appraisal right, when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the Corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the Corporation within thirty (30) days after such award is made: provided, that no payment shall be made to any dissenting stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment; and provided further, that upon payment by the Corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Corporation.

None of the matters that are proposed to be taken up during the meeting gives a dissenter a right of appraisal.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the officers or directors, or any nominee for election as director, or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting.

No director has informed the Company in writing that he intends to oppose any action to be taken at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of April 30, 2024:

Common	:	12,698,007,676
Series 1 Preferred	:	3,300,000,000

(b) Record Date: May 14, 2024

Each common and each Series 1 preferred share of stock of the Company is entitled to one (1) vote. Pursuant to Article II, Section 7 of the Company's By-Laws, every holder of voting stock may vote during all meetings, including the Annual Stockholders' Meeting, either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 23 of the Corporation Code provides, in part, that: "….in stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the Corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit…."

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote *in absentia.*

Equity Ownership of Foreign and Local Shareholders

Foreign and local security ownership as of April 30, 2024:

<table>
<tr><th rowspan="2">Class</th><th colspan="2">Foreign</th><th colspan="2">Filipino</th><th rowspan="2">Total Outstanding shares</th></tr>
<tr><th>Shares</th><th>Percent of Total Class/Total Outstanding Shares</th><th>Shares</th><th>Percent of Total Class/Total Outstanding Shares</th></tr>
<tr><td rowspan="2">Common</td><td rowspan="2">1,315,376,648</td><td>10.36%</td><td rowspan="2">11,382,631,028</td><td>89.64%</td><td rowspan="2">12,698,007,676</td></tr>
<tr><td>8.22%</td><td>71.15%</td></tr>
<tr><td rowspan="2">Series 1 Preferred</td><td rowspan="2">0</td><td>0.00%</td><td rowspan="2">3,300,000,000</td><td>100.00%</td><td rowspan="2">3,300,000,000</td></tr>
<tr><td>0.00%</td><td>20.63%</td></tr>
<tr><td>Total</td><td>1,315,376,648</td><td></td><td>14,682,631,028</td><td></td><td>15,998,007,676</td></tr>
</table>

Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners of more than 5.0% of the Company's voting securities as of April 30, 2024:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of shares held	% of Ownership[1]
Common	Fine Properties, Inc LGF, Bldg B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City Shareholder	Fine Properties, Inc./ Record Owner is also beneficial Owner[2]	Filipino	5,786,945,661	36.173%
Common	PCD Nominee Corporation 6764 Ayala Avenue, Legazpi Village, Makati City Shareholder	Fine Properties, Inc./ Record Owner is not the beneficial Owner[2]	Filipino	1,338,599,797	8.367%
Preferred	Fine Properties, Inc LGF, Bldg B, Evia Lifestyle Center, Daang Hari, Almanza Dos,Las Piñas City Shareholder	Fine Properties, Inc./ Record Owner is also beneficial Owner[2]	Filipino	3,300,000,000	20.628%
Common	PCD Nominee Corporation 6764 Ayala Avenue, Legazpi Village, Makati City Shareholder	Record Owner is not the beneficial Owner[4]	Filipino	2,162,784,849	13.519%
Common	PCD Nominee Corporation 6764 Ayala Avenue, Legazpi Village, Makati City Shareholder	Record Owner is not the beneficial Owner[4]	Non-Filipino	1,315,342,423	8.222%
Common	Althorp Holdings, Inc. 3L Starmall Las Pinas, CV Starr Ave., Pamplona, Las Pinas City Shareholder	Fine Properties, Inc./Record Owner is not the beneficial Owner[3]	Filipino	1,235,292,469	7.722%

[1] Based on the total issued and outstanding capital stocks as of April 30, 2024 of 15,998,007,676 shares (common and preferred).

[2] Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of Fine Properties, Inc. The right to vote the shares held by Fine Properties, Inc. has in the past been, and in this annual meeting is expected to be, exercised by either Mr. Villar or Ms. Cynthia J. Javarez.

[3] Fine Properties Inc. is the controlling shareholder of Althorp Holdings, Inc. Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of Fine Properties, Inc. The right to vote the shares held by Fine Properties, Inc. has in the past been, and in this annual meeting is expected to be, exercised by either Mr. Villar or Ms. Cynthia J. Javarez.

[4] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. Except as indicated above, as of Record Date, the Company is not aware of any investor beneficially owning shares lodged with the PCD which comprise more than five percent (5%) of the Company's total outstanding capital stock.

Security ownership of management as of April 30, 2024:

Title of Class	Name of beneficial owner	Amount of beneficial ownership	Nature	Citizenship	Percent of Class[1]
Common	Manuel B. Villar, Jr.	293,969,986	Indirect[2]	Filipino	1.838%
		9,113,046,142	Indirect[3]	Filipino	56.964%
Preferred	Manuel B. Villar, Jr.	3,300,000,000	Indirect[4]	Filipino	20.628%
Common	Manuel Paolo A. Villar	200,000	Direct	Filipino	0.001%
		222,596,324	Indirect[2]	Filipino	1.391%
Common	Camille A. Villar	1,000	Direct	Filipino	0.000%
Common	Cynthia J. Javarez	160	Direct	Filipino	0.000%
Common	Frances Rosalie T. Coloma	4,815	Direct	Filipino	0.000%
Common	Justina F. Callangan	75	Direct	Filipino	0.000%
Common	Cherrylyn P. Caoile	1,000	Indirect[2]	Filipino	0.000%
Common	Jerylle Luz C. Quismundo	3,865	Direct	Filipino	0.000%
Common	Brian N. Edang	-	N/A	Filipino	0.000%
Common	Gemma M. Santos	1,000	Direct	Filipino	0.000%
Common	Ma. Nalen SJ. Rosero	-	N/A	Filipino	0.000%
Common	Lorelyn D. Mercado	100	Direct	Filipino	0.000%
Common	Melissa Camille Z. Domingo	-	N/A	Filipino	0.000%
TOTAL		**12,929,824,467**			**80.821%**

[1] *Based on the total outstanding, issued and subscribed shares of 15,998,007,676 (common and preferred) as of April 30, 2024.*
[2] *Shares lodged under PCD Nominee Corporation (Filipino)*
[3] *Includes 7,125,545,458 shares held thru Fine Properties, Inc., 1,235,292,469 shares held thru Althorp Holdings, Inc. and 752,208,215 shares held thru Manuela Corp.*
[4] *Shares held thru Fine Properties, Inc.*

Except as indicated in the above table, the above named officers have no indirect beneficial ownership in the Company.

Except as aforementioned, no other officers of the Company holds directly or indirectly, shares in the Company.

Voting Trust Holders of 5.0% or More

As of April 30, 2024, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

Changes in Control

The Company is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Company. No change in control of the Company has occurred since the beginning of its last fiscal year.

Directors and Executive Officers of the Registrant

Term of Office

Each director holds office until the annual meeting of stockholders held next after his election and his successor shall have been elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of directors that elected or appointed them.

Background Information

The following are the names, ages and citizenship of the incumbent directors/independent directors of the Company as of April 30, 2024:

Name	Age	Position	Citizenship	Period served
Manuel B. Villar, Jr.	74	Chairman of the Board	Filipino	2013 to present
Manuel Paolo A. Villar	47	Vice Chairman of the Board, President and Chief Executive Officer	Filipino	2007 to present
Camille A. Villar	39	Director, Managing Director of Vista Land Commercial Division	Filipino	2014 to present
Cynthia J. Javarez	60	Director, Treasurer and Chief Risk Officer	Filipino	2007 to present
Frances Rosalie T. Coloma	61	Director	Filipino	2015 to present
Justina F. Callangan	71	Independent Director	Filipino	2021 to present
Cherrylyn P. Caoile	49	Independent Director	Filipino	2023 to present

The following are the names, ages and citizenship of the Company's executive officers in addition to its executive and independent directors listed above as of April 30, 2024.

Name	Age	Position	Citizenship
Jerylle Luz C. Quismundo	60	Chief Operating Officer	Filipino
Brian N. Edang	45	Chief Financial Officer and Head, Investor Relations	Filipino
Gemma M. Santos	62	Corporate Secretary	Filipino
Ma. Nalen SJ Rosero	53	Chief Legal Counsel, Chief Information Officer and Compliance Officer, Asst. Corp. Secretary	Filipino
Lorelyn D. Mercado	54	Controller	Filipino
Melissa Camille Z. Domingo	37	Chief Audit Executive	Filipino

The following states the business experience of the incumbent directors and officers of the Company for the last five (5) years:

Manuel B. Villar, Jr. *Chairman of the Board.* Mr. Villar was Senator of the Philippines from 2001 to June 2013. He served as Senate President from 2006 to 2008. He also served as a Congressman from 1992 to 2001 and as Speaker of the House of Representatives from 1998 to 2000. A Certified Public Accountant, Mr. Villar graduated from the University of the Philippines in 1970 with the degree of Bachelor of Science in Business Administration and in 1973 with the degree of Master's in Business Administration. He founded Camella Homes in the early 1970s and successfully managed said company over the years, to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar is also the Chairman of the Board of Vistamalls, Inc. (formerly Starmalls, Inc.), AllHome Corp., AllValue Holdings Corp., AllDay Marts, Inc. and Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.).He is a member of the following organizations: Makati Business Club, Manila Golf Club, Management Association of the Philippines, Financial Executive Institute of the Philippines (FINEX), Philippine Institute of Certified Public Accountants, and the Villar Social Institute for Poverty Alleviation and Governance (SIPAG).

Manuel Paolo A. Villar. *Vice Chairman of the Board and President & Chief Executive Officer.* Mr. Villar graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey &Co. in the United States from 1999 to 2001. He joined the Vista Land Group in 2001 as Head of Corporate Planning then became the Chief Financial Officer of the Company in 2008. He was elected President and Chief Executive Officer of the Company in July 2011 and President of Vistamalls, Inc. (formerly Starmalls, Inc.) in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc., and Powersource Phils Development Corp. Mr. Villar is also the majority shareholder of Prime Asset Ventures, Inc., and director of Fine Properties, Inc, VistaREIT, Inc., AllHome Corp. and AllDay Marts, Inc.

Camille A. Villar. *Managing Director, Vista Land Commercial Division*. Ms. Villar graduated from Ateneo de Manila University with the degree of Bachelor of Science in Management. She took Management in Business Administration, Global Executive MBA

Program in Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director of Vista Land Commercial. She is a Director of Vistamalls, Inc. (formerly Starmalls, Inc.) and Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.). She is also the Concurrent President of All Value Holdings Corp., the Vice Chairman of AllHome Corp. and a director of AllDay Marts, Inc. Ms. Villar is currently a Congresswoman, representing Las Pinas City.

Cynthia J. Javarez. *Director, Treasurer, and Chief Risk Officer*. Ms. Javarez graduated from the University of the East with the degree of Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head in the MB Villar Group of Companies until 2007. She was the Controller and Chief Financial Officer of Vista Land since 2013 until she became Chief Operating Officer from November 2018 to June 2022. She was the President of Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation and Vista Residences, Inc. until 2021. She is currently the President of Golden MV Holdings, Inc., Chairperson of the Board of Prime Asset Ventures, Inc. and is the President of Fine Properties, Inc.

Frances Rosalie T. Coloma. *Director*. Ms. Coloma graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant. Ms. Coloma was also the Chief Financial Officer and Chief Information Officer of Golden Bria Holdings, Inc. from 2016 to 2019. She was also the Chief Financial Officer of Vistamalls, Inc. (formerly Starmalls, Inc.) from 2012 to 2016. She is currently a Director of AllHome Corp. She is also a Director, President and Chief Executive Officer of AllDay Marts, Inc.

Justina F. Callangan, *Independent Director*. Atty. Callangan graduated cum laude from the University of the East with the degree of Bachelor of Arts in Political Science in 1973, and from San Sebastian College with the degree of Bachelor of Laws in 1980. She was a Political Science Instructor of the University of the East from 1974 to 1981 and became an Assistant Professor in Taxation and Business Laws from 1981 until her retirement from the university in 1995. Atty. Callangan started her career in the Securities and Exchange Commission as Analyst II in 1982 and held various positions with the Commission until she became Director of the Corporation Finance Department (now the Corporate Governance and Finance Department) from February 2001 to October 2017. She was also an Assistant Vice President of the Legal Department of the Urban Bank from November 1995 to November 2000. From November 2018 to December 2019, Atty. Callangan served as consultant in the Listings Department of the Philippine Stock Exchange. She was elected in August 2020 as Director representing the Public Sector in the Securities Investors Protection Fund, Inc. Currently, she is an Independent Director of Vista Land & Lifescapes, Inc., VistaREIT, Inc., ORIX Metro Leasing and Finance Corporation, Panasonic Manufacturing Philippines Corp. and AIB Money Market Fund, a SEC-registered mutual fund. She is also a consultant to ASA Philippines Foundation, Inc.

and to Divina Law Office since 2018. Atty. Callangan is a Mandatory Continuing Legal Education (MCLE) Lecturer on various SEC matters in both the UP Law Center Institute for the Administration of Justice and Center for Global Best Practices. Atty. Callangan possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since election as such.

Cherrylyn P. Caoile, *Independent Director*. Atty. Caoile obtained her Bachelor of Science in Legal Management from the De La Salle University and earned the degree of Juris Doctor in Ateneo de Manila School of Law. She worked in Picazo Buyco Tan Fider & Santos starting in 1998, and became a partner in 2009 until 2019. She served as an Assistant Professor in Commercial Law Department for De La Salle University – College of Business & Economics from 2003 to 2005. Ms. Caoile was recently the legal consultant of House of Representatives, Committee on Economic Affairs. She is currently the Chairman of the Board of Taipan Security Services, Inc. and currently the Independent Director of Vista Land & Lifescapes, Inc., Vistamalls, Inc., and VProperty, Inc. She was formerly the Director of MJC Investment Corporation, Narra Wellness Resorts, Inc., and PALI Investments, Inc. She was appointed as the Corporate Secretary of MetroPac Water Investments, Inc. and was formerly the Assistant Corporate Secretary of Smart Communications, Inc., Paymaya Philippines, Inc, and MPCALA Holdings, Inc. Atty. Caoile possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since election as such.

Jerylle Luz C. Quismundo, *Chief Operating Officer.* Ms. Quismundo graduated cum laude with the degree of Bachelor of Science in Business Economics from the University of the Philippines Diliman in 1983. She took her Master in Business Administration from the same university in 1989. She has held various positions under the M.B. Villar Group of Companies since 1989 and is the incumbent President of various Vista Land and Lifescapes, Inc. subsidiaries including Brittany Corporation, Camella Homes, Inc. Vista Residences, Inc., and Crown Asia Properties, Inc. She is also currently the Chairman of the Board of VistaREIT, Inc.

Brian N. Edang. *Chief Financial Officer and Head, Investor Relations.* Mr. Edang is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head of Investor Relations of Vista Land from 2007 up to present and the Chief Financial Officer of the Company since November 2018. Mr. Edang is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Financial Executives Institute of the Philippines (FINEX). He is also currently serving as a director of VistaREIT, Inc.

Gemma M. Santos. *Corporate Secretary*. Atty. Santos graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in

1985. She is Of Counsel of Picazo Buyco Tan Fider & Santos Law Offices. She is also the Corporate Secretary of Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.) and VistaREIT, Inc. and a director of Philippine Associated Smelting and Refining Corporation (PASAR), Fine Properties, Inc., and Bulakan Water Co., Inc., and Chairman of the Board of the Bulacan Water District.

Ma. Nalen S.J. Rosero. *Chief Legal Counsel, Chief Information Officer and Compliance Officer.* Atty. Rosero graduated Salutatorian from the San Beda College of Law in 1997. She was an Associate of the Litigation Group of the ACCRA Law Offices from 1997 to 2000. She is currently the Chief Legal Counsel, Chief Information Officer, and Chief Compliance Officer and Assistant Corporate Secretary of Vista Land & Lifescapes, Inc. She is also the Corporate Secretary and Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also currently serving as the Chief Compliance Officer and Assistant Corporate Secretary of VistaREIT, Inc. She is also the Corporate Secretary of Vistamalls, Inc. (formerly Starmalls, Inc.).

Lorelyn D. Mercado. *Controller*. Ms. Mercado graduated from the University of Batangas with the degree of Bachelor of Science in Business Administration-Accounting. She took Master in Business Administration at the De La Salle University. She previously served as Chief Accountant of Vista Residences, Inc. and Adelfa Properties, Inc., She is currently the Chief Accountant of Vista Land & Lifescapes, Inc. and its subsidiaries, and a Director in Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Inc., and Camella Homes, Inc.

Melissa Camille Z. Domingo. *Chief Audit Executive.* Ms. Domingo graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration & Accountancy in 2008. She is a Certified Public Accountant. In 2011, she took the Certified Internal Auditor examination and was part of the Top 50 successful examinees globally. Prior to joining Vista Land in 2013 as Senior Financial Analyst, she was with SGV & Co. (EY Philippines) as Associate Director. She was the Finance Head of Vista Land until she assumed the Chief Audit Executive position in June 2019. She is also currently serving as a director, and Chief Financial Officer, Treasurer, and Head, Investor Relations of VistaREIT, Inc.

Attys. Justina F. Callangan and Cherrylyn P. Caoile are the nominees for election as independent directors of the Company. Their respective business experience for the last five (5) years are as set forth above.

Board Meeting Attendance

Name of Director	Jan 12	Mar 29	Apr 13	Apr 20	May 15	Jun 15	Aug 11	Sep 11	Sep 12	Sep 29	Nov 13	Nov 24	Dec 29
Manuel B. Villar, Jr.	P	P	P	P	P	P	P	P	P	P	P	P	P
Manuel Paolo A. Villar	P	P	P	P	P	P	P	P	P	P	P	P	P
Cynthia J. Javarez	P	P	P	P	P	P	P	P	P	P	P	P	P
Camille A. Villar	P	P	P	P	P	P	P	P	P	P	P	P	P
Frances Rosalie T. Coloma	P	P	P	P	P	P	P	P	P	P	P	P	P
Justina F. Callangan	P	P	P	P	P	P	P	P	P	P	P	P	P
Romulo L. Neri*	P	P	P	P	P	-	-	-	-	-	-	-	-
Cherrylyn P. Caoile**	-	-	-	-	-	P	P	P	P	P	P	P	P

Legend : (A) Absent, (P) Present, (-) Not applicable
**Term ended June 14, 2023*
***Elected on June 15, 2023*

All of the incumbent Directors named above have a one-year term of office and all have been nominated for re-election to the Board of Directors.

The By-Laws of the Company conforms with SRC Rule 38, as amended, with regard to the nomination of independent directors of the Company. Article III, Sections 2-A and 3 of the Company's By-Laws provide as follows:

> **"Section 2-A.** Independent Directors – The Corporation shall have at least two (2) independent directors or at least twenty percent (20%) of the entire Board membership, whichever is lesser.
>
> The independent directors shall have all the qualifications and none of the disqualifications set forth in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations, as the same may be amended from time to time.
>
> **Section 3.** Election and Term - The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.
>
> A nomination committee is hereby created which may be organized from time to time upon determination of the Board of Directors. The nomination committee shall be composed of at least three (3) members, one of whom shall be an independent director. The nomination committee shall have the following functions: (A) formulate screening policies to enable the committee to effectively review the qualification of the nominees for independent directors; and (B) conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedures set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, as the same may be amended from time to time."

On the other hand, SRC Rule 38, as amended, provides in part as follows:

> “8. Nomination and Election of Independent Director/s
>
> The following rules shall be applicable to all covered companies:
>
> A. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Registrant's information or proxy statement or such other reports required to be submitted to the Commission.
>
> B. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
>
> C. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.
>
> D. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Registrant is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.
>
> E. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting.”

The Company has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

The nominated independent directors, namely, Atty. Cherrylyn P. Caoile and Atty. Justina F. Callangan, were duly nominated by Ms. Solita Aragon Albaniel, a registered shareholder of the Company who is not a director, officer or substantial shareholder of the Company and who is not related to either of the said nominees. The Nominations Committee of the Company is composed of Mr. Manuel B. Villar, Jr., Chairman, and Ms. Frances Rosalie T. Coloma and Atty. Justina F. Callangan, members.

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders’ meeting due to disagreement with the Company on any matter relating to the Company’s operations, policies or practices.

The Company has no other significant employee other than its Executive Officers.

Mr. Manuel Paolo A. Villar and Ms. Camille A. Villar, who are both officers of the Company, are siblings and children of Mr. Manuel B. Villar, Jr., the Chairman of the Board. Except for the aforesaid relationship, none of the Company's incumbent Directors or Executive Officers or the nominees for election as directors is related to the others by consanguinity or affinity within the fourth civil degree.

Except as otherwise disclosed in the Annual Report of the Company (SEC Form 17-A) for the year ended December 31, 2023, the Company has not had any transaction (self-dealing or other related party transaction) during the last two (2) years in which any Director or Executive Officer or any of their immediate family members or any of the nominees for election as independent director had a direct or indirect interest.

None of the aforementioned Directors or Executive Officers or any of the nominees for election as independent director is or has been involved in any criminal or bankruptcy proceeding, or is or has been subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date.

As of date, there is no formal appraisal or assessment process in respect of Board performance, although attendance by directors in board meetings are strictly monitored.

Compensation of Directors and Executive Officers

A. Executive Compensation

The compensation for its executive officers for the years 2022 and 2023 (actual) and 2024 (projected) are shown below:

Names	Position	Year	Salary	Bonus	Others
Manuel Paolo A. Villar	President & CEO				
Jerylle Luz C. Quismundo	Chief Operating Officer				
Brian N. Edang	CFO & Head IR				
Ma. Nalen S.J. Rosero	Chief Legal Counsel/ CIO				
Lorelyn D. Mercado	Controller				
Aggregate executive compensation for above named officers		**Actual 2022 Actual 2023 Projected 2024**	**₱56.9M ₱57.9M ₱60.2M**	**₱8.8M ₱8.9M ₱9.2M**	**None None None**
Aggregate executive compensation of all other officers and directors, unnamed		**Actual 2022 Actual 2023 Projected 2024**	**₱151.6M ₱161.6M ₱166.0M**	**₱23.4M ₱24.9M ₱25.6M**	**None None None**

B. Compensation of Directors

Standard arrangements

Other than payment of reasonable per diem of ₱125,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company or the Company's subsidiaries, for any services provided as a director for 2022 and 2023.

In 2023, the Directors of the Company received remuneration as follows:

Director	Total Remuneration in 2023
Manuel B. Villar, Jr.	N/A
Manuel Paolo A. Villar	N/A
Cynthia J. Javarez	N/A
Camille A. Villar	N/A
Frances Rosalie T. Coloma	N/A
Justina F. Callangan	₱ 1,187,500
Romulo L. Neri	₱ 437,500
Cherrylyn P. Caolile	₱ 875,000

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company or the Company's subsidiaries, during 2022 or 2023 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between the Company and the named executive officers.

Warrants and options held by the executive officers and directors

There are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a group.

Significant employee

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

Certain relationships and related transactions

As of April 30, 2024, the Villar Family and Companies held 75.84% of the total issued and outstanding common share capital of the Company and 80.82% of the total issued and outstanding common and preferred share capital of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with the Villar Family Companies and their respective subsidiaries.

The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

The transactions with related parties for the year ended December 31, 2023 are discussed in the Company's 2023 Audited Financial Statements attached as Annex "C" to this Information Statement. Please see Note 29, pages 88 to 93 of the Notes to the Financial Statements accompanying the Company's 2023 Audited Financial Statements where the (a) business purpose of the arrangement; (b) identification of the related parties transacting business with the Company and nature of the relationship; and (c) any ongoing contractual or other commitments as a result of the arrangement, are stated. The transaction price for Related Party Transactions ("RPT") are as negotiated and on an arm's length basis. All material RPT with a transaction value that reaches ten percent (10%) of the Company's total assets are subject to the review and approved for fairness by the RPT Committee.

Independent Public Accountants

The auditing firm of SGV & Co. is being recommended for election as external auditor for the current year.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

In 2023, the Company's auditors did not perform any substantial non-audit services for the Company.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

Since the incorporation of the Company in 2007, there was no instance where the Company's public accountants resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Company had any disagreement with its public accountants on any accounting or financial disclosure issue.

The 2023 audit of the Company is in compliance with paragraph (3)(b)(iv) of SRC Rule 68, as Amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

For Changes in Accounting Policies, refer to Note 3 - Changes in Accounting Policies discussion on the Consolidated Financial Statements as of and for the years ended December 31, 2021, 2022, and 2023 included in this report.

Audit Committee's Approval Policies and Procedures

In relation to the audit of the Company's annual financial statements, the Company's Revised Corporate Governance Manual provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

The Audit Committee of the Company is composed of Atty. Cherrylyn P. Caoile, *Chairman*, and Atty. Justina F. Callangan and Ms. Frances Rosalie T. Coloma, *members*.

External Audit and Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co.

	2022	2023
	(In ₱ Thousands)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 35,502	₱ 37,744
All other fees	–	–
Total	**₱ 35,502**	**₱ 37,744**

SGV & Co. does not have any direct or indirect interest in the Company

Tax Fees

Except as provided above, the Company did not pay any tax fees and other fees to its external auditors.

OTHER MATTERS

Action with Respect to Reports

The following reports will be submitted for approval by the stockholders:

1. Minutes of the last Annual Meeting of Stockholders held on June 15, 2023, covering the following matters: (i) approval of the President's Report and the Annual Report for the year 2022; (ii) approval and adoption of the Audited Financial Statements for the year ended 31 December 2022; (iii) ratification of all acts of the Board of Directors and Management since the annual stockholders' meeting held in June 2022; (iv) election

of the directors and independent directors of the Company for the ensuing fiscal year; and (v) appointment of the external auditor of the Company for the fiscal year 2023.

Minutes of the 2023 Annual Meeting of Stockholders is available at the website of the Company, *www.vistaland.com.ph*.

The minutes contain the following information:

(a) A description of the voting and vote tabulation procedures used in the meeting;

(b) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;

(c) The matters discussed and resolutions reached;

(d) A record of the voting results for each agenda item; and

(e) A list of the directors, officers and the percentage of outstanding and voting shares of stockholders who attended and participated in the meeting.

2. Audited Financial Statements for the year 2023.

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE. These minutes cover various resolutions of the Board, including declaration of cash dividends, approval of 2023 Audited Financial Statements, appointment of officers, issuance of dollar and corporate notes, opening of bank accounts and appointment of authorized signatories for various transactions in the normal course of business of the Company.

2. Appointment of External Auditors.

Voting Procedures

Manner of voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit.

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote *in absentia*.

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote *in absentia,* duly verified and validated by the Company shall be provided with unique log-in credentials to securely access the voting portal.

A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

Stockholders and proxy holders can cast their votes on specific matters for approval, including the election of directors.

Voting requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

(b) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2023, and the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are participating in the meeting by remote communication and are voting in absentia or represented by proxies.

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the results of voting during the meeting.

The detailed instructions for participation through remote communication are set forth in Annex "A" to the Notice of Meeting (Agenda Details and Rationale) hereof.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

Vista Land & Lifescapes, Inc.
Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza, Las Piñas City, Philippines

Attention: Brian N. Edang

PART II

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2023 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

II. INFORMATION ON INDEPENDENT ACCOUNTANT

SGV & Co., independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2021, 2022, and 2023, included in this report.

SGV & Co. has acted as the Company's external auditors since 2008 and as Camella Homes, Inc.'s external auditors since 1994. Cyril Jasmin B. Valencia is the current audit partner for the Company and the other subsidiaries. The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Revised Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co.

	2022	2023
	(In ₱ Thousands)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 35,502	₱ 37,744
All other fees	–	–
Total	**₱ 35,502**	**₱ 37,744**

SGV & Co. does not have any direct or indirect interest in the Company

III. MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF YEAR END 2023 VS YEAR END 2022

In Php Millions	**2023**	**2022**	**Change Value**	**%age**
REVENUE				
Real estate	15,228.5	12,789.9	2,438.6	19.1%
Rental income	16,021.4	13,742.3	2,279.2	16.6%
Interest income from installment contracts receivable	606.3	701.3	(95.0)	(13.5)%
Parking, hotel, mall administrative and processing fees, and others	2,104.9	1,607.3	497.5	31.0%
	33,961.1	28,840.8	5,120.3	17.8%
COSTS AND EXPENSES				
Costs of real estate sales	6,112.0	5,543.0	569.0	10.3%
Operating expenses	11,596.2	9,647.4	1,948.8	20.2%
	17,708.2	15,190.4	2,517.8	16.6%
OTHER INCOME (EXPENSES)				
Gain from insurance proceeds	1,841.2	-	1,841.2	-
Interest income from investments and other income	1,202.3	981.2	221.1	22.5%
Interest and other financing Charges	(5,685.6)	(5,217.9)	(467.7)	9.0%
	(2,642.2)	(4,236.7)	1,594.5	-37.6%
INCOME BEFORE INCOME TAX	13,610.8	9,413.8	4,197.0	44.6%
PROVISION FOR INCOME TAX	3,318.6	2,021.1	1,297.5	64.2%
NET INCOME	**10,292.2**	**7,392.6**	**2,899.4**	**39.2%**

Revenues

Real Estate
The Company recorded revenue from real estate sales amounting to ₱15,228.5 million for the year ended December 31, 2023, an increase of 19.1% from ₱12,789.9 million last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units specifically in the affordable segment.

- Real estate revenue of Camella increased by 58.2% to ₱4,485.9 million for 2023 from ₱2,836.0 million for 2022. This increase was principally attributable to the increase in the number of sold homes completed or under construction in the Mega Manila area in the low and affordable housing segment during the period.

- Real estate revenue from Vista Residences increased by 25.6% to ₱3,147.4 million for 2023 from ₱2,505.9 million for 2022. This was principally attributable to the increase in number of sold condominium units completed or under construction during the period. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Communities Philippines increased by 8.5% to ₱5,587.2 million for 2023 from ₱6,060.5 million for 2022. This increase was principally attributable to the increase in the number of sold homes completed or under construction outside the Mega Manila area in the low and affordable housing segment during the period.

- Real estate revenue of Crown Asia increased by 9.3% to ₱561.5 million for 2023 from ₱513.8 million in 2022. This increase was principally attributable to the increase in the number of sold homes completed or under construction in the Mega Manila area in the upper middle-income housing segment during the year.

- Real estate revenue of Brittany decreased by 27.8% to ₱973.1 million for 2023 from ₱1,347.0 million last year. This increase was principally attributable to the decrease in the number of sold homes completed or under construction in the Mega Manila area in the high-end housing segment.

Rental income
Rental income increased by 16.6% from ₱13,742.3 million for the year ended December 31, 2022 to ₱16,021.4 million for the year ended December 31, 2023. The increase was primarily attributable to the recovery of the malls, increase foot traffic and the contribution of newly opened commercial centers.

Interest income from installment contract receivable and investments
Interest income from installment contract receivable and investments increased by 7.5% from ₱1,682.5 million for the year ended December 31, 2022 to ₱1,808.6 million for the year ended December 31, 2023. The increased was primarily attributable to the increase in interest income from investments of 22.5% to ₱1,202.3 million offset by the decrease

in interest income from installment contract receivables of 13.5% to ₱606.3 million for the year ended December 31, 2023 as more buyers are availing of bank financing.

Parking, hotel, mall administrative and processing fees and others
Income from parking, hotel, mall administrative and processing fees and others increased by 31.0% from ₱1,607.3 million for the year ended December 31, 2022 to ₱2,104.9 for the year ended December 31, 2023. The increase was primarily attributable to the increase mall related administrative and processing fees, parking, hotel operations as well as forfeitures.

<u>Costs and Expenses</u>

Cost and expenses increased by 16.6% to ₱17,708.2 million for the year ended December 31, 2023 from ₱15,190.4 million for the year ended December 31, 2022.

- Cost of real estate sales increased by 10.3% from ₱5,543.0 million for the year ended December 31, 2022 to ₱6,112.0 million for the year ended December 31, 2023 primarily due to the increase in the overall recorded sales of Vista Land's business units offset by cost savings from various cost saving initiatives implemented.

- Operating expenses increased by 20.2% from ₱9,647.4 million for the year ended December 31, 2022 to ₱11,596.2 million for the year ended December 31, 2021 primarily due to the following:

    - an increase in provision for impairment losses on receivables from ₱21.7 million for the year ended December 31, 2023 to ₱848.0 million for the year ended December 31, 2022 due to provisioning for the year. Allowance for impairment losses on receivables remained at 1.2% of the total receivables.

    - an increase in occupancy costs from ₱765.6 million for the year ended 31 December 2022 to ₱1,116.5 million for the year ended 31 December 2023 due to the increased in security and other occupancy related expenses of our malls.

    - an increase in depreciation and amortization from ₱2,638.8 million for the year ended 31 December 2022 to ₱2,889.0 million for the year ended 31 December 2023 due to the higher depreciation for the year.

Gain from insurance proceeds
The Company recognized a gain from insurance proceed amounting to ₱1,841.2 million for the year ended 31 December 2023.

Interest and other financing charges
Interest and other financing charges increased by 9.0% from ₱5,217.9 million for the year ended December 31, 2022 to ₱5,685.6 million for the year ended December 31, 2023. The increase was primarily attributable the lower capitalization rate for the year.

Provision for Income Tax

Provision for income tax increased by 64.2% from ₱2,021.1 million for the year ended December 31, 2022 to ₱3,318.6 million for the year ended December 31, 2023 primarily due to a higher taxable base for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 39.2% to ₱10,292.2 million for the year ended December 31, 2023 from ₱7,392.6 million for the year ended December 31, 2022.

For the year ended December 31, 2023, except as discussed in *Note 36 – Other Matters* of the 2023 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

In Php millions	2023	2022	Change Amount	Change %
ASSETS				
Current Assets				
Cash and cash equivalents	10,692.2	15,070.2	(4,378.0)	(29.1)
Short-term cash investments	7.3	47.3	(40.0)	(84.6)
Current portion of:				
Receivables	52,211.6	53,234.5	(1,022.9)	(1.9)
Cost to obtain contract	308.6	385.6	(77.0)	(20.0)
Investments at amortized cost	18,425.1	9,440.4	8,984.7	95.2
Real estate inventories	63,771.2	53,533.9	10,237.3	19.1
Other current assets	6,447.9	5,724.8	723.1	12.6
Total Current Assets	151,864.0	137,436.8	14,427.2	10.5
Noncurrent Assets				
Investments at amortized cost	20,784.3	32,059.1	(11,274.8)	(35.2)
Investments at fair value through other comprehensive income	132.2	117.2	15.0	12.8
Receivables - net of current portion	31,191.5	21,166.1	10,025.4	47.4
Cost to obtain contract - net of current portion	202.1	354.5	(152.4)	(43.0)
Project development costs	1,396.3	1,269.2	127.1	10.0
Advances	7,559.4	7,042.3	517.1	7.3
Investment in joint venture	499.4	468.1	31.3	6.7
Property and equipment	2,636.2	2,301.1	335.1	14.6
Investment properties	124,656.1	118,343.6	6,312.5	5.3
Goodwill	147.3	147.3	-	0.0
Pension assets	290.8	320.7	(29.9)	(9.3)
Deferred tax assets - net	105.7	111.5	(5.8)	(5.2)
Other noncurrent assets	936.0	1,076.8	(140.8)	(13.1)
Total Noncurrent Assets	190,537.1	184,777.3	5,759.8	3.1
	342,401.1	**322,214.1**	20,187.0	6.3
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	20,517.4	15,890.5	4,626.9	29.1
Security deposits and unearned rental income	2,013.0	1,856.5	156.5	8.4
Income tax payable	112.5	127.1	(14.6)	(11.5)
Dividends payable	298.0	96.0	202.0	210.4
Current portion of:				
Contract liabilities	1,588.3	1,085.1	503.2	46.4
Lease liabilities	388.9	368.5	20.4	5.5
Notes payable	28,005.3	12,745.8	15,259.5	119.7
Bank loans	25,874.2	11,561.6	14,312.6	123.8
Loans payables	3,176.0	3,767.3	(591.3)	(15.7)
Total Current Liabilities	81,973.6	47,498.4	34,475.2	72.6

In Php millions	2023	2022	Change Amount	%
Noncurrent Liabilities				
Contract liabilities- net of current portion	437.0	1,058.5	(621.5)	(58.7)
Notes payable - net of current portion	80,143.4	89,702.4	(9,559.0)	(10.7)
Bank loans - net of current portion	27,308.8	44,385.3	(17,076.5)	(38.5)
Loans payable - net of current portion	4,267.7	1,567.4	2,700.3	172.3
Lease liabilities - net of current portion	5,051.3	5,065.6	(14.3)	(0.3)
Deferred tax liabilities - net	8,201.4	6,107.4	2,094.0	34.3
Other noncurrent liabilities	2,156.4	3,179.0	(1,022.6)	(32.2)
Total Noncurrent Liabilities	127,566.2	151,065.6	(23,499.3)	(15.6)
Total Liabilities	209,539.8	198,563.9	10,975.9	5.5
Equity				
Attributable to equity holders of the Parent Company				
Common stock	13,114.1	13,114.1	-	0.0%
Preferred stock	33.0	33.0	-	0.0%
Additional paid-in capital	30,684.7	30,684.7	29.3	0.1%
Treasury shares	(7,740.3)	(7,740.3)	-	0.0%
(Forward)				
Retained earnings	86,227.5	78,311.1	6,127.9	10.1
Other comprehensive income	905.8	798.9	192.5	13.4
	123,223.9	115,201.6	8,022.3	7.0
Non-controlling interest	9,637.5	8,448.6	1,188.9	14.1
Total Equity	132,861.4	123,650.2	9,211.2	7.4
	342,401.1	**322,214.1**	20,187.0	6.3

As of December 31, 2023 vs. December 31, 2022

Total assets as of December 31, 2023 were ₱342,401.2 million compared to ₱322,214.2 million as of December 31, 2022, or a 6.3% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments, and investments at amortized costs decreased by 11.6% from ₱56,617.0 million as of December 31, 2022 to ₱50,063.4 million as of December 31, 2023 due primarily to debt servicing for the year.

- Investments at fair value through other comprehensive income increased by 12.8% from ₱117.2 million as of December 31, 2022 to ₱132.2 million as of December 31, 2023 due to the increase in fair value.

- Receivables increased by 12.1% from ₱74,400.6 million as of December 31, 2022 to ₱83,403.1 million as of December 31, 2023 due primarily to the increase in accrued rental receivables.

- Real estate inventories including raw land for residential development and construction materials increased by 19.1% from ₱53,533.9 million as of December 31, 2022 to ₱63,771.2 million as of December 31, 2023 due to increase in project launches for the year.

- Project development costs increased by 10.0% from ₱1,269.2 million as of December 31, 2022 to ₱1,396.3 million as of December 31, 2023 due to increase in advances for project developments.

- Advances to a related parties increased by 7.3% from ₱7,042.3 million as of December 31, 2022 to ₱7,559.4 million as of December 31, 2023 due to advances for the year.

- Investment in joint venture increased by 6.7% to ₱499.4 million as of December 31, 2023 from ₱468.1 million as of December 31, 2022 due to share in equity earnings during the year.

- Property and equipment increased by 14.6% to ₱2,636.2 million as of December 31, 2023 from ₱2,301.1 million as of December 31, 2022 due to additions of buildings, equipment and other fixed assets during the year.

- Investment properties increased by 5.3% to ₱124,656.1 million as of December 31, 2023 from ₱118,343.6 million as of December 31, 2022 due to additions during the year.

- Pension assets decreased by 9.3% to ₱290.8 million as of December 31, 2023 from ₱320.7 million as of December 31, 2022 as a result of actuarial adjustment for the company's retirement program.

- Other assets, including cost to obtain increased by 4.7% to ₱7,894.6 million as of December 31, 2023 from ₱7,541.7 million as of December 31, 2022 due to increase in input vat and other prepaid expenses.

Total liabilities as of December 31, 2023 were ₱209,539.6 million compared to ₱198,563.9 million as of December 31, 2022, or a 5.5% increase. This was due to the following:

- Accounts and other payables increased by 29.1% to ₱20,517.4 million as of December 31, 2023 from ₱15,890.5 million as of December 31, 2022 due to increase in accounts payable to contractors and suppliers as construction activities increased during the year.

- Security deposits and unearned rental income increased by 8.4% to ₱2,013.0 million as of December 31, 2023 from ₱1,856.5 million as of December 31, 2022 due to renewal of lease contract and new tenants of our commercial segment.

- Income tax payable decreased by 11.5% from ₱127.1 million as of December 31, 2022 to ₱112.5 million as of December 31, 2023 due a higher taxable base for the year.

- Dividend payable increased by 210.4% from ₱96.0 million as of December 31, 2022 to ₱298.0 as of December 31, 2023 due primarily to the declaration of dividends in October.

- Notes payable including non-current portion increased by 5.6% from ₱102,448.2 million as of December 31, 2022 to ₱108,148.8 million as of December 31, 2023 due to the issuance of corporate notes during the year..

- Loans payable including non-current portion increased by 39.5% from ₱5,334.6 million as of December 31, 2022 to ₱7,443.7 million as of December 31, 2023 due to availment of Contract to sell financing during the year.

- Contract liabilities including non-current portion decreased by 5.5% from ₱2,143.6 million as of December 31, 2022 to ₱2,025.4 million as of December 31, 2023 due to settlements during the year.

- Deferred tax liabilities – net increased by 35.0% from ₱5,995.9 million as of December 31, 2022 to ₱8,095.7 million as of December 31, 2023 due to the additional deferred tax liabilities recognized for the year.

- Other noncurrent liabilities decreased by 32.2% from ₱3,179.0 million as of December 31, 2022 to ₱2,156.4 million as of December 31, 20223 due primarily to the decrease in the liabilities for purchased land and retention payable

Total stockholder’s equity increased by 7.4% from ₱123,650.2 million as of December 31, 2022 to ₱132,861.4 million as of December 31, 2023 due to the net income recorded for the year ended December 31, 2023 and increase in non-controlling interest.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	12/31/2023	12/31/2022
Current ratio [(a)]	1.85:1	2.89:1
Liability-to-equity ratio [(b)]	1.58:1	1.61:1
Interest expense/Income before Interest expense [(c)]	29.5%	35.7%
Return on assets [(d)]	3.0%	2.3%
Return on equity [(e)]	7.7%	6.0%

Notes:

(a) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(b) Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of liability and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(c) Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably

(d) Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(e) Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of December 31, 2023 decreased from that of December 31, 2022 due primarily to the increase in current liabilities.

Liability-to-equity ratio decreased due to the increase in equity.

Interest expense as a percentage of income before interest expense decreased in the year ended December 31, 2023 compared to the ratio for the year ended December 31, 2022 due to the higher interest income for the year.

Return on asset and return on equity increased for the year ended December 31, 2023 compared to that on December 31, 2022 due to the higher net income recorded in the year 2023.

Material Changes to the Company's Balance Sheet as of December 31, 2023 compared to December 31, 2022 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term cash investments, and investments at amortized costs decreased by 11.6% from ₱56,617.0 million as of December 31, 2022 to ₱50,063.4 million as of December 31, 2023 due primarily to debt servicing for the year.

Investments at fair value through other comprehensive income increased by 12.8% from ₱117.2 million as of December 31, 2022 to ₱132.2 million as of December 31, 2023 due to the increase in fair value.

Receivables increased by 12.1% from ₱74,400.6 million as of December 31, 2022 to ₱83,403.1 million as of December 31, 2023 due primarily to the increase in accrued rental receivables.

Real estate inventories including raw land for residential development and construction materials increased by 19.1% from ₱53,533.9 million as of December 31, 2022 to ₱63,771.2 million as of December 31, 2023 due to increase in project launches for the year.

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Investment in joint venture increased by 6.7% to ₱499.4 million as of December 31, 2023 from ₱468.1 million as of December 31, 2022 due to share in equity earnings during the year.

Property and equipment increased by 14.6% to ₱2,636.2 million as of December 31, 2023 from ₱2,301.1 million as of December 31, 2022 due to additions of buildings, equipment and other fixed assets during the year.

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Pension assets decreased by 9.3% to ₱290.8 million as of December 31, 2023 from ₱320.7 million as of December 31, 2022 as a result of actuarial adjustment for the company's retirement program.

Accounts and other payables increased by 29.1% to ₱20,517.4 million as of December 31, 2023 from ₱15,890.5 million as of December 31, 2022 due to increase in accounts payable to contractors and suppliers as construction activities increased during the year.

Security deposits and unearned rental income increased by 8.4% to ₱2,013.0 million as of December 31, 2023 from ₱1,856.5million as of December 31, 2022 due to renewal of lease contract and new tenants of our commercial segment.

Income tax payable decreased by 11.5% from ₱127.1 million as of December 31, 2022 to ₱112.5 million as of December 31, 2023 due a higher taxable base for the year.

Dividend payable increased by 210.4% from ₱96.0 million as of December 31, 2022 to ₱298.0 as of December 31, 2023 due primarily to the declaration of dividends in October.

Notes payable including non-current portion increased by 5.6% from ₱102,448.2 million as of December 31, 2022 to ₱108,148.8 million as of December 31, 2023 due to the issuance of corporate notes during the year.

Loans payable including non-current portion increased by 39.5% from ₱5,334.6 million as of December 31, 2022 to ₱7,443.7 million as of December 31, 2023 due to availment of Contract to sell financing during the year.

Contract liabilities including non-current portion decreased by 5.5% from ₱2,143.6 million as of December 31, 2022 to ₱2,025.4 million as of December 31, 2023 due to settlements during the year.

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Other noncurrent liabilities decreased by 32.2% from ₱3,179.0 million as of December 31, 2022 to ₱2,156.4 million as of December 31, 20223 due primarily to the decrease in the liabilities for purchased land and retention payable

Material Changes to the Company's Statement of Income for the year ended December 31, 2023 compared to the year ended December 31, 2022 (increase/decrease of 5%or more)

The Company recorded revenue from real estate sales amounting to ₱15,228.5 million for the year ended December 31, 2023, an increase of 19.1% from ₱12,789.9 million last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units specifically in the affordable segment.

Rental income increased by 16.6% from ₱13,742.3 million for the year ended December 31, 2022 to ₱16,021.4 million for the year ended December 31, 2023. The increase was primarily attributable to the recovery of the malls, increase foot traffic and the contribution of newly opened commercial centers.

Interest income from installment contract receivable and investments increased by 7.5% from ₱1,682.5 million for the year ended December 31, 2022 to ₱1,808.6 million for the year ended December 31, 2023. The increased was primarily attributable to the increase in interest income from investments of 22.5% to ₱1,202.3 million offset by the decrease in interest income from installment contract receivables of 13.5% to ₱606.3 million for the year ended December 31, 2023 as more buyers are availing of bank financing.

Income from parking, hotel, mall administrative and processing fees and others increased by 31.0% from ₱1,607.3 million for the year ended December 31, 2022 to ₱2,104.9 for the year ended December 31, 2023. The increase was primarily attributable to the increase mall related administrative and processing fees, parking, hotel operations as well as forfeitures.

Cost of real estate sales increased by 10.3% from ₱5,543.0 million for the year ended December 31, 2022 to ₱6,112.0 million for the year ended December 31, 2023 primarily due to the increase in the overall recorded sales of Vista Land's business units offset by cost savings from various cost saving initiatives implemented.

Operating expenses increased by 20.2% from ₱9,647.4 million for the year ended December 31, 2022 to ₱11,596.2 million for the year ended December 31, 2021 primarily due to (a) the increase in provision for impairment losses on receivables from ₱21.7 million for the year ended December 31, 2023 to ₱848.0 million for the year ended December 31, 2022 due to provisioning for the year. Allowance for impairment losses on receivables remained at 1.2% of the total receivables, (b) an increase in occupancy costs from ₱765.6 million for the year ended 31 December 2022 to ₱1,116.5 million for the year ended 31 December 2023 due to the increased in security and other occupancy related expenses of our malls and (c) an increase in depreciation and amortization from ₱2,638.8 million for the year ended 31 December 2022 to ₱2,889.0 million for the year ended 31 December 2023 due to the higher depreciation for the year.

The Company recognized a gain from insurance proceed amounting to ₱1,841.2 million for the year ended 31 December 2023.

Interest and other financing charges increased by 9.0% from ₱5,217.9 million for the year ended December 31, 2022 to ₱5,685.6 million for the year ended December 31, 2023. The increase was primarily attributable the lower capitalization rate for the year.

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The Company's net income increased by 39.2% to ₱10,292.2 million for the year ended December 31, 2023 from ₱7,392.6 million for the year ended December 31, 2022.

For the year ended December 31, 2023, except as discussed in Note 36 – Other Matters of the 2023 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

REVIEW OF YEAR END 2022 VS YEAR END 2021

			Change	
	2022	**2021**	**Value**	**%age**
REVENUE				
Real estate	12,789.9	17,397.9	(4,608.1)	(26.5)%
Rental income	13,742.3	9,312.7	4,429.5	47.6%
Interest income from installment contracts receivable	701.3	774.4	(73.1)	(9.4)%
Parking, hotel, mall administrative and processing fees, and others	1,607.3	2,146.9	(539.5)	25.1%
	28,840.8	29,631.9	(791.1)	(2.7)%
COSTS AND EXPENSES				
Costs of real estate sales	5,543.0	8,533.4	(2,990.4)	(35.0)%
Operating expenses	9,647.4	9,407.8	239.6	2.5%
	15,190.4	17,941.2	(2,750.8)	(15.3)%
OTHER INCOME (EXPENSES)				
Interest income from investments and other income	981.2	1,549.4	(568.2)	(36.7)%
Interest and other financing Charges	(5,217.9)	(4,315.3)	(902.6)	20.9%
	(4,236.7)	(2,765.9)	(1,470.8)	53.2%
INCOME BEFORE INCOME TAX	9,413.7	8,924.9	488.9	5.5%
PROVISION FOR INCOME TAX	2,021.1	1,957.6	63.5	3.2%
NET INCOME	**7,392.7**	**6,967.2**	**425.5**	**6.1%**

Revenues

Real Estate

The Company recorded revenue from real estate sales amounting to ₱12,789.9 million for the year ended December 31, 2022, a decrease of 26.5% from ₱17,397.9 million last year. This was primarily attributable to the decrease in the overall completion rate of sold inventories of its business units specifically in the affordable segment as a result various factors such as (a) the impact of the extended payment terms granted to buyers during the pandemic specifically in the affordable segment. (b) the implementation of the community quarantine that slowed down construction activities in certain areas (c) the rainy season in the 2nd half of the year. The Company uses the Percentage of Completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties:

- Real estate revenue of Brittany increased by 167.0% to ₱1,347.0 million for 2022 from ₱504.4 million last year. This increase was principally attributable to the increase in the number of sold homes completed or under construction in the Mega Manila area in the high-end housing segment.

- Real estate revenue of Crown Asia increased by 8.4% to ₱513.8 million for 2022 from ₱474.1 million in 2021. This increase was principally attributable to the increase in the number of sold homes completed or under construction in the Mega Manila area in the upper middle-income housing segment during the year.

- Real estate revenue from Vista Residences was flat at ₱2,505.9 million for 2022 from ₱2,512.1 million for 2021. This was principally attributable to the number of sold condominium units completed or under construction during the period. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Communities Philippines decreased by 16.7% to ₱5,587.2 million for 2022 from ₱6,709.9 million for 2021. This decrease was principally attributable to the decrease in the number of sold homes completed or under construction outside the Mega Manila area in the low and affordable housing segment during the period as a result of the various lockdown measures implemented in the provincial areas.

- Real estate revenue of Camella decreased by 60.6% to ₱2,836.0 million for 2022 from ₱7,197.5 million for 2021. This decrease was principally attributable to the decrease in the number of sold homes completed or under construction in the Mega Manila area in the low and affordable housing segment during the period.

Rental income

Rental income increased by 47.6% from ₱9,312.7 million for the year ended December 31, 2021 to ₱13,724.3 million for the year ended December 31, 2022. The increase was primarily attributable to the recovery of the malls, increase foot traffic and the contribution of newly opened commercial centers.

Interest income from installment contract receivable and investments

Interest income from installment contract receivable and investments decreased by 27.6% from ₱2,323.9 million for the year ended December 31, 2021 to ₱1,682.5 million for the year ended December 31, 2022. The decrease was primarily attributable to the decrease in both the interest income from investments of 36.7% to ₱981.2 million for the year ended December 31, 2022 due to settlement of dollar liabilities using our dollar investments and interest income from installment contract receivables of 9.4% to ₱701.3

million for the year ended December 31, 2022 as more buyers are availing of bank financing.

Parking, hotel, mall administrative and processing fees and others
Income from parking, hotel, mall administrative and processing fees and others decreased by 25.1% from ₱2,146.9 million for the year ended December 31, 2021 to ₱1,607.3 for the year ended December 31, 2022. The decrease was primarily attributable to the mall administrative and processing fees as well as loan processing fees from banks. Parking fees and hotel revenues posted increases for the year.

<u>Costs and Expenses</u>

Cost and expenses decreased by 15.3% to ₱15,190.4 million for the year ended December 31, 2022 from ₱17,941.2 million for the year ended December 31, 2021.

- Cost of real estate sales decreased by 35.0% from ₱8,533.4 million for the year ended December 31, 2021 to ₱5,543.0 million for the year ended December 31, 2022 primarily due to the decrease in the overall recorded sales of Vista Land's business units specifically the provincial projects. The decrease was also due to cost efficiencies realized during the year as the decline in costs was significantly higher than the decline in real estate revenues.

- Operating expenses decreased by 2.5% from ₱9,407.8 million for the year ended December 31, 2021 to ₱9,647.4 million for the year ended December 31, 2022 primarily due to the following:

  - a decrease in commission expenses from ₱829.7 million for the year ended December 31, 2021 to ₱606.1 million in the year ended December 31, 2022 due to decrease in real estate sales for the year and the shift to digital marketing.

  - a decrease in provision from impairment losses on receivables and investments from ₱443.3 million for the year ended December 31, 2021 to ₱21.7 million for the year ended December 31, 2022 due to the reduced probability of impairment for receivables and investments as situation are returning to normalcy.

Interest and other financing charges
Interest and other financing charges increased by 20.9% from ₱4,315.3 million for the year ended December 31, 2021 to ₱5,217.9 million for the year ended December 31, 2022. The decrease was primarily attributable decrease in interest bearing debt for the year and the lower capitalization rate for interest expense.

Provision for Income Tax

Provision for income tax increased by 3.2% from ₱1,957.6 million for the year ended December 31, 2021 to ₱2,021.1 million for the year ended December 31, 2022 primarily due to a higher taxable base for the year coming from the higher contribution of the commercial segment compared to prior year.

Net Income

As a result of the foregoing, the Company's net income increased by 6.1% to ₱7,392.7 million for the year ended December 31, 2022 from ₱6,967.2 million for the year ended December 31, 2021. Core net income on the other hand increased by 10% to ₱7,667.9 million excluding loss of fire recorded at ₱275.2 million net of tax.

For the year ended December 31, 2022, except as discussed in *Note 36 – Other Matters* of the 2022 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

In Php Millions	2022	2021	Change Amount	Change %
ASSETS				
Current Assets				
Cash and cash equivalents	15,070.2	11,856.7	3,213.5	27.1
Short-term cash investments	47.3	336.0	(288.7)	(85.9)
Investments at amortized cost	9,440.4	15,751.5	(6,311.1)	(40.1)
Current portion of:				
Receivables	53,234.5	50,916.7	2,317.8	4.6
Cost to obtain contract	385.6	448.2	(62.5)	(14.0)
Real estate inventories	53,533.9	49,596.9	3,937.0	7.9
Other current assets	5,724.8	5,587.2	137.5	2.5
Total Current Assets	137,436.8	134,493.2	2,943.6	2.2
Noncurrent Assets				
Investments at amortized cost	32,059.1	34,065.9	(2,006.9)	(5.9)
Investments at fair value through other comprehensive income	117.2	124.5	(7.3)	(5.9)
Receivables - net of current portion	21,166.1	20,316.7	849.4	4.2
Cost to obtain contract - net of current portion	354.5	450.5	(96.0)	(21.3)
Project development costs	1,269.2	1,274.1	(4.9)	(0.4)
Investment in joint venture	468.1	458.8	9.3	2.0
Property and equipment	2,301.1	2,316.9	(15.8)	(0.7)
Investment properties	118,343.6	112,991.8	5,351.8	4.7
Goodwill	147.3	147.3	-	0.0
Pension assets	320.7	283.0	37.7	13.3
Deferred tax assets - net	111.5	48.4	63.1	130.4
Other noncurrent assets	1,076.8	930.5	146.3	15.7
Total Noncurrent Assets	184,777.3	179,493.4	5,283.9	2.9
	322,214.1	**313,986.6**	8,227.5	2.6
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	15,890.5	15,221.4	669.1	4.4
Security deposits and unearned rental income	1,856.5	1,729.3	127.2	7.4
Income tax payable	127.1	49.7	77.4	155.7
Dividends payable	96.0	15.9	80.1	503.8
Current portion of:				
Contract liabilities	1,085.1	1,234.6	(149.5)	(12.1)
Notes payable	12,745.8	24,170.7	(11,424.9)	(47.3)
Bank loans	11,561.6	8,067.3	3,494.2	43.3
Loans payables	3,767.3	3,460.1	307.1	8.9
Lease liabilities	368.5	348.2	20.3	5.8
Total Current Liabilities	47,498.4	54,297.3	(6,798.9)	(12.5)

In Php Millions	2022	2021	Change Amount	%
Noncurrent Liabilities				
Contract liabilities- net of current portion	1,058.5	566.8	491.7	86.8
Notes payable - net of current portion	89,702.4	83,759.5	5,942.9	7.1
Bank loans - net of current portion	44,385.3	48,925.0	(4,539.7)	(9.3)
Loans payable - net of current portion	1,567.4	319.4	1,248.0	390.7
Lease liabilities - net of current portion	5,065.6	5,087.6	(22.0)	(0.4)
Deferred tax liabilities - net	6,107.4	4,982.7	1,124.7	22.6
Other noncurrent liabilities	3,179.0	3,521.4	(342.4)	(9.7)
Total Noncurrent Liabilities	151,065.5	147,162.4	3,903.1	2.7
Total Liabilities	198,563.9	201,459.7	(2,895.8)	(1.4)
Equity				
Attributable to equity holders of the Parent Company				
Common stock	13,114.1	13,114.1	-	0.0%
Preferred stock	33.0	33.0	-	0.0%
Additional paid-in capital	30,684.7	30,655.4	29.3	0.1%
Treasury shares	(7,740.3)	(7,740.3)	-	0.0%
(Forward)				
Retained earnings	78,311.1	72,539.6	5,771.5	8.0%
Other comprehensive income	798.9	778.1	20.8	2.7%
	115,201.6	109,379.9	5,821.7	5.3%
Non-controlling interest	8,448.6	3,146.7	5,301.6	168.5%
Total Equity	123,650.2	112,526.9	11,123.3	9.9%
	322,214.1	**313,986.6**	8,227.5	2.6%

As of December 31, 2022 vs. December 31, 2021

Total assets as of December 31, 2022 were ₱322,492.1 million compared to ₱313,986.6 million as of December 31, 2021, or a 2.6% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments, and investments at amortized costs decreased by 8.7% from ₱62,0101.1 million as of December 31, 2021 to ₱56,617.0 million as of December 31, 2022 due primarily to decrease in investments at amortized costs as this was used for payment of dollar bond that matured during the year.

- Investments at fair value through other comprehensive income decreased by 5.9% from ₱124.5 million as of December 31, 2021 to ₱117.2 million as of December 31, 2022 due to the disposal during the year.

- Real estate inventories including raw land for residential development and construction materials increased by 7.9% from ₱49,596.9 million as of December

31, 2021 to ₱53,533.9 million as of December 31, 2022 due to increase in project launches for the year.

- Advances to a related parties increased by 15.7% from ₱6,085.2 million as of December 31, 2021 to ₱7,042.3 million as of December 31, 2022 due to advances for the year.

- Pension assets increased by 13.3% to ₱320.7million as of December 31, 2022 from ₱283.0 million as of December 31, 2021 as a result of actuarial adjustment for the company's retirement program.

Total liabilities as of December 31, 2022 were ₱198,563.9 million compared to ₱201,459.7 million as of December 31, 2021, or a 1.4% decrease. This was due to the following:

- Security deposits and unearned rental income increased by 7.4% to ₱1,856.5 million as of December 31, 2022 from ₱1,729.3 million as of December 31, 2021 due to renewal of lease contract and new tenants of our commercial segment.

- Income tax payable increased by 155.7% from ₱49.7 million as of December 31, 2021 to ₱127.1 million as of December 31, 2022 due primarily to the higher taxable income for the year coming from the commercial segment.

- Dividend payable increased by 503.8% from ₱15.9 million as of December 31, 2021 to ₱96.0 as of December 31, 2022 due primarily to the remaining dividends for the year.

- Notes payable including non-current portion decreased by 5.1% from ₱107,930.2 million as of December 31, 2021 to ₱102,448.2 million as of December 31, 2022 due primarily to the settlement of USD370.5 million dollar bond in June offset by the corporate note issuance in December.

- Loans payable including non-current portion increased by 41.1% from ₱3,779.5 million as of December 31, 2021 to ₱5,334.6 million as of December 31, 2022 due to availment of Contract to sell financing during the year.

- Contract liabilities including non-current portion increased by 19.0% from ₱1,801.5 million as of December 31, 2021 to ₱2,143.6 million as of December 31, 2022 due to advance payments from buyers of residential properties under construction.

- Deferred tax liabilities – net increased by 21.5% from ₱4,934.3 million as of December 31, 2020 to ₱5,995.9 million as of December 31, 2022 due to the additional deferred tax liabilities recognized for the year.

- Other noncurrent liabilities decreased by 9.7% from ₱3,521.4 million as of December 31, 2021 to ₱3,179.0 million as of December 31, 2022 due primarily to the decrease in the liabilities for purchased land.

Total stockholder's equity increased by 9.9% from ₱112,526.9 million as of December 31, 2021 to ₱123,650.2 million as of December 31, 2022 due to the net income recorded for the year ended December 31, 2021 and increase in non-controlling interest coming from the proceeds from the offering of Vista REIT.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	12/31/2022	12/31/2021
Current ratio [a]	2.89:1	2.48:1
Liability-to-equity ratio [b]	1.61:1	1.79:1
Interest expense/Income before Interest expense [c]	35.7%	32.6%
Return on assets [d]	2.3%	2.2%
Return on equity [e]	6.0%	6.2%

Notes:

(a) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(b) Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of liability and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(c) Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably

(d) Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(e) Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of December 31, 2022 increased from that of December 31, 2021 due primarily to the increase in the current assets with the corresponding decrease in current liabilities.

Liability-to-equity ratio decreased due to the decrease in the interest bearing debt of the Group.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2022 compared to the ratio for the year ended December 31, 2021 due to the higher interest expense for the year.

Return on asset slightly higher for the year ended December 31, 2022 compared to that on December 31, 2021.

Return on equity was flat for the year ended December 31, 2022 compared to that on December 31, 2021.

Material Changes to the Company's Balance Sheet as of December 31, 2022 compared to December 31, 2021 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term cash investments, and investments at amortized costs decreased by 8.7% from ₱62,0101.1 million as of December 31, 2021 to ₱56,617.0 million as of December 31, 2022 due primarily to decrease in investments at amortized costs as this was used for payment of dollar bond that matured during the year.

Investments at fair value through other comprehensive income decreased by 5.9% from ₱124.5 million as of December 31, 2021 to ₱117.2 million as of December 31, 2022 due to the disposal during the year.

Real estate inventories including raw land for residential development and construction materials increased by 7.9% from ₱49,596.9 million as of December 31, 2021 to ₱53,533.9 million as of December 31, 2022 due to increase in project launches for the year.

Advances to a related parties increased by 15.7% from ₱6,085.2 million as of December 31, 2021 to ₱7,042.3 million as of December 31, 2022 due to advances for the year.

Pension assets increased by 13.3% to ₱320.7 million as of December 31, 2022 from ₱283.0 million as of December 31, 2021 as a result of actuarial adjustment for the company's retirement program.

Security deposits and unearned rental income increased by 7.4% to ₱1,856.5 million as of December 31, 2022 from ₱1,729.3 million as of December 31, 2021 due to renewal of lease contract and new tenants of our commercial segment.

Income tax payable increased by 155.7% from ₱49.7 million as of December 31, 2021 to ₱127.1 million as of December 31, 2022 due primarily to the higher taxable income for the year coming from the commercial segment.

Dividend payable increased by 503.8% from ₱15.9 million as of December 31, 2021 to ₱96.0 as of December 31, 2022 due primarily to the remaining dividends for the year.

Notes payable including non-current portion decreased by 5.1% from ₱107,930.2 million as of December 31, 2021 to ₱102,448.2 million as of December 31, 2022 due primarily to the settlement of USD370.5 million dollar bond in June offset by the corporate note issuance in December.

Loans payable including non-current portion increased by 41.1% from ₱3,779.5 million as of December 31, 2021 to ₱5,334.6 million as of December 31, 2022 due to availment of Contract to sell financing during the year.

Contract liabilities including non-current portion increased by 19.0% from ₱1,801.5 million as of December 31, 2021 to ₱2,143.6 million as of December 31, 2022 due to advance payments from buyers of residential properties under construction.

Deferred tax liabilities – net increased by 21.5% from ₱4,934.3 million as of December 31, 2020 to ₱5,995.9 million as of December 31, 2022 due to the additional deferred tax liabilities recognized for the year.

Other noncurrent liabilities decreased by 9.7% from ₱3,521.4 million as of December 31, 2021 to ₱3,179.0 million as of December 31, 2022 due primarily to the decrease in the liabilities for purchased land.

Material Changes to the Company's Statement of Income for the year ended December 31, 2022 compared to the year ended December 31, 2021 (increase/decrease of 5%or more)

The Company recorded revenue from real estate sales amounting to ₱12,789.9 million for the year ended December 31, 2022, a decrease of 26.5% from ₱17,397.9 million last year. This was primarily attributable to the decrease in the overall completion rate of sold inventories of its business units specifically in the affordable segment as a result various factors such as (a) the impact of the extended payment terms granted to buyers during the pandemic specifically in the affordable segment. (b) the implementation of the community quarantine that slowed down construction activities in certain areas (c) the rainy season in the 2nd half of the year. The Company uses the Percentage of Completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties:

Rental income increased by 47.6% from ₱9,312.7 million for the year ended December 31, 2021 to ₱13,724.3 million for the year ended December 31, 2022. The increase was primarily attributable to the recovery of the malls, increase foot traffic and the contribution of newly opened commercial centers.

Interest income from installment contract receivable and investments decreased by 27.6% from ₱2,323.9 million for the year ended December 31, 2021 to ₱1,682.5 million for the year ended December 31, 2022. The decrease was primarily attributable to the decrease in both the interest income from investments of 36.7% to ₱981.2 million for the year ended December 31, 2022 due to settlement of dollar liabilities using our dollar investments and interest income from installment contract receivables of 9.4% to ₱701.3 million for the year ended December 31, 2022 as more buyers are availing of bank financing.

Income from parking, hotel, mall administrative and processing fees and others decreased by 25.1% from ₱2,146.9 million for the year ended December 31, 2021 to ₱1,607.3 for the year ended December 31, 2022. The decrease was primarily attributable to the mall administrative and processing fees as well as loan processing fees from banks. Parking fees and hotel revenues posted increases for the year.

Cost of real estate sales decreased by 35.0% from ₱8,533.4 million for the year ended December 31, 2021 to ₱5,543.0 million for the year ended December 31, 2022 primarily due to the decrease in the overall recorded sales of Vista Land's business units specifically the provincial projects. The decrease was also due to cost efficiencies realized during the year as the decline in costs was significantly higher than the decline in real estate revenues.

Operating expenses decreased by 2.5% from ₱9,407.8 million for the year ended December 31, 2021 to ₱9,647.4 million for the year ended December 31, 2022 primarily due to the i) decrease in commission expenses from ₱829.7 million for the year ended December 31, 2021 to ₱606.1 million in the year ended December 31, 2022 due to decrease in real estate sales for the year and the shift to digital marketing and ii) a decrease in provision from impairment losses on receivables and investments from ₱443.3 million for the year ended December 31, 2021 to ₱21.7 million for the year ended December 31, 2022 due to the reduced probability of impairment for receivables and investments as situation are returning to normalcy.

Interest and other financing charges increased by 20.9% from ₱4,315.3 million for the year ended December 31, 2021 to ₱5,217.9 million for the year ended December 31, 2022. The decrease was primarily attributable decrease in interest bearing debt for the year and the lower capitalization rate for interest expense.

Provision for income tax increased by 3.2% from ₱1,957.6 million for the year ended December 31, 2021 to ₱2,021.1 million for the year ended December 31, 2022 primarily due to a higher taxable base for the year coming from the higher contribution of the commercial segment compared to prior year.

The Company's net income increased by 6.1% to ₱7,392.7 million for the year ended December 31, 2022 from ₱6,967.2 million for the year ended December 31, 2021. Core net income on the other hand increased by 10% to ₱7,667.9 million excluding loss of fire recorded at ₱275.2 million net of tax.

For the year ended December 31, 2022, except as discussed in *Note 36 – Other Matters* of the 2022 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

REVIEW OF YEAR END 2021 VS YEAR END 2020

			Change	
In Php Millions	**2021**	**2020**	**Value**	**%**
REVENUE				
Real estate	17,397.9	21,800.6	(4,402.6)	(20.2)
Rental income	9,312.7	7,196.7	2,116.0	29.4
Interest income from installment contracts receivable	774.4	628.2	146.2	23.3
Parking, hotel, mall administrative and processing fees, and others	2,146.9	1,630.5	516.3	31.7
	29,631.9	31,256.08	(1,624.1)	(5.2)
COSTS AND EXPENSES				
Costs of real estate sales	8,533.4	12,020.7	(3,487.3)	(29.0)
Operating expenses	9,407.8	9,084.9	322.9	3.6
	17,941.2	21,105.6	(3,164.5)	(15.0)%
OTHER INCOME (EXPENSES)				
Interest income from investments and other income	1,549.4	1,437.3	112.2	7.8
Interest and other financing Charges	(4,315.3)	(3,971.9)	(343.4)	8.6
	(2,765.89)	(2,534.64)	(231.3)	9.1
INCOME BEFORE INCOME TAX	8,924.8	7,615.8	1,309.1	17.2
PROVISION FOR INCOME TAX	1,957.6	1,229.2	728.5	59.3
NET INCOME	**6,967.2**	**6,386.6**	**580.6**	**9.1**

Revenues

Real Estate

The Company recorded revenue from real estate sales amounting to ₱17,397.9 million for the year ended December 31, 2021, a decrease of 20% from ₱21,800.6 million in same period last year. This was primarily attributable to the decrease in the overall completion rate of sold inventories of its business units as a result of the community quarantine implemented on during the year that prohibited construction activities specifically in the provincial areas. The Company uses the Percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue of Brittany increased by to ₱504.4 million for the year ended December 31, 2021 from ₱19.1 million in the same period last year. The increase was principally attributable to the increase in the number of completed sold units for the year of projects in the Mega Manila area in the high-end housing segment.

- Real estate revenue from Vista Residences slightly increased by 2% to ₱2,512.1 million for the year ended December 31, 2021 from ₱2,467.1 million for the year ended December 31, 2020. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the year including that of the prior years. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Camella Homes decreased by 18% to ₱7,197.5 million for the year ended December 31, 2021 from ₱8,808.9 million for the year ended December 31, 2019. This was principally attributable to the decrease in the number of sold homes completed or under construction in the Mega Manila area in the affordable housing segment during the year.

- Real estate revenue of Communities Philippines decreased by 31% to ₱6,709.9 million for the year ended December 31, 2021 from ₱9,712.4 million for the year ended December 31, 2019. This was principally attributable to the decrease in the number of sold homes completed or under construction outside the Mega Manila area in the affordable housing segment during the year.

- Real estate revenue of Crown Asia decreased by 40% to ₱474.1 million for the year ended December 31, 2020 from ₱793.1 million for the year ended December 31, 2019. The decrease was principally attributable to the decrease in the number of completed units sold for the year of projects in the Mega Manila area in the middle-income housing segment.

Rental income
Rental income increased by 29% from ₱7,196.7 million for the year ended December 31, 2020 to ₱9,312.7million for the year ended December 31, 2021. The increase was primarily attributable to the recovery of the malls due primarily to the tenant mix of the malls being majority essential which registered improve sales during the year. In addition, the group provided some concession to tenants on a case by case rather than an across the board concessions.

Interest income from installment contract receivable and investments
Interest income from installment contract receivable and investments slightly increased by 13% from ₱2,065.5 million for the year ended December 31, 2020 to ₱2,323.9 for the year ended December 31, 2021. The increase was primarily attributable to the increase

in interest income from investments of 8% to ₱1,549.4 million for the year ended December 31, 2021 and the increase in the interest income from installment contract receivables of 23% to ₱774.4 million for the year ended December 31, 2020.

Parking, hotel, mall administrative and processing fees and others
Income from parking, hotel, mall administrative and processing fees and others increased by 32% from ₱1,630.5 million for the year ended December 31, 2020 to ₱2,146.9 for the year ended December 31, 2021. The increase was primarily attributable to the 63% increase in our income from mall administrative and processing fee to ₱890.9 million, 84% increase in income from our hotel operations to ₱89.3 million for the year ended December 31, 2021, a 4% increase from parking fees from our malls to ₱121.9 million. All were attributable to the increased in activities as the alert level restrictions were decreased.

<u>Costs and Expenses</u>

Cost and expenses decreased by 15% to ₱17,941.2 million for the year ended December 31, 2021 from ₱21,105.6 million for the year ended December 31, 2020.

- Cost of real estate sales decreased by 29% from ₱12,020.7 million for the year ended December 31, 2020 to ₱8,533.4 million for the year ended December 31, 2021 primarily due to the decrease in the overall recorded sales of Vista Land's business units specifically the provincial projects. The company also recorded a non-cash adjustment to cost out borrowing costs previously capitalized on certain real estate inventories sold during the year.

- Operating expenses increased by 4% from ₱9,084.9 million for the year ended December 31, 2020 to ₱9,407.8 million for the year ended December 31, 2021 primarily due to the following:

    - an increase in depreciation and amortization from ₱2,247.7 million for the year ended December 31, 2020 to ₱2,686.6 million for the year ended December 31, 2020 due the increase in the investment properties and property and equipment.

    - a decrease in advertising and promotions from ₱714.0 million for the year ended December 31, 2020 to ₱314.5 million for the year ended December 31, 2020 resulting from subsequent decrease in marketing expenses due to the pandemic and shift to digital marketing.

    - a decrease in commission expenses from ₱1,031.5 million for the year ended December 31, 2020 to ₱829.7 million in the year ended December 31, 2021 due to decrease in real estate sales for the year and to the shift to digital marketing.

Interest and other financing charges
Interest and other financing charges increased by 9% from ₱3,971.9 million for the year ended December 31, 2020 to ₱4,315.3 million for the year ended December 31, 2021.

The increase was primarily attributable increase in interest bearing debt for the year.

Provision for Income Tax

Provision for income tax decreased by 59% from ₱1,229.2 million for the year ended December 31, 2020 to ₱1,957.6 million for the year ended December 31, 2021 primarily due to a higher taxable base for the year coming from the higher contribution of the commercial segment compared to prior year.

Net Income

As a result of the foregoing, the Company's net income increased by 9% to ₱6,967.2 million for the year ended December 31, 2021 from ₱6,386.6 million for the year ended December 31, 2020.

For the year ended December 31, 2021, except as discussed in *Notes 36 – Other Matters* of the 2021 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2021 vs. December 31, 2020

			Change	
In Php Millions	**2021**	**2020**	**Amount**	**%**
ASSETS				
Current Assets				
Cash and cash equivalents	11,856.7	7,785.8	4,070.9	52.3
Short-term cash investments	336.0	116.9	219.1	187.4
Investments at amortized cost	15,751.5	7,721.2	8,030.3	104.0
Current portion of:				
Receivables	50,916.7	43,140.0	7,776.7	18.0
Cost to obtain contract	448.2	821.4	(373.2)	(45.4)
Receivables from related parties	-	5,687.7	(5,687.7)	(100.0)
Real estate inventories	49,596.9	44,371.1	5,225.8	11.8
Other current assets	5,587.21	5,830.0	(242.8)	(4.2)
Total Current Assets	134,493.2	115,474.2	19,019.0	16.5
Noncurrent Assets				
Investments at amortized cost	34,065.9	33,972.1	93.8	0.3
Investments at fair value through other comprehensive income	124.5	116.5	8.0	6.9
Receivables - net of current portion	20,316.7	21,487.8	(1,171.1)	(5.5)
Cost to obtain contract - net of current portion	450.5	460.3	(9.8)	(2.1)
Project development costs	7,359.3	2,681.4	4,677.9	174.5
Investment in an associate	458.8	-	458.8	0.0
Property and equipment	2,316.9	2,305.5	11.4	0.5
Investment properties	112,991.8	105,872.9	7,118.9	6.7
Goodwill	147.3	147.3	-	0.0
Pension assets	283.0	164.0	119.0	72.5
Deferred tax assets - net	48.4	188.1	(139.7)	(74.3)
Other noncurrent assets	930.5	1,186.7	(256.2)	(21.6)
Total Noncurrent Assets	179,493.4	168,582.6	10,910.8	6.5
	313,986.6	**284,056.8**	**29,929.8**	**10.5**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	15,221.4	16,770.3	(1,548.9)	(9.2)
Security deposits and unearned rental income	1,729.3	839.8	889.5	105.9
Income tax payable	49.7	109.3	(59.6)	(54.5)
Dividends payable	15.9	28.1	(12.2)	(43.4)
Current portion of:				
Contract liabilities	1,234.6	2,545.2	(1,310.6)	(51.5)
Notes payable	24,170.7	5,647.2	18,523.5	328.0
Bank loans	8,067.3	7,177.3	890.0	12.4
Loans payables	3,460.1	3,195.0	265.1	8.3
Lease liabilities	348.2	202.0	146.2	72.4
Total Current Liabilities	54,297.26	36,514.2	17,783.1	48.7

(Forward)

In Php Millions	2021	2020	Change Amount	%
Noncurrent Liabilities				
Contract liabilities- net of current portion	566.8	133.6	433.2	324.3
Notes payable - net of current portion	83,759.5	93,356.4	(9,596.9)	(10.3)
Bank loans - net of current portion	48,925.0	35,196.5	13,728.5	39.0
Loans payable - net of current portion	319.4	1,126.9	(807.5)	(71.7)
Lease liabilities - net of current portion	5,087.6	2,472.9	2,614.7	105.7
Deferred tax liabilities - net	4,982.7	4,025.7	957.0	23.8
Other noncurrent liabilities	3,521.4	5,551.1	(2,029.7)	(36.6)
Total Noncurrent Liabilities	147,162.4	141,862.9	5,299.5	3.7
Total Liabilities	201,459.7	178,377.1	23,082.6	12.9
Equity				
Attributable to equity holders of the Parent Company				
Common stock	13,114.1	13,114.1	-	0.0
Preferred stock	33.0	33.0	-	0.0
Additional paid-in capital	30,655.4	30,655.4	-	0.0
Treasury shares	(7,740.3)	(7,740.3)	-	0.0
Retained earnings	72,539.6	66,411.7	6,127.9	9.2
Other comprehensive income	778.1	585.6	192.5	32.9
	109,379.9	103,059.6	6,320.3	6.1
Non-controlling interest	3,147.0	2,620.1	526.9	20.1
Total Equity	112,526.9	105,679.6	6,847.3	6.5
	313,986.6	**284,056.8**	**29,929.8**	**10.5**

Total assets as of December 31, 2021 were ₱313,986.6 million compared to ₱284,056.8 million as of December 31, 2019, or a 10.5% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments, available-for-sale financial assets (excluding equity securities), held-to-maturity investments and investments at amortized costs slightly increased by 25.0% from ₱49,596.0 million as of December 31, 2020 to ₱62,0101.1 million as of December 31, 2021 due primarily to cash from operations and financing activities.

- Investments at fair value through other comprehensive income increased from ₱116.5 million as of December 31, 2020 to ₱124.5 million as of December 31, 2021 due to the increase in fair value of quoted equity securities for the year.

- Receivables including non-current portion thereof increased by 10.2% from ₱64,627.8 million as of December 31, 2020 to ₱71,233.4 million as of December 31, 2021 due to an increase in the various receivables of the company such as installment contracts receivable, accounts receivable from tenants, and accrued rental receivables.

- Receivables from related parties – net/advances to a related party increased by 7.0% from ₱5,687.7 million as of December 31, 2020 to ₱6,085.2 million as of December 31, 2021 due to additional advances for the year.

- Real estate inventories including raw land for residential development and construction materials increased by 11.8% from ₱44,371.1 million as of December 31, 2020 to ₱49,596.9 million as of December 31, 2021 due to the increase in the subdivision land for sale as well as the increase in the construction materials which is included in the account.

- Project development costs decreased by 52.5% from ₱2,681.4 million as of December 31, 2020 to ₱1,274.1 million as of December 31, 2021 due settlements for the year.

- Investment properties increased by 6.7% from ₱105,872.9 million as of December 31, 2020 to ₱112,991.8 million as of December 31, 2021 due primarily to the additions to commercial developments during the year as well as the increase in the right of use asset for leased properties.

- Pension assets increased by 72.6% to ₱283.0 million as of December 31, 2021 from ₱164.0 million as of December 31, 2020 as a result of actuarial adjustment for the company's retirement program.

- Other assets, cost to obtain contract including current portions thereof decreased by 10.6% from ₱8,298.3 million as of December 31, 2020 to ₱7,416.3 million as of December 31, 2021 due primarily the decrease in cost to obtain contract.

Total liabilities as of December 31, 2021 were ₱201,459.7 million compared to ₱178.377.1 million as of December 31, 2020, or a 12.9% increase. This was due to the following:

- Accounts and other payables decreased by 9.2% to ₱15,221.4 million as of December 31, 2021 from ₱16,770.3 million as of December 31, 2020 due to the increase in the various payables and decrease in the current portion of retention payable due to longer than usual completion of projects due to quarantine restrictions imposed by the Government specifically in the provincial areas.

- Current portion of security deposits and advance rent increased by 105.9% to ₱1,729.3 million as of December 31, 2021 from ₱839.8 million as of December 31, 2020 due to renewal of lease contract and new tenants of our commercial segment..

- Income tax payable decreased by 54.5% from ₱109.3 million as of December 31, 2020 to ₱49.7 million as of December 31, 2021 due primarily to the application of creditable withholding taxes for the year.

- Dividend payable decreased by 43.4% from ₱28.1 million as of December 31, 2020 to ₱15.9 as of December 31, 2021 due primarily to the lower dividends declared during the year.

- Notes payable including non-current portion increased by 9.0% from ₱99,003.6 million as of December 31, 2020 to ₱107,930.2 million as of December 31, 2020 due primarily to the issuance of dollar notes during the year.

- Bank loans including non-current portion increased by 34.5% from ₱42,373.8 million as of December 31, 2020 to ₱56,992.3 million as of December 31, 2021due primarily to the availments during the year.

- Loans payable including non-current portion decreased by 12.6% from ₱4,321.9 million as of December 31, 2019 to ₱3,779.5 million as of December 31, 2020 due to settlements during the year.

- Lease Liabilities including non-current portion increased by 103.2% from ₱2,674.9 million as of December 31, 2019 to ₱5,435.8 million as of December 31, 2020 due to renewal of a land lease that resulted to a higher lease liabilities recognition.

- Deferred tax liabilities – net increased by 28.6% from ₱3,837.6 million as of December 31, 2020 to ₱4,934.3 million as of December 31, 2021 due to the additional deferred tax liabilities recognized for the year.

- Other noncurrent liabilities decreased by 36.6% from ₱5,551.1million as of December 31, 2020 to ₱3,521.4 million as of December 31, 2020 due primarily to the decrease in the retention payable as well as increase in security deposits and advance rent for the year.

Total stockholder's equity increased by 6.5% from ₱105,679.6 million as of December 31, 2020 to ₱112,526.9 million as of December 31, 2020 due to the net income recorded for the year ended December 31, 2020 and increase in non-controlling interest.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	12/31/2021	12/31/2020
Current ratio [a]	2.48:1	3.16:1
Liability-to-equity ratio [b]	1.79:1	1.69:1
Interest expense/Income before Interest expense [c]	32.6%	34.3%
Return on assets [d]	2.2%	2.2%
Return on equity [e]	6.2%	6.0%

Notes:

(a) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(b) Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of liability and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(c) Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably

(d) Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(e) Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of December 31, 2021 decreased from that of December 31, 2020 due primarily to the increase in the current liabilities specifically the notes payable.

Liability-to-equity ratio increased due to the increase in the interest bearing debt of the Group.

Interest expense as a percentage of income before interest expense decreased in the year ended December 31, 2021 compared to the ratio for the year ended December 31, 2020 due to the higher income before interest expense for the year.

Return on asset remained the same for the year ended December 31, 2021 compared to that on December 31, 2020.

Return on equity was flat for the year ended December 31, 2021 compared to that on December 31, 2020.

Material Changes to the Company's Balance Sheet as of December 31, 2021 compared to December 31, 2020 (increase/decrease of 5% or more)

Receivables including non-current portion thereof increased by 10.2% from ₱64,627.8 million as of December 31, 2020 to ₱71,233.4 million as of December 31, 2021 due to an increase in the various receivables of the company such as installment contracts receivable, accounts receivable from tenants, and accrued rental receivables.

Receivables from related parties – net/advances to a related party increased by 7.0% from ₱5,687.7 million as of December 31, 2020 to ₱6,085.2 million as of December 31, 2021 due to additional advances for the year.

Real estate inventories including raw land for residential development and construction materials increased by 11.8% from ₱44,371.1 million as of December 31, 2020 to ₱49,596.9 million as of December 31, 2021 due to the increase in the subdivision land for sale as well as the increase in the construction materials which is included in the account.

Project development costs decreased by 52.5% from ₱2,681.4 million as of December 31, 2020 to ₱1,274.1 million as of December 31, 2021 due settlements for the year.

Investment properties increased by 6.7% from ₱105,872.9 million as of December 31, 2020 to ₱112,991.8 million as of December 31, 2021 due primarily to the additions to commercial developments during the year as well as the increase in the right of use asset for leased properties.

Pension assets increased by 72.6% to ₱283.0 million as of December 31, 2021 from ₱164.0 million as of December 31, 2020 as a result of actuarial adjustment for the company's retirement program.

Other assets, cost to obtain contract including current portions thereof decreased by 10.6% from ₱8,298.3 million as of December 31, 2020 to ₱7,416.3 million as of December 31, 2021 due primarily the decrease in cost to obtain contract.

Accounts and other payables decreased by 9.2% to ₱15,221.4 million as of December 31, 2021 from ₱16,770.3 million as of December 31, 2020 due to the increase in the various payables and decrease in the current portion of retention payable due to longer than usual completion of projects due to quarantine restrictions imposed by the Government specifically in the provincial areas.

Current portion of security deposits and advance rent increased by 105.9% to ₱1,729.3 million as of December 31, 2021 from ₱839.8 million as of December 31, 2020 due to renewal of lease contract and new tenants of our commercial segment..

Income tax payable decreased by 54.5% from ₱109.3 million as of December 31, 2020 to ₱49.7 million as of December 31, 2021 due primarily to the application of creditable withholding taxes for the year.

Dividend payable decreased by 43.4% from ₱28.1 million as of December 31, 2020 to ₱15.9 as of December 31, 2021 due primarily to the lower dividends declared during the year.

Notes payable including non-current portion increased by 9.0% from ₱99,003.6 million as of December 31, 2020 to ₱107,930.2 million as of December 31, 2020 due primarily to the issuance of dollar notes during the year.

Bank loans including non-current portion increased by 34.5% from ₱42,373.8 million as of December 31, 2020 to ₱56,992.3 million as of December 31, 2021due primarily to the availments during the year.

Loans payable including non-current portion decreased by 12.6% from ₱4,321.9 million as of December 31, 2019 to ₱3,779.5 million as of December 31, 2020 due to settlements during the year.

Lease Liabilities including non-current portion increased by 103.2% from ₱2,674.9 million as of December 31, 2019 to ₱5,435.8 million as of December 31, 2020 due to renewal of a land lease that resulted to a higher lease liabilities recognition.

Deferred tax liabilities – net increased by 28.6% from ₱3,837.6 million as of December 31, 2020 to ₱4,934.3 million as of December 31, 2021 due to the additional deferred tax liabilities recognized for the year.

Other noncurrent liabilities decreased by 36.6% from ₱5,551.1million as of December 31, 2020 to ₱3,521.4 million as of December 31, 2020 due primarily to the decrease in the retention payable as well as increase in security deposits and advance rent for the year.

Material Changes to the Company's Statement of Income for the year ended December 31, 2021 compared to the year ended December 31, 2020 (increase/decrease of 5%or more)

Revenue from real estate sales amounting to ₱17,397.9 million for the year ended December 31, 2021, a decrease of 20% from ₱12,800.6 million in same period last year. This was primarily attributable to the decrease in the overall completion rate of sold inventories of its business units as a result of the enhanced community quarantine ("ECQ") implemented on during the year that prohibited construction activities specifically in provincial areas. The Company uses the Percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

Rental income increased by 29% from ₱7,196.7 million for the year ended December 31, 2020 to₱9,312.7 million for the year ended December 31, 2021.

The increase was primarily attributed to the recovery of the malls due primarily to the tenant mix of the malls being majority essential which registered improved sales during the year. In addition, the group provided some concession to tenants on a case by case rather than an across the board concessions.

Income from parking, hotel, mall administrative and processing fees and others increased by 32% from ₱1,630.5 million for the year ended December 31, 2020 to ₱2,146.9 for the year ended December 31, 2021. The increase was primarily attributable to the 63% increase in our income from mall administrative and processing fee to ₱890.9 million, 84% increase in income from our hotel operations to ₱89.3 million for the year ended December 31, 2021, a 4% increase from parking fees from our malls to ₱121.9 million. All were attributable to the increased in activities as the alert level restrictions were decreased.

Cost of real estate sales decreased by 29% from ₱12,020.7 million for the year ended December 31, 2020 to ₱8,533.4 million for the year ended December 31, 2021 primarily due to the decrease in the overall recorded sales of Vista Land's business units specifically the provincial projects. The company also recorded a non-cash adjustment to cost out borrowing costs previously capitalized on certain real estate inventories sold during the year.

Operating expenses increased by 4% from ₱9,084.9 million for the year ended December 31, 2020 to ₱9,407.8 million for the year ended December 31, 2021 primarily due to i) an increase in depreciation and amortization from ₱2,247.7 million for the year ended December 31, 2020 to ₱2,686.6 million for the year ended December 31, 2020 due the increase in the investment properties and property and equipment, ii) a decrease in advertising and promotions from ₱714.0 million for the year ended December 31, 2020 to ₱314.5 million for the year ended December 31, 2020 resulting from subsequent decrease in marketing expenses due to the pandemic and shift to digital marketing, and, iii) a decrease in commission expenses from ₱1,031.5 million for the year ended December 31, 2020 to ₱829.7 million in the year ended December 31, 2021 due to decrease in real estate sales for the year and to the shift to digital marketing.

Interest and other financing charges increased by 9% from ₱3,971.9 million for the year ended December 31, 2020 to ₱4,315.3 million for the year ended December 31, 2021. The increase was primarily attributable increase in interest bearing debt for the year.

Provision for income tax decreased by 59% from ₱1,229.2 million for the year ended December 31, 2020 to ₱1,957.6 million for the year ended December 31, 2021 primarily due to a higher taxable base for the year coming from the higher contribution of the commercial segment compared to prior year.

Net income increased by 9% to ₱6,967.2 million for the year ended December 31, 2021 from ₱6,386.6 million for the year ended December 31, 2020.

For the year ended December 31, 2021, except as discussed in *Notes 36 – Other Matters* of the 2021 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Significant Subsidiaries

1. Vistamalls, Inc. (VMI) *(formerly Starmalls, Inc. - STR)*

The table below presents VMI's information on revenues, net income and financial soundness indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2021, 2022, and 2023.

	VMI *(formerly – STR)*					
	For the years ended December 31,			**As a % of VLL Group's**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**
		(millions)			(%)	
Gross revenues	9,226.07	12,142.52	13,140.55	31.14%	42.10%	38.69%
Net income	4,407.70	8,366.85	8,535.02	63.26%	113.18%	82.93%

	VMI *(formerly – STR)*		
	For the years ended December 31,		
	2021	**2022**	**2023**
Current ratio[1]	0.37	0.44	0.43
Liability to Equity ratio[2]	0.63	1.50	1.21
Net income margin[3]	47.77%	68.91%	64.95%
Return on Equity[4]	5.46%	22.86%	19.02%
Return on Asset[5]	5.46%	9.14%	8.60%

1. Current ratio = Current Assets divided by Current Liabilities
2. Debt ratio = Total Liabilities divided by Total Assets
3. Net Income Margin = Net Income divided by Revenue
4. Return on Equity = Net Income divided by Total Equity
5. Return on Asset = Net Income divided by Total Asset

2. Household Development Corporation (HDC)

The table on the next page presents HDC's information on revenues, net income and financial soundness indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2021, 2022, and 2023.

	HDC					
	For the years ended December 31,			**As a % of VLL Group's**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**
		(millions)			(%)	
Gross revenues	3,448.34	2,125.48	3,205.07	11.64%	7.37%	9.44%
Net income	1,090.59	683.47	794.78	15.65%	9.25%	7.72%

	HDC		
	For the years ended December 31,		
	2021	**2022**	**2023**
Current ratio[1]	0.88	0.85	0.89
Liability to Equity ratio[2]	1.39	1.53	1.66
Net income margin[3]	31.63%	32.16%	24.80%
Return on Equity[4]	6.86%	4.57%	5.07%
Return on Asset[5]	2.87%	1.80%	1.91%

1. Current ratio = Current Assets divided by Current Liabilities
2. Debt ratio = Total Liabilities divided by Total Assets
3. Net Income Margin = Net Income divided by Revenue
4. Return on Equity = Net Income divided by Total Equity
5. Return on Asset = Net Income divided by Total Asset

3. Prima Casa Land & Houses, Inc. (PCLHI)

The table below presents PCLHI's information on revenues, net income and financial soundness indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2021, 2022, and 2023.

	PCLHI					
	For the years ended December 31,			**As a % of VLL Group's**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**
		(millions)			(%)	
Gross revenues	4,714.70	957.91	1,712.76	15.91%	3.32%	5.04%
Net income	1,566.05	140.52	581.36	22.48%	1.90%	5.65%

	PCLHI		
	For the years ended December 31,		
	2021	**2022**	**2023**
Current ratio[1]	1.43	1.47	1.16
Liability to Equity ratio[2]	1.49	2.08	9.15
Net income margin[3]	33.22%	14.67%	33.94%
Return on Equity[4]	17.16%	2.21%	28.55%
Return on Asset[5]	6.90%	0.72%	2.81%

1. Current ratio = Current Assets divided by Current Liabilities
2. Debt ratio = Total Liabilities divided by Total Assets
3. Net Income Margin = Net Income divided by Revenue
4. Return on Equity = Net Income divided by Total Equity
5. Return on Asset = Net Income divided by Total Asset

4. Vista Residences, Inc. (VRI)

The table below presents VRI's information on revenues, net income and financial soundness indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2021, 2022, and 2023.

	VRI					
	For the years ended December 31,			**As a % of VLL Group's**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**
		(millions)			(%)	
Gross revenues	2,512.11	2,505.87	3,147.37	8.48%	8.69%	9.27%
Net income	880.27	3,540.84	1,448.37	12.63%	47.90%	14.07%

	VRI		
	For the years ended December 31,		
	2021	**2022**	**2023**
Current ratio[1]	0.92	1.08	0.98
Liability to Equity ratio[2]	3.62	1.73	3.93
Net income margin[3]	35.04%	141.30%	46.02%
Return on Equity[4]	14.72%	42.85%	28.02%
Return on Asset[5]	4.07%	15.71%	5.68%

1. Current ratio = Current Assets divided by Current Liabilities
2. Debt ratio = Total Liabilities divided by Total Assets
3. Net Income Margin = Net Income divided by Revenue
4. Return on Equity = Net Income divided by Total Equity
5. Return on Asset = Net Income divided by Total Asset

5. Communities Bulacan, Inc. (CBI)

The table below presents CBI's information on revenues, net income and financial soundness indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2021, 2022, and 2023.

	CBI					
	For the years ended December 31,			**As a % of VLL Group's**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**
		(millions)			(%)	
Gross revenues	1,924.96	1,235.56	1,330.37	6.50%	4.28%	3.92%
Net income	908.72	468.25	549.33	13.04%	6.33%	5.34%

	CBI		
	For the years ended December 31,		
	2021	**2022**	**2023**
Current ratio[1]	2.30	2.10	0.99
Liability to Equity ratio[2]	0.68	0.60	1.93
Net income margin[3]	47.21%	37.90%	41.29%
Return on Equity[4]	22.39%	10.76%	21.45%
Return on Asset[5]	13.35%	6.72%	7.31%

1. Current ratio = Current Assets divided by Current Liabilities
2. Debt ratio = Total Liabilities divided by Total Assets
3. Net Income Margin = Net Income divided by Revenue
4. Return on Equity = Net Income divided by Total Equity
5. Return on Asset = Net Income divided by Total Asset

Other Information

i. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the company's liquidity. – None.

ii. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation. – None.

iii. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period. – None.

Capital Expenditures

The table below sets out the Company's capital expenditures in 2021, 2022 and 2023.

	Expenditure
	(in ₱ millions)
2021 (actual)	21,139.6
2022 (actual)	22,516.3
2023 (actual)	27,115.1

The Company has historically sourced funding for capital expenditures through internally-generated funds and long-term borrowings.

Components of the Company's capital expenditures for 2021, 2022 and 2023 are summarized below:

	For the years ended December 31,		
	2021	**2022**	**2023**
		(in ₱ millions)	
Land acquisition/Advances to joint venture partners	1,646.59	1,353.8	683.8
Land development	5,096.43	5,539.3	7,197.4
Construction	14,396.58	15,623.3	19,234.0
Total	**21,139.6**	**22,516.3**	**27,115.1**

IV. NATURE AND SCOPE OF BUSINESS

Vista Land & Lifescapes, Inc. (Vista Land) is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country overall. The Company believes that it is one of the few leading integrated property developers in the Philippines that is focused on the mass market. for the years ended December 31, 2021, 2022 and 2023, the Company recorded consolidated revenues from real estate sales of ₱17,397.93 million, ₱12,789.88 million and ₱15,228.48 million, respectively. Vista Land provides a wide range of residential products to its customers across all income segments and has recently expanded into the retail mall and BPO segments via the acquisition of Vistamalls. Since it commenced operations in 1977, Vista Land has built over 500,000 homes. The Company has various horizontal and vertical projects in 147 cities and municipalities across 49 provinces in the country in various stages of development and level of sales. For its leasing portfolio, it has a company-wide occupancy of 87%.

Vista Land's primary business has historically been the development and sale of horizontal real estate projects, which comprise residential lots and units in the affordable, upper mid-cost and high-end housing segments. In addition, Vista Land develops and sells vertical residential projects, including low- to high-rise condominium developments. Approximately 64.4% of residential sales are house and lot sales while the remaining 35.6% are sales of condominium units as of December 31, 2023. For the same period, the Company believes that it has the largest market share in the "house and lot" segment among the top seven listed real estate developers. The Company harnesses over 40 years of professional expertise in residential real estate development and believes it has established a nationwide presence, superior brand recognition and proven track record in homebuilding. Its projects include master-planned developments and stand-alone residential subdivisions which offer lots, house and lots and condominium units to customers in the affordable, upper mid-cost and high-end market segments. The Company has developed numerous "themed" housing and land development projects inspired by Mediterranean, Swiss, Italian, American, Caribbean and American Southern architecture and design. The Company believes that strict attention to detail in the execution of these themed communities helps to distinguish it from other companies.

The Company currently owns 88.34% of the outstanding common capital stock of Vistamalls. Vistamalls is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines and is widely recognized as an early mover in this market segment, focusing on establishing operating malls in densely populated areas underserved by similar retail malls and located in close proximity to transport hubs and key infrastructure. It also develops and operates BPO commercial centers.

The Company operates its residential and commercial property development business through six distinct business units. Camella Homes, Communities Philippines, Crown Asia, Brittany, and Vista Residences are focused on residential property development, while Vistamalls is involved in commercial property development. Briefly, these business units may be distinguished as follows:

- ***Camella Homes, Inc**. (Camella Homes).* For over 40 years, Camella Homes has serviced the affordable housing segment (houses priced from ₱3.0 million to ₱12.0 million) in the Mega Manila area. It markets its houses primarily under the "Camella" brand. According to the 2022 Philippine Survey and Research Center ("PSRC") "MANA 2022" Study, Camella was acknowledged as the most preferred brand overall in the Philippine housing market, with a brand awareness rate of 93%. As of December 31, 2023, Camella Homes recorded ₱4,485.9 million in real estate revenues, representing 30% of the Company's total real estate revenues;

- ***Communities Philippines, Inc. (Communities Philippines)**.* Communities Philippines and its subsidiaries offer residential properties outside the Mega Manila area under the "Camella" and "Crown Asia" brands. In the last five years, majority of Communities Philippines' new projects were launched under the "Camella" brand, the Company's affordable housing brand. The Company believes that Communities Philippines and its subsidiaries have the widest coverage of developments in the regions outside Mega Manila by any homebuilder in the Philippines and utilizes mostly Camella Homes' expertise and designs to offer houses in areas outside of the Mega Manila area that it believes are on par, in terms of quality, with the developments in the Mega Manila area. As of December 31, 2023, Communities Philippines and its subsidiaries recorded ₱6,060.5 million in real estate revenues, representing 40% of the Company's total real estate revenues;

- ***Crown Asia Properties, Inc**. (Crown Asia).* Crown Asia caters to the upper mid-cost housing segment in Mega Manila, primarily offering houses priced between ₱6.0 million and ₱35.0 million. As of December 31, 2023, Crown Asia recorded ₱561.5 million in real estate revenues, representing 4% of the Company's total real estate revenues;

- ***Brittany Corporation (Brittany)*. **Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱10.0 million to ₱100.0 million. As of December 31, 2023, Brittany recorded ₱973.1 million in real estate revenues, representing 6% of the Company's total real estate revenues;

- ***Vista Residences, Inc.*** (Vista Residences). Vista Residences offers vertical residential projects in the Mega Manila area in the low to upper mid-cost segments. Vertical home projects generally involve longer project development periods as well as some facilities, amenities and other specifications not often found in horizontal homes. As of December 31, 2023, Vista Residences recorded ₱3,147.4 million in real estate revenues, representing 20% of the Company's total real estate revenues; and

- ***Vistamalls, Inc. (formerly, Starmalls, Inc.) (Vistamalls)*** Vistamalls is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines and develops and operates BPO commercial centers.

- ***VLL International, Inc.*** VLL International, Inc. was incorporated in Cayman Islands. The functional currency of VLL International, Inc. is the US Dollar.

The Company has no sale or revenues and net income contributed by foreign sales for 2021, 2022, and 202.

V. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

<u>Market Information</u>

The Company's common shares are listed with the Philippine Stock Exchange. The Company was listed on June 25, 2007. Data on the quarterly stock price movement of Vista Land for the years 2024, 2023, 2022, and 2021:

	2024			2023			2022			2021		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	1.81	1.57	1.59	2.01	1.62	1.71	3.53	2.57	2.61	4.81	3.72	3.74
2nd				1.78	1.65	1.70	2.84	1.92	1.98	3.88	3.40	3.80
3rd				1.70	1.56	1.64	2.26	1.60	1.60	3.87	3.38	3.50
4th				1.73	1.57	1.68	1.73	1.39	1.65	3.86	3.35	3.53

The market capitalization of VLL as of December 31, 2023 based on the closing price of ₱1.68/share on December 31, 2023, the last trading date for the fourth quarter of 2023, was approximately ₱21.33 billion.

As of May 3, 2024, VLL's market capitalization stood at ₽18.66 billion based on the ₽1.47/share closing price.

Common

There are approximately 930 holders of common equity security of the Company as of April 30, 2024 (based on the number of accounts registered with the Stock Transfer Agent).

The following are the top 20 holders of the common securities of the Company:

	Name	No. of Shares	Percentage[1]
1	FINE PROPERTIES, INC.[2]	7,125,545,458	56.12%
2	PCD NOMINEE CORPORATION (FILIPINO)	2,162,784,849	17.03%
3	PCD NOMINEE CORPORATION (FOREIGN)	1,315,342,423	10.36%
4	ALTHORP HOLDINGS, INC[3]	1,235,292,469	9.73%
5	MANUELA CORPORATION [4]	752,208,215	5.92%
6	MANUEL B. VILLAR, JR. [4]	293,969,986	2.32%
7	MANUEL PAOLO A. VILLAR [5]	222,796,324	1.75%
8	JOHN T. LAO	2,853,000	0.02%
9	SULFICIO TAGUD JR. &/OR ESTER TAGUD	401,000	0.00%
10	ACRIS CORPORATION	300,000	0.00%
11	CHRISTIAN A. AGUILAR	290,617	0.00%

	Name	No. of Shares	Percentage[1]
12	BENJAMARIE THERESE N. SERRANO	200,000	0.00%
13	MARIBETH TOLENTINO	200,000	0.00%
14	CHERYL JOYCE YOUNG	200,000	0.00%
15	LUCIO W. YAN &/OR CLARA Y. YAN	150,000	0.00%
16	MAXIMO S. UY &/OR LIM HUE HUA	120,000	0.00%
17	LUCIO WONG YAN	100,000	0.00%
18	ALBERTO MENDOZA &/OR OR JEANIE MENDOZA	94,635	0.00%
19	LUCIANO H. TAN	50,000	0.00%
20	VICENTE DE VERA	47,000	0.00%
	TOTAL	**13,112,945,976**	**103.27%**
	OTHER STOCKHOLDERS	1,190,400	0.01%
	TREASURY SHARES	(416,128,700)	-3.28%
	TOTAL OUTSTANDING, ISSUED AND SUBSCRIBED	**12,698,007,676**	**100.00%**

[1]*based on the total outstanding, issued and subscribed shares of 12,698,007,676 as of April 30, 2024*
[2] *Includes 1,338,599,797 lodged under PCD Nominee Corp. (Filipino)*
[3]*Includes 10,983,363 shares owned by ML&H Corporation which have been merged with Althorp Holdings, Inc. and 1,224,309,106 lodged under PCD Nominee Corp. (Filipino)*
[4]*Lodged under PCD Nominee Corp. (Filipino)*
[5]*Includes 222,596,324 lodged under PCD Nominee Corp. (Filipino)*

Series 1 Preferred Shares

	Stockholder's Name	No. of Preferred Shares	Percentage (of Preferred Shares)
1	FINE PROPERTIES, INC.	3,300,000,000	100.000%
	Total outstanding, issued and subscribed	**3,300,000,000**	**100.000%**

Dividends

₱0.0620 per share Regular Cash Dividend
Declaration Date: September 30, 2023
Record date: October 16, 2023
Payment date: October 31, 2023

₱0.0292 per share Regular Cash Dividend
Declaration Date: September 30, 2022
Record date: October 14, 2022
Payment date: October 28, 2022

₱0.0250 per share Regular Cash Dividend
Declaration Date: September 30, 2021
Record date: October 15, 2021
Payment date: October 29, 2021

Dividend Policy

The Company's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Company's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

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

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by a company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividends

The Company declares dividends to shareholders of record, which are paid from the Company's unrestricted retained earnings.

On September 28, 2018, the Board approved the amendment of the Company's Dividend Policy from an annual cash dividend payment ratio for its Shares of approximately 20% of its consolidated net income from the preceding fiscal year to a minimum of 20% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. Circumstances which could restrict the payment of cash dividends include, but are not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board, may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Recent Sale of Unregistered Securities

On April 4, 2023, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year

Corporate Notes due 2026 amounting to ₱6,000.00 million at a fixed rate of 7.61% per annum, payable on maturity date. On April 14, 2023, an additional issuance of Corporate Notes was made in the amount of ₱4,000.00 million due 2026, at a fixed interest of 7.63% per annum, payable on maturity date.

On Deceber 28, 2022, the Company entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Note Facility due 2025 amounting of up to PHP 12.0 billion. The Group made an initial drawdown of PHP8.6 billion at a fixed rate of 7.9314% per annum. On January 31, 2023, an additional issuance of Corporate Notes was made in the amount of ₱2,900.00 million due 2025, at a fixed interest of 7.26% per annum, payable on maturity date.

On March 28, 2022, the Company has obtained a Five-Year Corporate Note Facility amounting to PHP 6.0 billion. The Group made an initial drawdown of PHP 4.0 billion at a fixed rate of 6.6416% per annum. On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of PHP 2.0 billion due 2027, at a fixed interest of 6.6416% per annum.

The proceeds of the corporate notes facility were utilized to refinance existing or maturing obligations of the Group and for other general corporate purposes.

Stock Options

None.

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

On May 31, 2017, the Company's Board has adopted its Revised Manual on Corporate Governance. The Company's Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold regular meetings, at which any number of relevant corporate governance issues may be raised for discussion.

Practical oversight of the Company's corporate governance standards is exercised through the Board's Corporate Governance Committee.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business.

As of the date of this report, there are no known material deviations from the Company's Revised Manual of Corporate Governance.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

PART III

SIGNATURE PAGE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on the 6th day of May 2024

VISTA LAND & LIFESCAPES, INC.

By:

BRIAN N. EDANG
CFO & Head Investor Relations

Date: May 6, 2024

VISTA LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Vista Land & Lifescapes, Inc. and Subsidiaries (the "Group")** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached herein, for the years ended December 31, 2023, 2022, and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether 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.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this ___________ day of APR 1 1 2024 2024.

MANUEL B. VILLAR, JR.
Chairman of the Board

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

BRIAN N. EDANG
Chief Financial Officer and Head Investor Relations

SUBSCRIBED AND SWORN, to before me this APR 1 1 2024 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name

Manuel B Villar, Jr.
Manuel Paolo A. Villar
Brian N. Edang

who has satisfactory proven to me their identities through their valid identification cards, and that they are the same persons who personally signed before me the foregoing and acknowledges that they executed the same.

Doc No. 448
Page No. 91
Book No. XXI
Series of 2024.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 5415993 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0018781 issued dated 25 May 2022
Notarial Commission Appointment No. 0314-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Marry Grace T. Soqueño

From: Melissa Camille Z. Domingo
Sent: Monday, April 15, 2024 6:52 PM
To: JC Lyn R. Aggabao; Marry Grace T. Soqueño
Subject: FW: Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Monday, April 15, 2024 5:05 PM
To: Melissa Camille Z. Domingo <melissa_domingo@vistaland.com.ph>
Cc: Melissa Camille Z. Domingo <melissa_domingo@vistaland.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

Hi VISTA LAND & LIFESCAPES, INC.,

Valid files

- EAFS006652678ITRTY122023.pdf
- EAFS006652678AFSTY122023.pdf
- EAFS006652678TCRTY122023-02.pdf
- EAFS006652678TCRTY122023-01.pdf
- EAFS006652678OTHTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-9E7CA68G0PVNNVWVTN1RWX1SM02NZS3WMR**
Submission Date/Time: **Apr 15, 2024 05:04 PM**
Company TIN: **006-652-678**

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C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	0	3	1	4	5

COMPANY NAME

VISTA LAND & LIFESCAPES, INC.
AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

LOWER GROUND FLOOR, BUILDING B, EVIA LIFESTYLE CENTER, VISTA CITY, DAANGHARI, ALMANZA II, LAS PIÑAS CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
irg@vistaland.com.ph	3226 3552	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
930	6/15	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Brian N. Edang	brian_edang@ vistaland.com.ph	3226-3552/ 8874-5758	0917-857-6513

CONTACT PERSON's ADDRESS

Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City

NOTE 1 : *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.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daanghari, Almanza II, Las Piñas City

Opinion

We have audited the consolidated financial statements of Vista Land and Lifescapes, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 are prepared in all material respects, in accordance with the Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits 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 Consolidated 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 and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the consolidated financial statements are discussed in detail in Note 2. 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 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 Recognition

The Group's 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 entity will collect the consideration from the buyer; (2) application of the input method as the measure of progress in determining real estate revenue; and (3) estimation of the total project cost.

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 payment history of 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 measuring the progress of its performance obligation over time, the Group uses input method. Under this method, progress is measured based on actual costs incurred relative to the estimated total project cost. In the estimation of total project cost, the Group requires technical determination by the Group's specialists (project engineers) to estimate all the inputs involved in the construction and development of the projects to include materials, labor and other costs directly related in the construction of the projects.

The disclosures related to the real estate revenue are included in Note 7 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as official receipts and buyer's subsidiary ledger.

For the application of the input method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage-of-completion (POC), including the cost accumulation process, and for determining and updating of total estimated costs, and performed tests of the relevant controls on these processes. We assessed the competence, capabilities and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced the accumulated incurred costs to the supporting documents such as construction contracts, subsequent billings, and other documents evidencing receipt of materials and services from contractors. For the estimation of total project costs, we obtained an understanding of the Group's budgeting and project close-out process and, on a sampling basis, performed test of details (price and quantity) for the inputs for each of the major project development workstream. We also performed test of subsequent changes to the budget by tracing to relevant documents such as approved memorandum on budget revision and performed inquiries with the project engineers to understand the basis of the revisions to the budget. We performed a look-back analysis for fully completed projects in current year. We visited selected project sites, made relevant inquiries with project engineers and correlated our observations with the reported project accomplishment. We performed test computation of the POC calculation of management.

Provision for Expected Credit Losses

The Group applies simplified approach in calculating expected credit loss (ECL) of its installment contracts receivable and receivable from tenants. Allowance for credit losses and the provision for credit losses as of and for the year ended December 31, 2023 amounted to ₱1,552.39 million and ₱923.88 million, respectively. Key areas of judgment include segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information (called overlays) in calculating ECL.

The disclosures related to the allowance for credit loss using ECL model are included in Note 5 to the consolidated financial statements.

Audit Response

We obtained an understanding of the methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) assessed the methodology used in applying the ECL model by evaluating the key inputs, assumption and formula used; (c) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place; (d) tested historical loss rates by inspecting historical recoveries and write-offs, and the effects of any financial support and credit enhancements provided by any party; (e) compared the classification of outstanding exposures to their corresponding aging buckets; (f) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and the related industry of tenants and; (g) tested the effective interest rate, or an approximation thereof, used in discounting the expected loss.

Further, we compared the data used in the ECL models, such as the historical aging analysis and default and recovery data, to the financial reporting systems.

We recalculated impairment provisions on a sample basis and evaluated the adequacy of disclosures made in the consolidated financial statements on allowance for credit losses using the ECL model.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's 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 or our knowledge obtained in the audits, 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 of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, 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, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by SEC, as described in Note 2 to the consolidated financial statements.

- 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Cyril Jasmin B. Valencia.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082027, January 6, 2024, Makati City

April 11, 2024

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 9, 31 and 32)	**₱10,692,152,140**	₱15,070,204,626
Short-term cash investments (Notes 10, 31 and 32)	**7,322,177**	47,278,102
Current portion of:		
Receivables (Notes 11, 29, 31 and 32)	**52,211,635,311**	53,234,543,776
Cost to obtain contract (Note 7)	**308,625,135**	385,648,418
Current portion of investments at amortized cost (Notes 10, 31, 32)	**18,425,130,586**	9,440,433,583
Real estate inventories (Note 12)	**63,771,221,098**	53,533,899,417
Other current assets (Note 13)	**6,447,935,058**	5,724,758,578
Total Current Assets	**151,864,021,505**	137,436,766,500
Noncurrent Assets		
Investments at amortized cost - net of current portion (Notes 10, 31 and 32)	**20,784,286,643**	32,059,050,499
Investments at fair value through other comprehensive income (Notes 10, 31 and 32)	**132,158,380**	117,158,380
Receivables - net of current portion (Notes 11, 29, 31 and 32)	**31,191,466,002**	21,166,092,635
Cost to obtain contract - net of current portion (Note 7)	**202,050,708**	354,528,291
Project development costs (Notes 16 and 29)	**1,396,265,766**	1,269,160,947
Advances to a related party (Note 29)	**7,559,440,240**	7,042,276,334
Investment in joint venture (Note 17)	**499,448,049**	468,073,789
Property and equipment (Note 15)	**2,636,151,061**	2,301,086,488
Investment properties (Note 14)	**124,656,130,738**	118,343,597,899
Goodwill (Note 8)	**147,272,020**	147,272,020
Pension assets - net (Note 26)	**290,759,057**	320,711,689
Deferred tax assets - net (Notes 6 and 27)	**105,709,673**	111,464,269
Other noncurrent assets (Note 17)	**935,988,879**	1,076,827,824
Total Noncurrent Assets	**190,537,127,216**	184,777,301,064
	₱342,401,148,721	₱322,214,067,564
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 18, 31 and 32)	**₱20,517,350,873**	₱15,890,543,266
Security deposits and advance rent (Note 19)	**2,013,043,768**	1,856,523,789
Income tax payable	**112,479,900**	127,097,100
Dividends payable (Notes 23, 29, 31 and 32)	**298,016,044**	96,024,581
Current portion of:		
Contract liabilities (Note 7)	**1,588,321,684**	1,085,106,497
Notes payable (Notes 21, 31 and 32)	**28,005,337,553**	12,745,831,195
Bank loans (Notes 20, 31 and 32)	**25,874,160,220**	11,561,568,479
Loans payable (Notes 20, 31 and 32)	**3,176,026,696**	3,767,253,212
Lease liabilities (Notes 28, 29 and 32)	**388,872,997**	368,459,297
Total Current Liabilities	**81,973,609,735**	47,498,407,416

(Forward)

	December 31	
	2023	2022
Noncurrent Liabilities		
Contract liabilities - net of current portion (Note 7)	**₱437,048,986**	₱1,058,495,304
Notes payable - net of current portion (Notes 21, 31 and 32)	**80,143,444,086**	89,702,372,246
Bank loans - net of current portion (Notes 20, 31 and 32)	**27,308,807,975**	44,385,254,638
Loans payable - net of current portion (Notes 20, 31 and 32)	**4,267,696,654**	1,567,365,940
Lease liabilities - net of current portion (Notes 28, 29 and 32)	**5,051,347,045**	5,065,593,706
Deferred tax liabilities - net (Notes 6 and 27)	**8,201,432,357**	6,107,386,965
Other noncurrent liabilities (Notes 22, 31 and 32)	**2,156,400,155**	3,178,998,174
Total Noncurrent Liabilities	**127,566,177,258**	151,065,466,973
Total Liabilities	**209,539,786,993**	198,563,874,389
Equity (Note 23)		
Attributable to equity holders of the Parent Company		
Preferred stock	**33,000,000**	33,000,000
Common stock	**13,114,136,376**	13,114,136,376
Additional paid-in capital	**30,684,713,292**	30,684,713,292
Retained earnings	**86,226,517,112**	78,311,116,523
Other comprehensive income (Notes 10 and 26)	**905,783,398**	798,914,337
Treasury shares	**(7,740,264,387)**	(7,740,264,387)
	123,223,885,791	115,201,616,141
Noncontrolling interest (Note 30)	**9,637,475,937**	8,448,577,034
Total Equity	**132,861,361,728**	123,650,193,175
	₱342,401,148,721	₱322,214,067,564

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Real estate (Notes 6 and 7)	**₱15,228,483,509**	₱12,789,877,721	₱17,397,931,318
Rental income (Notes 6, 14 and 34)	**16,021,430,433**	13,742,258,197	9,312,720,292
Interest income from installment contracts receivable (Notes 6, 11 and 25)	**606,298,284**	701,342,313	774,445,060
Parking, hotel, mall administrative and processing fees, and others (Notes 6 and 25)	**2,104,880,739**	1,607,345,055	2,146,874,201
	33,961,092,965	28,840,823,286	29,631,970,871
COSTS AND EXPENSES			
Costs of real estate sales (Notes 6, 12, and 24)	**6,112,020,965**	5,542,966,656	8,533,403,321
Operating expenses (Notes 6 and 24)	**11,596,161,423**	9,647,400,878	9,407,780,092
	17,708,182,388	15,190,367,534	17,941,183,413
OTHER INCOME (EXPENSES)			
Proceeds from insurance claims (Note 24)	**1,841,156,398**	–	–
Interest income from investments and other income (Notes 6, 9, 10, 13 and 25)	**1,202,284,056**	981,195,770	1,549,437,541
Interest and other financing charges (Notes 6, 20, 21, 25 and 28)	**(5,685,639,657)**	(5,217,887,075)	(4,315,329,854)
	(2,642,199,203)	(4,236,691,305)	(2,765,892,313)
INCOME BEFORE INCOME TAX	**13,610,711,374**	9,413,764,447	8,924,895,145
PROVISION FOR INCOME TAX (Note 27)	**3,318,646,232**	2,021,114,107	1,957,648,849
NET INCOME	**₱10,292,065,142**	₱7,392,650,340	₱6,967,246,296
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱8,656,053,138**	₱6,119,908,898	₱6,426,541,859
Noncontrolling interest	**1,636,012,004**	1,272,741,442	540,704,437
NET INCOME	**₱10,292,065,142**	₱7,392,650,340	₱6,967,246,296
BASIC/DILUTED EARNINGS PER SHARE (Note 30)	**₱0.725**	₱0.512	₱0.538

(Forward)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱10,292,065,142**	₱7,392,650,340	₱6,967,246,296
OTHER COMPREHENSIVE INCOME			
Other comprehensive gain (loss) to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments (Note 32)	**111,391,632**	(18,488,017)	73,378,653
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit obligation - net of tax (Notes 26 and 27)	**(18,993,518)**	19,577,219	113,161,254
Changes in fair value on equity investments at fair value through other comprehensive income (Note 10)	**15,000,000**	22,000,000	8,000,000
	107,398,114	23,089,202	194,539,907
TOTAL COMPREHENSIVE INCOME	**₱10,399,463,256**	₱7,415,739,542	₱7,161,786,203
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱8,762,922,199**	₱6,140,749,468	₱6,619,014,287
Noncontrolling interest	**1,636,541,057**	1,274,990,074	542,771,916
	₱10,399,463,256	₱7,415,739,542	₱7,161,786,203

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 23)				Other Comprehensive Income					
	Preferred Stock	Common Stock	Additional Paid-in Capital (Note 23)	Retained Earnings (Note 23)	Remeasurement Gains on Retirement Obligation (Notes 23, 26 and 27)	Cumulative Translation Adjustments (Notes 23 and 32)	Other Comprehensive Income (Notes 10 and 23)	Treasury Shares (Note 23)	Noncontrolling Interest (Notes 23 and 30)	Total
Balances as at January 1, 2023	**₱33,000,000**	**₱13,114,136,376**	**₱30,684,713,292**	**₱78,311,116,523**	**₱609,081,665**	**(₱243,904,893)**	**₱433,737,565**	**(₱7,740,264,387)**	**₱8,448,577,034**	**123,650,193,175**
Net income	–	–	–	**8,656,053,138**	–	–	–	–	**1,636,012,004**	**10,292,065,142**
Other comprehensive income	–	–	–	–	**(19,522,571)**	**111,391,632**	**15,000,000**	–	**529,053**	**107,398,114**
Total comprehensive income (loss) for the year	–	–	–	**8,656,053,138**	**(19,522,571)**	**111,391,632**	**15,000,000**	–	**1,636,541,057**	**10,399,463,256**
Cash dividend declared	–	–	–	**(740,652,549)**	–	–	–	–	**(447,642,154)**	**(1,188,294,703)**
Balances as at December 31, 2023	**₱33,000,000**	**₱13,114,136,376**	**₱30,684,713,292**	**₱86,226,517,112**	**₱589,559,094**	**(₱132,513,261)**	**₱448,737,565**	**(₱7,740,264,387)**	**₱9,637,475,937**	**₱132,861,361,728**
Balances as at January 1, 2022	₱33,000,000	₱13,114,136,376	₱30,655,429,349	₱72,539,569,939	₱591,753,078	(₱225,416,876)	₱411,737,565	(₱7,740,264,387)	₱3,146,983,827	₱112,526,928,871
Net income	–	–	–	6,119,908,898	–	–	–	–	1,272,741,442	7,392,650,340
Other comprehensive income	–	–	–	–	17,328,587	(18,488,017)	22,000,000	–	2,248,632	23,089,202
Total comprehensive income (loss) for the year	–	–	–	6,119,908,898	17,328,587	(18,488,017)	22,000,000	–	1,274,990,074	7,415,739,542
Increase in noncontrolling interest (Note 23)	–	–	29,283,943	–	–	–	–	–	4,197,400,031	4,226,683,974
Cash dividend declared	–	–	–	(348,362,314)	–	–	–	–	(170,796,898)	(519,159,212)
Balances as at December 31, 2022	₱33,000,000	₱13,114,136,376	₱30,684,713,292	₱78,311,116,523	₱609,081,665	(₱243,904,893)	₱433,737,565	(₱7,740,264,387)	₱8,448,577,034	₱123,650,193,175
Balances as at January 1, 2021	₱33,000,000	₱13,114,136,376	₱30,655,429,349	₱66,411,673,066	₱480,659,303	(₱298,795,529)	₱403,737,565	(₱7,740,264,387)	₱2,620,068,365	₱105,679,644,108
Net income	–	–	–	6,426,541,859	–	–	–	–	540,704,437	6,967,246,296
Other comprehensive income	–	–	–	–	111,093,775	73,378,653	8,000,000	–	2,067,479	194,539,907
Total comprehensive income for the year	–	–	–	6,426,541,859	111,093,775	73,378,653	8,000,000	–	542,771,916	7,161,786,203
Cash dividend declared	–	–	–	(298,644,986)	–	–	–	–	(15,856,454)	(314,501,440)
Balances as at December 31, 2021	₱33,000,000	₱13,114,136,376	₱30,655,429,349	₱72,539,569,939	₱591,753,078	(₱225,416,876)	₱411,737,565	(₱7,740,264,387)	₱3,146,983,827	₱112,526,928,871

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱13,610,711,374**	₱9,413,764,447	₱8,924,895,145
Adjustments for:			
Interest and other financing charges (Note 25)	**5,685,639,657**	5,217,887,075	4,315,329,854
Depreciation and amortization (Notes 14, 15, 17 and 24)	**2,889,023,944**	2,638,853,067	2,686,583,410
Loss on asset retirement (Notes 14 and 24)	**164,649,301**	–	–
Retirement expense, net of payments (Note 26)	**20,647,941**	49,730,787	44,574,335
Unrealized foreign exchange loss (gain)	**8,148,500**	4,492,975	(9,708,504)
Loss from fire, net of claims (Notes 14, 15 and 24)	**–**	366,965,591	–
Share in equity earnings from investment in joint venture (Note 17)	**(31,374,260)**	(9,301,990)	(7,043,055)
Interest income from investments and other income (Note 25)	**(1,202,284,056)**	(981,195,770)	(1,549,437,541)
Proceeds from insurance claims (Note 24)	**(1,841,156,398)**	–	–
Operating income before working capital changes	**19,304,006,003**	16,701,196,182	14,405,193,644
Decrease (increase) in:			
Receivables (Note 33)	**(12,052,122,445)**	(3,266,159,674)	(6,559,097,831)
Real estate inventories (excluding capitalized borrowing costs)	**(6,641,841,141)**	(2,087,951,696)	(2,820,564,171)
Other current assets and cost to obtain contract	**(310,088,204)**	(1,535,795)	827,822,686
Increase (decrease) in:			
Accounts and other payables	**4,543,573,958**	(119,888,697)	(752,702,714)
Contract liabilities	**(118,231,131)**	342,131,111	(864,515,875)
Security deposits and advance rent (including noncurrent portion)	**115,934,564**	45,769,229	60,231,281
Other noncurrent liabilities	**(807,697,955)**	(45,803,311)	(724,789,167)
Plan assets contributions (Note 26)	**(16,020,000)**	(61,374,100)	(58,425,850)
Net cash flows generated from operations	**4,017,513,649**	11,506,383,249	3,513,152,003
Income tax paid (including creditable withholding taxes)	**(1,230,214,533)**	(886,982,696)	(926,526,124)
Net cash flows provided by operating activities	**2,787,299,116**	10,619,400,553	2,586,625,879
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Maturity of investments at amortized cost (Note 10)	**20,043,068,703**	24,898,766,326	12,958,036,143
Insurance claims (Note 24)	**1,841,156,398**	620,000,000	–
Short-term cash investments (Note 10)	**39,955,925**	288,741,543	–
Interest received	**1,256,264,386**	1,080,150,454	1,256,861,006
Additions to:			
Investments at amortized cost (Note 10)	**(17,958,242,982)**	(12,921,556,055)	(17,452,430,148)
Investment properties (excluding capitalized borrowing costs) (Notes 14 and 33)	**(3,680,168,116)**	(5,002,075,927)	(4,876,747,527)
Property and equipment (Notes 15 and 33)	**(670,779,503)**	(154,666,117)	(231,410,097)
Short-term cash investments (Note 10)	**–**	–	(219,091,344)
Deductions from (additions to):			
Advances to a related party (Note 33)	**(517,163,906)**	(957,087,103)	(14,709,230)
Project development costs	**(127,104,819)**	4,891,917	1,073,057,252
Restricted cash	**(35,147,846)**	(105,669,636)	388,437,931
Other noncurrent assets	**(68,248,368)**	(75,965,633)	(359,866,212)
Net cash flows provided by (used in) investing activities	**123,589,872**	7,675,529,769	(7,477,862,226)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES (Note 33)			
Proceeds from:			
Notes payable (Note 21)	**₱18,900,000,000**	₱14,600,000,000	₱10,909,807,626
Bank loans (Note 20)	**11,820,592,370**	22,272,518,258	23,377,375,534
Loans payable (Note 20)	**3,963,399,970**	4,715,767,761	2,859,085,791
Increase in noncontrolling interest (Note 23)	**–**	4,226,683,974	–
Payments of:			
Lease liabilities (Note 28)	**(370,444,459)**	(375,018,792)	(283,190,395)
Dividends (Note 23)	**(986,303,240)**	(438,991,085)	(326,748,924)
Loans payable (Note 20)	**(1,854,295,772)**	(3,160,659,623)	(3,401,469,422)
Interest and other financing charges (including capitalized borrowing cost) (Notes 12 and 14)	**(11,343,917,313)**	(9,716,182,535)	(9,738,424,964)
Notes payable (Note 21)	**(12,816,674,933)**	(23,876,278,143)	(5,657,071,600)
Bank loans (Note 20)	**(14,593,149,597)**	(23,324,728,434)	(8,786,974,577)
Net cash flows provided by (used in) financing activities	**(7,280,792,974)**	(15,076,888,619)	8,952,389,069
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(8,148,500)**	(4,492,975)	9,708,504
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,378,052,486)**	3,213,548,728	4,070,861,226
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**15,070,204,626**	11,856,655,898	7,785,794,672
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 9)	**₱10,692,152,140**	₱15,070,204,626	₱11,856,655,898

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company or VLLI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address is at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 65.84% owned by Fine Properties, Inc., (Ultimate Parent Company), as of December 31, 2023 and 2022 and the rest by the public.

The Parent Company is the holding company of the Vista Group (the Group) which is engaged in real estate activities. The Group has six (6) wholly-owned subsidiaries, namely: Brittany Corporation (BC), Crown Asia Properties, Inc. (CAPI), Vista Residences, Inc. (VRI), Camella Homes, Inc. (CHI), Communities Philippines, Inc. (CPI) and VLL International Inc. (VII), and an 88.34% owned subsidiary, Vistamalls, Inc. (formerly Starmalls, Inc.) The Group is divided into horizontal, vertical and commercial and others segment. The Group caters to the development and sale of residential house and lot and residential condominium through its horizontal and vertical projects, respectively. Its commercial and others segment focuses on the development, leasing and management of shopping malls and commercial centers all over the Philippines and hotel operations.

Vista REIT Transaction
On August 7, 2020, the Board of Directors (BOD) of VLLI approved the incorporation of Vista One, Inc. (VOI), to be the vehicle for the Group's Real Estate Investment Trust (REIT) registration under Republic Act 9856 (The REIT Act of 2009). VOI was incorporated in the Republic of the Philippines and was registered with the SEC on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kind.

In compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, VOI entered into and implemented the REIT Formation Transactions as follows:

Amendment of the Articles of Incorporation and By-Laws of VOI
On February 7, 2022, at least a majority of the BOD and the stockholders owning at least two- thirds (2/3) of the outstanding capital stock of VOI approved to increase its authorized capital stock to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share.

The increase in VOI's authorized capital stock from ₱2,000,000,000 divided into 2,000,000,000 shares with par value of ₱1.00 per share to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share was approved by the SEC on March 14, 2022.

On March 16, 2022, the BOD approved various amendments to the Articles of Incorporation and By-Laws of VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of VOI as a REIT entity. Such amendments were approved by the SEC on April 18, 2022.

Execution of Property-for-Share Swap Agreement and Deed of Assignment of Leases between the Sponsors and VOI

On February 7, 2022, VOI entered into various Deeds of Assignment and Subscription Agreements with each of Manuela Corporation (MC), Masterpiece Asia Properties, Inc. (MAPI), Vista Residences, Inc. (VRI), Crown Asia Properties, Inc. (CAPI) and Communities Pampanga, Inc. (CPAM) collectively referred to as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to VOI of 10 community malls and two office buildings with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) and fair value of ₱35,952,992,730 in exchange for the issuance by VOI to the Sponsors out of the increase in authorized capital stock described hereinabove of an aggregate of 6,990,000,000 common shares at an issue price of ₱1.50 per share, or an aggregate issue or subscription price of ₱10,485,000,000 (the Property-for-Share Swap).

The Assigned Properties consists of Vista Mall Las Piñas (Main), Starmall Las Piñas (Annex), Starmall San Jose Del Monte (SJDM), Vista Mall Pampanga, SOMO – A Vista Mall, Vista Mall Antipolo, Vista Mall General Trias, Vista Mall Tanza, Starmall Talisay – Cebu, Vista Mall Imus, Vista Hub Molino and commercial and office units and parking lots in Vista Hub BGC.

On March 14, 2022, the SEC issued the confirmation of the valuation of the Property-for-Share Swap. The requisite Certificate Authorizing Registrations authorizing the transfer of legal title to the Assigned Properties from the Sponsors to VOI were issued by the Bureau of Internal Revenue (BIR) on April 25 to 29 and May 2, 2022.

On March 16, 2022, pursuant to the Deeds of Assignment and Subscription Agreements for the transfer, assignment and conveyance in favor of VOI of all of the Sponsors' rights, title and interests in the Assigned Properties in exchange for VOI's common shares, VOI and the Sponsors entered into a Deed of Assignment of Leases assigning all of the Sponsors' rights and interests in and to the Contracts of Lease over portions of the Assigned Properties leased out to various entities (the "Leases") effective upon the issuance of VOI's common shares in the name of the Sponsors.

Amendment of the Articles of Incorporation and By-Laws of Communities Palawan, Inc.

On February 16, 2022, at least a majority of the BOD and the stockholders owning at least two- thirds (2/3) of the outstanding capital stock of Communities Palawan, Inc. approved to increase its authorized capital stock to ₱500,000,000 divided into 500,000,000 shares with par value of ₱1.00 per share.

The increase in Communities Palawan, Inc.'s authorized capital stock from ₱50,000,000 divided into 500,000 shares with par value of ₱100.00 per share to ₱500,000,000 divided into 500,000,000 shares with par value of ₱1.00 per share was approved by the SEC on April 18, 2022.

On February 16, 2022, the BOD approved the following amendments to the Articles of Incorporation and By-Laws of Communities Palawan, Inc.: (a) change in the corporate name to "VFUND MANAGEMENT, INC."; (b) change in primary and secondary purpose to engage in the business of providing fund management services to REIT companies, as provided under Republic Act No. 9856; (c) requirement to have independent directors in the Board; and (d) amending the corporate term to perpetual existence. Such amendments were approved by the SEC on April 18, 2022.

The above amendments are pursuant to the Proposed Initial Public Offering of a REIT by VistaREIT, Inc. (VistaREIT) after Communities Palawan, Inc. and VistaREIT entered into a Fund Management Agreement on March 18, 2022 for Communities Palawan, Inc. to act as the Fund Manager to VistaREIT, to perform the functions required thereof as stated in the REIT Law and the regulations of the relevant government entities, which includes, in exchange for a fund management fee as agreed by the parties, execution of investment strategies and overseeing and coordinating property acquisition, property management, leasing, operational and financial reporting, appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset deposition plans.

On June 15, 2022, VistaREIT was publicly listed in the Philippine Stock Exchange. With the listing, VLLI's effective ownership in VistaREIT as of December 31, 2022 was reduced to 60.09% from 98.94% as of December 31, 2021. As of December 31, 2023 and 2022, VistaREIT is 32.96% owned by Masterpiece Asia Properties, Inc., 17.40% owned by VRI, 5.92% owned by Manuela Corporation, 4.86% by Communities Pampanga, Inc., 3.49% owned by CAPI and 35.37% owned by the public (see Notes 23 and 30).

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for the financial assets measured at fair value through other comprehensive income which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱) which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry.

Deferral of 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 component discussed in PIC Q&A No. 2018-12-D
c. Implementation of International Financial Reporting Standards 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 details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 3 to the consolidated financial statements.

PFRS include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023.

An investee is included in the consolidation at the point when control is achieved. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Parent and the subsidiaries are all domiciled and incorporated in the Philippines and are in the business of real estate development, leasing of commercial centers and buildings and hotel and resorts operation, except for VII and C&P International Limited. The latter are incorporated in Grand Cayman Island and domiciled in Hong Kong and operates as holding companies.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries. The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	Percentage of Ownership		
	2023	2022	2021
BC	**100.00%**	100.00%	100.00%
Balmoral Resources Corporation*	**36.93**	36.93	36.93
CAPI	**100.00**	100.00	100.00
Balmoral Resources Corporation*	**16.93**	16.93	16.93
VistaREIT, Inc.**	**3.49**	3.49	19.61
VRI	**100.00**	100.00	100.00
Vista Leisure Club Corporation (VLCC)	**100.00**	100.00	100.00
Vista Hospitality Management Corp.	**100.00**	100.00	100.00
Malay Resorts Holdings, Inc. (MRHI)	**100.00**	100.00	100.00
Mella Hotel, Inc.	**100.00**	100.00	100.00
Balmoral Resources Corporation*	**37.22**	37.22	37.22
Vproperty Management, Inc.	**100.00**	100.00	100.00
VistaREIT, Inc.**	**17.40**	17.40	19.61
Spaces Property Leasing and Services, Inc.	**100.00**	100.00	–
CHI	**100.00**	100.00	100.00
Household Development Corporation (HDC)	**100.00**	100.00	100.00
Brittany Estates Corporation	**100.00**	100.00	100.00
Balmoral Resources Corporation*	**8.92**	8.92	8.92
Mandalay Resources Corp.	**100.00**	100.00	100.00
C&P International Limited	**100.00**	100.00	100.00
Camella Sales Specialists, Inc.	**100.00**	100.00	100.00
Vista Towers, Inc.	**100.00**	100.00	100.00
Prima Casa Land & Houses, Inc. (PCLHI)	**100.00**	100.00	100.00
CPI	**100.00**	100.00	100.00
Communities Batangas, Inc.	**100.00**	100.00	100.00
Communities Bulacan, Inc.	**100.00**	100.00	100.00
Communities Cebu, Inc.	**100.00**	100.00	100.00
Communities Cagayan, Inc.	**100.00**	100.00	100.00
Communities Davao, Inc.	**100.00**	100.00	100.00
Communities General Santos, Inc.	**100.00**	100.00	100.00
Communities Isabela, Inc.	**100.00**	100.00	100.00
Communities Leyte, Inc.	**100.00**	100.00	100.00
Communities Naga, Inc.	**100.00**	100.00	100.00
Communities Iloilo, Inc.	**100.00**	100.00	100.00
Communities Negros, Inc.	**100.00**	100.00	100.00
Communities Pampanga, Inc.	**100.00**	100.00	100.00
VistaREIT, Inc.**	**4.86**	4.86	19.61
Communities Pangasinan, Inc.	**100.00**	100.00	100.00
Communities Tarlac, Inc.	**100.00**	100.00	100.00
Communities Zamboanga, Inc.	**100.00**	100.00	100.00
Communities Ilocos, Inc.	**100.00**	100.00	100.00
Communities Bohol, Inc.	**100.00**	100.00	100.00
Communities Quezon, Inc.	**100.00**	100.00	100.00
Vfund Management, Inc. (formerly Communities Palawan, Inc.)	**100.00**	100.00	100.00
Communities Palawan, Inc.	**100.00**	–	–
Communities Panay, Inc.	**100.00**	100.00	100.00
VII	**100.00**	100.00	100.00
Vistamalls, Inc.	**88.34**	88.34	88.34
Manuela Corporation (MC)	**99.85**	99.85	99.85
VistaREIT, Inc.**	**5.92**	5.92	20.50
Masterpiece Asia Properties, Inc. (MAPI)	**100.00**	100.00	100.00
VistaREIT, Inc.**	**32.96**	32.96	19.61

**The Group effectively owns 100% of Balmoral Resources Corporation through Brittany, CAPI, VRI and HDC.*
***The Group effectively owns 60.09% of VistaREIT, Inc. (formerly Vista One, Inc.) through MC, MAPI, Communities Pampanga, Inc., CAPI and VRI and the rest are owned by individual shareholders, as of December 31, 2023 and 2022.*

Noncontrolling Interests
Noncontrolling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction and recognized as “Additional paid-in-capital” in the consolidated statement of changes in equity. If the Group losses control over a subsidiary if:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

As at December 31, 2023 and 2022, the percentage of noncontrolling interests pertain to (i) VistaREIT at 39.91% and (ii) Vistamalls, Inc. and its subsidiaries at 11.66%. The voting rights held by the noncontrolling interests are in proportion of their ownership interest.

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3. Changes in Accounting Policies

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amended standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Standards 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 its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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 and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 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.

- 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 provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this

PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

The PIC Q&A provisions covered by the SEC deferral that the Group availed as of December 31, 2023 follows:

	Deferral Period
Exclusion of land in the determination of POC discussed in PIC Q&A No. 2018-12-E	Until December 31, 2023
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 No. 2020-04)	Until December 31, 2023
Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under PAS 23, *Borrowing Cost*) for Real Estate industry	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 into 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.

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12, including any subsequent amendments thereto, and have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

Had the above provisions been adopted, the Group assessed that the impact would have been as follows:

- *Treatment of land in the determination of the percentage-of-completion*
  Adoption of this guidance would have impacted a reduction in revenue from real estate sales, installment contract receivables, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings. These would have not impacted the cash flows.

- *Assessing if the transaction price includes a significant financing component*
  The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability and the

opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities.

- *Impact of implementing the IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost*
  Adoption of this guidance would have impacted a reduction in net income, real estate inventories, provision for deferred income tax, deferred tax liability, and the opening balance of retained earnings, and a corresponding increase in interest and other financing charges. These would have not impacted the cash flows.

As of December 31, 2023, the Group is still in the process of assessing and calculating the impact of: (i) exclusion of land in the determination of POC, (ii) significant financing component, and (iii) implementing the IFRIC Agenda Decision. The Group opted to adopt the above changes using modified retroactive approach effective January 1, 2024 and impact will be recorded in the opening retained earnings.

4. Summary of Material Accounting Policies

Fair Value Measurement
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:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term cash investments, receivables (except for advances to contractors, suppliers and brokers), and restricted cash under "Other current assets" and "Other noncurrent assets", and investments at amortized cost.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's equity instruments classified as financial assets designated at fair value through OCI include investments in golf club shares and preferred shares of utility companies.

Impairment of Financial Assets
The Group recognizes expected credit losses (ECL) for:

- debt instruments that are measured at amortized cost and fair value through OCI;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss.

For cash in banks, short-term cash investments, restricted cash, and investment in amortized cost, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the instrument has significantly increased in credit risk and to estimate ECLs.

The simplified approach is applied to installment contracts receivable. The Group has established a vintage analysis for installment contracts receivable that is based on historical credit loss experience, adjusted for forward-looking factors (i.e., bank lending rate, inflation rate or gross domestic product (GDP) growth rate) specific to the debtors and the economic environment.

The simplified approach is also used in calculating the Group's ECL for lease receivables and receivables from related parties. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for lease receivables and receivables from related parties that is based on its historical credit loss experience and incorporating forward-looking information (called overlays) specific to the debtors and economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and other payables, dividends payable, notes payable, bank loans, loans payable, lease liabilities and other noncurrent liabilities (except for deferred output tax, security deposits and advance rent).

Subsequent measurement
Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of comprehensive income.

This category generally applies to accounts and other payables, dividends payable, notes payable, bank loans, loans payable, lease liabilities and other noncurrent liabilities (except for deferred output tax, security deposits and advance rent) presented in the consolidated statements of financial position.

Derecognition of Financial Assets and Financial Liabilities

Financial asset

A financial asset (or, where applicable, a part of a group of financial assets) is derecognized when, and only when: (a) the right to receive cash flows from the assets expires; (b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in the consolidated profit or loss, to the extent that an impairment loss has not already been recorded.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the profit or loss.

Financial liability

A financial liability (or a part of 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 profit or loss.

Offsetting Financial Instruments

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 a 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. The Group assesses that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and in event of insolvency or bankruptcy of the Group and all of its counterparties.

Real Estate Inventories

Real estate inventories consist of subdivision land, residential house, and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units; and
- Capitalized borrowing costs, planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction materials, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of real estate inventories is reduced through the use of an allowance account and the amount of loss is charged to profit or loss.

The cost of real estate inventory recognized in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Creditable Withholding Taxes
Creditable withholding taxes pertain to taxes withheld on income payments and may be applied against income tax due. The balance of taxes withheld is recovered in future period.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for advertising and marketing fees, taxes and licenses, rentals, and insurance.

Project Development Costs
Project development costs consist of advances for socialized housing credits and advances in joint operations. These are carried at cost less any accumulated impairment.

Advances for socialized housing credits
Advances for socialized housing credits pertain to advances made to a related party in relation to the Group's purchase of socialized housing credits in compliance with the requirements of Republic Act No. 7279 (Urban Development and Housing Act of 1992). Upon receipt of socialized housing credits, the advances is reclassified to "Real estate inventories" and is recognized in profit or loss with reference to the specific costs incurred on the property sold.

Advances on joint operations
Advances on joint operations pertain to costs incurred on various on-going projects under a joint venture agreements and memorandum of agreements entered into by the Group with individuals, private companies and entities under common control for the development of real estate projects.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have right to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognizes in relation to its interest in a joint operation its assets, including its share of any assets held jointly; liabilities, including its share of any liabilities incurred jointly; revenue from the sale of its share to the output arising from the joint operation; share of the revenue from the sale of the output by the joint operation; and expenses, including its share of any expenses incurred jointly.

Investment Properties
Investment properties comprise of completed property and property under construction or re-development that are held to earn rentals or for capital appreciation. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of investment properties consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use and capitalized borrowing cost. Investment properties also include right-of-use assets primarily involving land where commercial buildings are located.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject for impairment.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Construction-in-progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Depreciation and amortization commence once the investment properties are available for use and computed using the straight-line method over the estimated useful lives (EUL) of the assets, regardless of utilization. The EUL and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

	Years
Buildings and building improvements	10 to 40 years or lease term, whichever is shorter
Right-of-use assets	11 to 30 years

Investment properties are derecognized when either these have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment

Property and equipment, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment value at initial recognition and subsequently. The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after property and equipment have been put into operation are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against operations as incurred.

Depreciation commences once the property and equipment are available for use and is calculated on a the straight-line basis over the EUL life of property and equipment as follows:

	Years
Building and building improvements	10 to 40
Hotel building	30
Transportation equipment	2 to 5
Office furniture, fixtures and equipment	2 to 5
Construction equipment	2 to 5
Other fixed assets	1 to 5

The EUL and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use. No further depreciation is charged against current operations.

Deposits

Deposits consist of deposits for real estate purchases and deposits to utility companies which will either be applied or recouped against future billings or refunded upon completion of the real estate projects less any unpaid billings. Such deposits are necessary for the continuing construction and development of real estate projects of the Group. These are carried at cost less any impairment in value.

Impairment of Nonfinancial Assets

The Group assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase in OCI. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

<u>Security Deposits</u>
Security deposits represent deposits required by lease agreements. These can be recovered upon termination of the lease agreement through refund or application to unpaid rent and/or other charges. These also include deposits of homeowners for their extension, fence construction and landscaping works which will be refunded after considering any charges.

<u>Advance Rent</u>
Advance rent includes three-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last three months rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings.

<u>Equity</u>
Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Group less dividends declared. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by the subsidiaries.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Business Combinations and Goodwill
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 NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the financial assets and 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.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in consolidated statement of income.

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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Revenue and Cost Recognition for Real Estate Sales

Revenue from Contract with Customers
The Group primarily derives its real estate revenue from the sale of developed horizontal and vertical real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity services in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The disclosures of significant accounting judgments and estimates relating to revenue from contracts with customers are provided in Note 5.

Real estate sales
The Group derives its real estate revenue from sale of developed house and lot and condominium units. Revenue from the sale of these real estate project is spread over time across the course of the construction since the Group's performance does not create an asset with an alternative use and the Group has an enforceable right for performance completed to date.

In measuring the progress of performance obligation over time, the Group uses input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, house construction costs, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contracts receivable, is included in the "Receivables" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contracts receivable are included in the "Contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Other income is recognized if buyers forfeit their reservation fees and partial payments when not proceeding with the contract. The income recognized is net of any amount required to be returned to the buyers.

Costs of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of real estate sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes cost as an asset only when it gives rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

<u>Contract Balances</u>
Installment Contracts Receivable
An installment contracts 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). It also includes the difference between the consideration received from the customer and the transferred goods or services to a customer.

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.

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. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Operating expenses" account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, derecognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within operating expenses.

Capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Rental Income
The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to the ownership of the investment properties. Rental income from leased properties is accounted for on a straight-line basis over the lease term and is included in the revenue in the consolidated statement of comprehensive income due to its operating nature, except for contingent rental income which is recognized when it arises.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognized as a reduction of rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise the option. For more information on the judgment involved, refer to Note 5.

The tenant lease incentives are considered in the calculation of “Accrued rental receivable” in the line item “Receivables” in the consolidated statement of financial position.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of comprehensive income when the right to receive them arises.

The contracts for commercial and office spaces leased out by the Group to its tenants include the rights to charge for the electricity usage, water usage, air-conditioning charges and CUSA like maintenance janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

For the provision of CUSA and air-conditioning of the buildings, the Group acts as a principal because it retains the right to direct the service provider of air-conditioning, maintenance, janitorial and security to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air-conditioning charges.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The consideration charged to tenants for these services is based on a fixed amount as agreed with the tenants.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis. For more information, please refer to Note 5.

Interest Income
Interest is recognized using the effective interest method, i.e., the rate, that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Unearned discount is recognized as income over the terms of the financial assets at amortized cost using the effective interest method and is shown as deduction for the financial assets.

Other Revenue
Other revenue is recognized when earned.

Proceeds from Insurance Claims
Proceeds received from insurance claims are recognized when it is virtually certain that an inflow of economic benefit will flow to the Group, and this is recorded as “Proceeds from insurance claims” in the consolidated statements of comprehensive income. Loss from fire, which is equivalent to the carrying values of the assets, is recognized as when the event happened.

Pension Cost

Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit (PUC) method.

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit 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 high quality corporate 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 profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current tax

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 substantively enacted at the reporting date.

The Group periodically evaluates the income tax positions taken in situations where the applicable tax regulations are subject to interpretation and considers these positions separately from other uncertainties. The Group assesses whether or not it is probable that those income tax positions will be accepted by the tax authorities, where if not, the Group recognizes additional income tax expense and liability relating to those positions.

Deferred tax
Deferred tax is provided on temporary differences using the liability method, with certain exceptions, 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, with certain exceptions. Deferred tax liabilities shall be recognized for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in foreseeable future. Otherwise, no deferred tax liability is set up.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax assets shall be recognized for deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized in OCI. Deferred tax items recognized in correlation to the underlying transaction either in OCI 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 tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

<u>Borrowing Costs</u>
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in “Real estate inventories” and “Investment properties” accounts in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which these occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

Operating Expenses
Operating expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Operating expenses are recognized:

- 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 expenditure produces 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 statement of financial position as an asset.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessee
Lease liabilities
At the commencement date of the lease, the Group recognizes the liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and Leases of low-value assets
The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group applies the low-value assets recognition exemption to leases of underlying assets with a value, when new, of ₱0.25 million and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessee recognizes the right-of-use assets and lease liability as a separate new lease after assessing that the consideration for the lease increases by an amount commensurate with the stand-alone price and any adjustments to that stand-alone price reflects the circumstances of the particular contract. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use assets, without affecting profit or loss. For lease termination, the difference between the right-of-use assets and lease liability is recognized in the profit or loss.

Group as a Lessor
Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Pretermination is defined as termination of lease contract by the lessee or lessor before the end of the lease term. In the case of pretermination of an operating lease, a lessor derecognizes the accrued rental receivable which is the effect of straight-line calculation of rental income and is charged against rental income in the statement of comprehensive income.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period.

The functional currency of C&P International Limited and VII is the US Dollar. As of reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses at the weighted average rates for the year. The exchange differences arising on the translation are recognized in OCI under “Cumulative Translation Adjustment”. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation shall be recognized in profit or loss in the consolidated statement of comprehensive income.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income attributable to the equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2023, 2022 and 2021, the Group has no potential dilutive common shares (see Note 30).

Segment Reporting

The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These 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 disclosed when an inflow of economic benefits is probable.

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

5. Material Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue from contracts with customers

Existence of a 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 contract 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 the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments (buyer's equity) 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.

Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Determination of the lease term
The Group determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Group determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the land where investment properties are situated that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

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:

  a. The customer is experiencing financial difficulty or is insolvent
  b. The customer is in breach of financial covenant(s)
  c. An active market for that financial assets has disappeared because of financial difficulties

d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
e. 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 (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information
The Group considers a range of relevant forward-looking macro-economic assumptions (i.e., inflation rate and GDP growth rate for commercial segment and bank lending rate, inflation rate or GDP growth rate for residential segment) for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Significant increase in credit risk
The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors. The Group's cash and cash equivalents, short-term cash investments, investments at amortized cost, and restricted cash are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates
Upon adoption of the Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments,* the Group has assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined based on its assessment, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

Assessment of Joint Control
The investment in VVTI is accounted for as investment in joint venture despite the Group owning 60%, this is because the relevant activities such as matters related to project development, approval of annual budget and programme, change in joint venture business structure and distribution of dividends among others of the Group and Mitsubishi Estate Co., Ltd. require the unanimous consent of both parties. Even though the Group holds 60% ownership interest on these arrangements, their respective joint arrangement agreements require unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of progress when revenue is recognized over time
The Group's real estate sales is recognized over time and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours expended, and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Total estimated project development cost involves significant estimate since it requires technical determination by management's specialists (project engineers). Estimated project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

See Notes 7, 11, and 12 for the related balances.

Provision for expected credit losses of financial assets
Cash and cash equivalents, short-term cash investments, investments at amortized cost and restricted cash:

The Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group uses external credit rating approach to calculate ECL for cash and cash equivalents, short-term cash investments, investments at amortized cost, and restricted cash. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. These information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Installment contracts receivables, accounts receivable and accrued rental receivable:

The Group uses vintage analysis to calculate ECLs for installment contracts receivable. The PD rates using vintage analysis are based on default counts of contract issuances in a given period for groupings of various customer segments that have similar loss patterns (e.g., by customer's type of financing and employment).

The vintage analysis is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The Group also considers the timing of re-sale of the covered properties and related costs in determining the expected net recoveries.

For third-party receivable from tenants and accrued rental receivables, the Group recognizes a loss allowance based on lifetime ECLs. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

For related party receivables from tenants, including the accrued rental receivable, the Group considers the ability to pay of the related party and considers factors whether the related party is a listed company or not, its current results of operations and the projected cash flows from operations. The assessment also includes the assumption of the liability of the related parties' parent company and future plans of payments for remaining uncollected receivables such as entering into property exchange or joint venture arrangements wherein land properties will be received as form of settlement, which are to be used in the Group's planned expansion activities. The collectability assessment also includes the continuing commitment to provide financial support to these related parties and common control entities by Fine Properties, Inc. and the assessment of the latter's capacity to provide such financial support.

The assessment of the relationship between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The collectability of the significant portion of its receivables from real estate sales is impacted by the continuing employment of its customers, both the overseas contract workers and locally employed customers.

Tenants which belong to micro, small and medium enterprise and those operating under entertainment, non-essentials and food industries were previously adversely affected due to temporary closure of mall operations which increased the risk of non-collection of the remaining receivables. The Group has updated its assumptions as various tenants has recovered from the impact of the pandemic.

Considering the above, the Group revisited the expected credit loss exercise as at December 31, 2023 and 2022 for its receivables.

For the installment contracts receivable, the calculation of the probability of default (PD) was updated by further segmenting the buyers tagged as overseas Filipino workers based on location of employment (e.g., Middle East, Europe, East Asia, etc.).

For installment contracts receivable and receivables from tenants, the PD scenario used in the calculation of ECL were assigned with 33% equal probability for all scenarios as of December 31, 2023 and 2022, and 30% best, 33% base, and 37% worse and 31% best, 33% base, and 36% worst case probability scenario as of December 31, 2021, respectively. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

As a result of the loss estimation, management recognized impairment loss for receivable from tenants and investments at amortized cost in each period presented.

Further details are provided in Notes 10, 11 and 32.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. 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. These estimates may include considerations of liquidity, volatility, and correlation.

Further details about the fair value of financial instruments are provided in Note 31.

Evaluation of net realizable value of real estate inventories
Real estate inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the estimated selling price of the real estate inventories in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of these assets. In determining the recoverability of these assets, management considers whether these assets are damaged, if their selling prices have declined and management's plan in discontinuing the real estate projects. Estimated selling price is derived from publicly available market data and historical experience, while estimated selling costs are basically commission expense based on historical experience. In evaluating NRV, recent market conditions and current market prices have been considered.

Further details are provided in Note 12.

Evaluation of impairment of nonfinancial assets
The Group reviews project development costs, investment in joint venture, property and equipment, investment properties, goodwill, and other nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. Fair value less costs to sell pertain to quoted prices and for fair values determined using discounted cash flows or other valuation technique such as multiples. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect project development costs, investment in joint venture, property and equipment, investment properties, goodwill, and other nonfinancial assets.

For goodwill, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value in use of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the future cash flows for the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of cash flows.

Further details are provided in Notes 8, 13, 14, 15, 16, and 17.

Determining the fair value of investment properties
The Group discloses the fair values of its investment properties. The Group's investment properties consist of land and land developments and building and building improvements. For properties for leasing, the fair values were derived using income approach as determined by third party appraisers while land properties held for capital appreciation were based on market-based listing of the properties of the same features and locations as determined by management. Fair values of right of use asset were determined using the latest discount rate every end of reporting period based on remaining cash flows while that of construction in progress is aligned with cost as management believes the values of cost represents the current replacement cost as of balance sheet date.

Further details are provided in Note 14.

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

Further details are provided in Note 27.

6. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three reportable operating segments as follows:

Horizontal Projects
This segment pertains to the development and sale of residential house and lot across the Philippines.

Vertical Projects
This segment caters on the development and sale of residential condominium projects across the Philippines.

Commercial and others
This segment pertains to rental of malls and office spaces, hotel operations, and activities of holding companies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss before income tax and earnings before income tax, depreciation and amortization (EBITDA) and other gains/losses. Other gains/losses include loss (gain) from fire, interest income, provision for impairment losses and cost-out of capitalized borrowing cost. Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating income or loss, excluding interest income from installment contracts receivable. No operating segments have been aggregated to form the above reportable operating business segments. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess performance of the Group.

Transfer prices between operating segments are based on the agreed terms between the related parties.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS. The segment assets are presented separately from the advances a to related party, investments at fair value through other comprehensive income (FVOCI), investments at amortized cost and deferred taxes. Segment liabilities are presented separately from the deferred tax liabilities.

The financial information about the operations of these operating segments is summarized below:

	December 31, 2023				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real estate revenue (Note 7)	**₱9,814,162**	**₱5,414,322**	**₱–**	**₱–**	**₱15,228,484**
Rental income (Notes 14 and 34)	**–**	**–**	**16,191,431**	**(170,001)**	**16,021,430**
Parking, hotel, mall administrative and processing fees, and others (Note 25)	**745,278**	**264,408**	**1,118,715**	**(23,520)**	**2,104,881**
	10,559,440	**5,678,730**	**17,310,146**	**(193,521)**	**33,354,795**
Costs and operating expenses (Note 24)	**6,826,007**	**3,571,149**	**4,445,522**	**(23,520)**	**14,819,158**
Segment income before income tax	**3,733,433**	**2,107,581**	**12,864,624**	**(170,001)**	**18,535,637**
Proceeds from insurance claims (Note 24)	**–**	**–**	**1,841,156**	**–**	**1,841,156**
Interest income from installment contracts receivable and interest income from investments and other income (Note 25)	**505,999**	**93,421**	**1,209,162**	**–**	**1,808,582**
Interest and other financing charges (Note 25)	**(356,598)**	**(21)**	**(5,329,021)**	**–**	**(5,685,640)**
Depreciation and amortization (Note 24)	**(836,829)**	**(28,839)**	**(2,023,356)**	**–**	**(2,889,024)**
Income before income tax	**3,046,005**	**2,172,142**	**8,562,565**	**(170,001)**	**13,610,711**
Provision for income tax (Note 27)	**777,971**	**514,400**	**2,026,276**	**–**	**3,318,647**
Net income	**₱2,268,034**	**₱1,657,742**	**₱6,536,289**	**(₱170,001)**	**₱10,292,064**
Other Information					
Segment assets	**₱123,946,924**	**₱23,929,978**	**₱147,276,690**	**(₱258,617)**	**₱294,894,975**
Advances to a related party (Note 29)	**7,559,440**	**–**	**–**	**–**	**7,559,440**
Investment in joint venture (Note 17)	**–**	**499,448**	**–**	**–**	**499,448**
Investments at FVOCI (Note 10)	**12,158**	**–**	**120,000**	**–**	**132,158**
Investments at amortized cost (Note 10)	**–**	**–**	**39,209,417**	**–**	**39,209,417**
Deferred tax assets - net (Note 27)	**104,627**	**–**	**1,083**	**–**	**105,710**
Total Assets	**₱131,623,149**	**₱24,429,426**	**₱186,607,190**	**(₱258,617)**	**₱342,401,148**
Segment liabilities	**₱13,763,051**	**₱8,844,209**	**₱178,819,711**	**(₱88,616)**	**201,338,355**
Deferred tax liabilities - net (Note 27)	**492,700**	**435,502**	**7,273,230**	**–**	**8,201,432**
Total Liabilities	**₱14,255,751**	**₱9,279,711**	**₱186,092,941**	**(₱88,616)**	**₱209,539,787**
Capital expenditures	**₱15,616,691**	**₱8,615,489**	**₱2,882,950**	**₱–**	**₱27,115,130**

**For the year ended December 31, 2023, EBITDA amounts to ₱20,252.11 million.*

	December 31, 2022				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real estate revenue (Note 7)	₱8,402,272	₱4,387,606	₱–	₱–	₱12,789,878
Rental income (Notes 14 and 34)	–	–	14,135,752	(393,494)	13,742,258
Parking, hotel, mall administrative and processing fees, and others (Note 25)	708,601	292,840	627,244	(21,340)	1,607,345
	9,110,873	4,680,446	14,762,996	(414,834)	28,139,481
Costs and operating expenses (Note 24)	5,229,702	3,111,737	4,210,076	–	12,551,515
Segment income before income tax	3,881,171	1,568,709	10,552,920	(414,834)	15,587,966
Interest income from installment contracts receivable and interest income from investments and other income (Note 25)	909,341	55,511	717,686	–	1,682,538
Interest and other financing charges (Note 25)	(429,929)	(35,853)	(4,752,105)	–	(5,217,887)
Depreciation and amortization (Note 24)	(656,089)	(25,285)	(1,957,479)	–	(2,638,853)
Income before income tax	3,704,494	1,563,082	4,561,022	(414,834)	9,413,764
Provision for income tax (Note 27)	522,632	312,616	1,185,866	–	2,021,114
Net income	₱3,181,862	₱1,250,466	₱3,375,156	(₱414,834)	₱7,392,650
Other Information					
Segment assets	₱99,716,662	₱23,922,805	₱149,522,455	(₱186,312)	₱272,975,610
Advances to a related party (Note 29)	7,042,276	–	–	–	7,042,276
Investment in joint venture (Note 17)	–	468,074	–	–	468,074
Investments at FVOCI (Note 10)	12,158	–	105,000	–	117,158
Investments at amortized cost (Note 10)	–	–	41,499,484	–	41,499,484
Deferred tax assets - net (Note 27)	111,464	–	–	–	111,464
Total Assets	₱106,882,560	₱24,390,879	₱191,126,939	(₱186,312)	₱322,214,066
Segment liabilities	₱20,217,005	₱7,822,545	₱164,603,249	(₱186,312)	₱192,456,487
Deferred tax liabilities - net (Note 27)	1,664,144	152,292	4,290,951	–	6,107,387
Total Liabilities	₱21,881,149	₱7,974,837	₱168,894,200	(₱186,312)	₱198,563,874
Capital expenditures	₱12,089,005	₱6,323,525	₱4,103,770	₱–	₱22,516,300

**For the year ended December 31, 2022, EBITDA amounts to ₱17,007.09 million.*

	December 31, 2021				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real estate revenue (Note 7)	₱13,602,441	₱3,795,490	₱–	₱–	₱17,397,931
Rental income (Notes 14 and 34)	–	–	9,851,733	(539,013)	9,312,720
Parking, hotel, mall administrative and processing fees, and others (Note 25)	1,282,740	178,395	901,204	(215,465)	2,146,874
	14,885,181	3,973,885	10,752,937	(754,478)	28,857,525
Costs and operating expenses (Note 24)	10,074,372	1,842,673	4,092,032	(754,478)	15,254,599
Segment income before income tax	4,810,809	2,131,212	6,660,905	–	13,602,926
Interest income from installment contracts receivable and interest income from investments and other income (Note 25)	763,936	26,230	1,533,716	–	2,323,882
Interest and other financing charges (Note 25)	(355,563)	(29,651)	(3,930,116)	–	(4,315,330)
Depreciation and amortization (Note 24)	(651,485)	(31,113)	(2,003,985)	–	(2,686,583)
Income before income tax	4,567,697	2,096,678	2,260,520	–	8,924,895
Provision for income tax (Note 27)	977,371	324,020	656,258	–	1,957,649
Net income	₱3,590,326	₱1,772,658	₱1,604,262	₱–	₱6,967,246
Other Information					
Segment assets	₱111,933,085	₱17,782,356	₱128,248,850	(₱511,958)	₱257,452,333
Advances to a related party (Note 29)	6,085,189	–	–	–	6,085,189
Investment in joint venture (Note 17)	–	458,772	–	–	458,772
Investments at FVOCI (Note 10)	41,499	–	83,000	–	124,499
Investments at amortized cost (Note 10)	–	–	49,817,450	–	49,817,450
Deferred tax assets - net (Note 27)	48,279	–	105	–	48,384
Total Assets	₱118,108,052	₱18,241,128	₱178,149,405	(₱511,958)	₱313,986,627
Segment liabilities	₱27,576,766	₱5,707,468	₱163,704,772	(₱511,958)	₱196,477,048
Deferred tax liabilities - net (Note 27)	1,017,709	133,280	3,831,662	–	4,982,651
Total Liabilities	₱28,594,475	₱5,840,748	₱167,536,434	(₱511,958)	₱201,459,699
Capital expenditures	₱14,615,731	₱4,078,229	₱2,445,640	₱–	₱21,139,600

**For the year ended December 31, 2021, EBITDA amounts to ₱15,652.27 million.*

Capital expenditures consists of construction costs, land acquisition and land development costs.

The reconciliation of the Group's income before income tax to EBITDA and other gains/losses is as follows (amounts in millions):

	2023	2022
Income before income tax	**₱13,611**	₱9,414
Interest and other financing charges	**5,686**	5,218
Depreciation and amortization	**2,889**	2,639
Proceeds from insurance claims	**(1,841)**	–
Interest income and others	**229**	(264)
EBITDA and other gains/losses	**₱20,574**	₱17,007

Rental income amounting to ₱12,394.34 million or 77.36%, ₱11,506.05 million or 83.73%, and ₱7,113.08 million or 76.38% of the commercial segment of the Group was generated from anchor tenants as defined in Note 29 for the years ended December 31, 2023, 2022 and 2021, respectively.

There is no cyclicality in the Group's operations.

7. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types and other geographical location within the Philippines.
The Group's disaggregation of each source of revenue from contracts with customers are presented below:

	2023	2022	2021
		(Amounts in Thousands)	
Type of Product			
Real estate sales			
Horizontal	**₱9,814,162**	₱8,402,272	₱13,602,441
Vertical	**5,414,322**	4,387,606	3,795,490
	15,228,484	12,789,878	17,397,931
Hotel operations (Note 25)	**133,346**	103,138	89,267
	₱15,361,830	₱12,893,016	₱17,487,198

All of the Group's real estate sales and revenue from room accommodation services are revenue from contracts with customers that are recognized over time, except for hotel operation's sale of food and beverages which are at point in time. There are no inter-segment eliminations among revenue from contracts with customers on real estate, as these are all sold to external customers as disclosed in the segment information in 2023 and 2022 (see Note 6).

Contract Balances

	2023	2022
Installment contracts receivable (Note 11)	**₱34,274,453,178**	₱35,296,250,329
Cost to obtain contract	**510,675,843**	740,176,709
Contract liabilities	**2,025,370,670**	2,143,601,801

Installment contracts receivable are from real estate sales which are collectible in equal monthly principal installments with various terms up to a maximum of 15 years. These are recognized at amortized cost using the effective interest method. Interest rates, which vary depending on the term of the receivable, ranges from 5.56% to 16.00% per annum, 2.43% to 19.00%, and 2.44% to 19.00% per annum in 2023, 2022 and 2021, respectively. The corresponding titles to the residential units sold under this arrangement are transferred to the customers only upon full payment of the contract price.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred by the Group based on percentage of completion. The movement in contract liability is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold and from increase in percentage of completion.

The amount of revenue recognized in 2023 and 2022 from amounts included in contract liabilities at the beginning of the year amounted to ₱495.82 million and ₱799.11 million, respectively.

b. Performance obligations

Information about the Group's performance obligations are summarized below:

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 reservation agreement is fixed and has no variable consideration.

The sale of real estate unit covers subdivision land, residential house units, and condominium 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.

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 20% - 40% of the contract price to be paid over a maximum of 48 months at a fixed payment for vertical developments 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 customer does not necessarily coincide with the progress of construction, which results to either an installment contracts receivable or contract liability.

After the delivery of the completed real estate unit, the Group provides one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2023 and 2022 are, as follows:

	2023	2022
Within one year	**₱8,190,047,037**	₱8,619,451,367
More than one year	**3,785,834,615**	6,665,369,229
	₱11,975,881,652	₱15,284,820,596

The remaining performance obligations expected to be recognized within one year and more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units are completed within three to five years from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space, (b) provisioning of water and electricity, and (c) connection to air conditioning system, (d) CUSA services, and (e) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 30 days upon receipt of the bill. Except for related party tenants, in case of delay in payments, a penalty of 5% is charged for the amount due and shall be charged another 5% the following month of delay and every month thereafter inclusive of penalties previously charged. Except for related party tenants, the lease arrangement would typically require a tenant to pay advance rental equivalent to two (2) to four (4) months and a security deposit equivalent to two (2) to four (4) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In various dates in 2021, certain third party and related party tenants of the Group operating within the entertainment, food and low-priced apparel retailing have requested for the termination of their lease contracts with the Group prior to the original end dates. The requests, as granted by the Group, are primarily due to the impact of COVID 19 pandemic to their business. As a result, the Group reversed the accrued rental receivable which is the effect of straight-line calculation of rental income of those tenants who pre-terminated the contracts, amounting to ₱38.81 million against rental income for the year ended December 31, 2021 (see Note 11). The related deferred tax liability of ₱9.70 million for the reversed accrued rental receivable from tenants was reversed in 2021. Of these terminated tenants in 2021, ₱2.84 million were related parties. The specific portion relating to the termination of related party tenants are further included in the related party transactions disclosure of the Group (see Note 29). There was no reversal of accrued rental receivables due to the impact of COVID-19 pandemic in 2023 and 2022.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Group came up with its own waiver scheme that applies to different classifications of lessees based on their respective financial position and performance before and during the community quarantine, their status as an essential vis-à-vis non-essential service, and their growth projections. The Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Granting of concessions were extended up to December 31, 2021 and beyond depending on the tenant's profile and credit. The rent concessions granted by the Group to its tenants for the years ended December 31, 2022 and 2021 amounted to ₱39.18 million and ₱240.65 million, respectively.

In January 2022, due to the fire that hit Star Mall Alabang in Muntinlupa City, the tenants pre-terminated the contracts that resulted to reversal of the Group's accrued rental receivables, which is the effect of straight-line calculation of rental income, amounting to ₱385.01 million with related deferred tax liabilities of ₱96.25 million. Of these terminated tenants, ₱377.77 million were related parties (see Note 29).

c. Cost to Obtain Contract

The balances below pertain to the cost to obtain contract presented in consolidated statements of financial position:

	2023	2022
Balance at beginning of year	**₱740,176,709**	₱898,663,714
Net additions	**454,998,698**	435,533,435
Amortization (Note 24)	**(684,499,564)**	(594,020,440)
Balance at end of year	**₱510,675,843**	₱740,176,709

8. Goodwill

On December 29, 2015, VLCC, a wholly owned subsidiary of VRI, acquired 100% ownership of MRHI for a total cash consideration of ₱157.00 million. MRHI owns and operates the Boracay Sands Hotel. The transaction was accounted for as a business combination under acquisition method. Fair values of identifiable net assets of MRHI amounted to ₱9.73 million, which resulted to recognition of goodwill of ₱147.27 million.

The recoverable amount is based on value in use calculations using cash flow projections from financial budgets approved by the Group's management covering the period the CGU is expected to be operational. The pre-tax discount rate used on December 31, 2023 and 2022 are 8.23% and 9.78% respectively, which is based on weighted average cost of capital of comparable entities. The average growth rate used is 4.00% as of December 31, 2023 and 2022. The value-in-use computation is most sensitive to the discount rate and growth rate applies to the cash flow projection. There is no impairment loss recognized since acquisition.

9. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱14,662,374**	₱13,210,348
Cash in banks	**8,281,651,521**	8,640,751,874
Cash equivalents	**2,395,838,245**	6,416,242,404
	₱10,692,152,140	₱15,070,204,626

Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of changes in value.

The Group earns interest from cash in banks and cash equivalents as follows:

	2023	**2022**	2021
Philippine Peso	**0.01% to 4.25%**	0.01% to 1.25%	0.03% to 0.50%
US Dollar	**0.06% to 1.50%**	0.06% to 0.13%	0.05% to 0.13%

Interest earned from cash in banks and cash equivalents for the years ended December 31, 2023, 2022 and 2021 amounted to ₱210.10 million, ₱45.84 million and ₱34.08 million, respectively (see Note 25).

No cash and cash equivalents are used to secure the obligations of the Group.

10. Investments

Short-term cash investments
Short-term cash investments consist of money market placements with maturities of more than three (3) months up to one (1) year and earn annual interest at the respective short-term investment rates, as follows:

	2023	2022	2021
Philippine Peso	**1.26%**	0.10% to 3.13%	1.00% to 4.00%

As of December 31, 2023, and 2022, short-term cash investments amounted to ₱7.32 million and ₱47.28 million, respectively.

Interest earned from short-term cash investments for the years ended December 31, 2023, 2022 and 2021 amounted to ₱0.09 million, ₱1.12 million and ₱2.47 million, respectively (see Note 25).

Investments at amortized cost
This account consists of the Group's investments in various US dollar-denominated debt securities with nominal interest rates ranging from 0.58% to 8.88%, 0.25% to 8.00% and 1.00% to 7.75% for the years ended December 31, 2023, 2022 and 2021, respectively.

In 2023, 2022 and 2021, effective interest rate ranges from 0.12% to 10.74%, 1.05% to 7.19% and 0.39% to 10.82%, respectively.

Investments at amortized cost amounting to $548.24 million (₱30,355.86 million) and $552.94 million (₱30,829.00 million) are used to secure the bank loans of the Parent Company amounting to ₱27,546.54 million and ₱27,477.92 million as of December 31, 2023 and 2022, respectively.

The fair values of the investments used as collateral amounted to ₱31,319.04 million and ₱31,409.51 million as of December 31, 2023 and 2022 respectively (see Note 20).

Interest income from these investments including amortization of premium amounted to ₱984.53 million, ₱931.41 million and ₱1,507.49 million in 2023, 2022 and 2021, respectively (see Note 25).

Provision for (recovery from) expected credit loss amounting to (₱100.43 million), ₱23.29 million and ₱15.53 million were recognized in 2023, 2022 and 2021 on these investments, respectively (see Note 24).

The following presents the breakdown of investments by contractual maturity dates as of December 31, 2023 and 2022:

	2023	2022
Due in one (1) year or less	**₱18,425,130,586**	₱9,440,433,583
Due after one (1) year through five (5) years	**20,503,648,593**	31,629,125,036
Due after five (5) years	**280,638,050**	429,925,463
	₱39,209,417,229	₱41,499,484,082

The rollforward analysis of investments at amortized cost follow:

	2023	2022
Balance at beginning of year	**₱41,499,484,082**	₱49,817,449,839
Additions	**17,958,242,982**	12,921,556,055
Redemptions*	**(19,557,879,066)**	(24,461,735,580)
Amortization of premium	**(485,189,637)**	(437,030,746)
Recovery from (provision for) expected credit loss (Note 24)	**100,431,968**	(23,289,723)
Cumulative translation adjustment	**(305,673,100)**	3,682,534,237
Balance at end of year	**₱39,209,417,229**	₱41,499,484,082

**These include early redemptions initiated by the issuer/s.*

Investment at fair value through FVOCI

The investment at fair value through FVOCI consists of investments in golf club shares and preferred shares in utility companies carried at fair value which the Group irrevocably elected to classify as FVOCI.

	2023	2022
Balance at beginning of year	**₱117,158,380**	₱124,499,183
Unrealized fair value gain during the year	**15,000,000**	22,000,000
Disposals	**–**	(29,340,803)
Balance at end of year	**₱132,158,380**	₱117,158,380

11. **Receivables**

This account consists of:

	2023	2022
Installment contracts receivable (Note 7)	**₱34,274,453,178**	₱35,296,250,329
Accounts receivable:		
Tenants (Note 29)	**9,672,214,138**	10,141,422,954
Home Development Mutual Fund (HDMF)	**362,103,100**	185,386,869
Buyers	**184,969,070**	171,303,255
Others	**59,816,222**	44,839,102
Advances to:		
Contractors and suppliers	**10,916,450,265**	9,796,524,267
Private companies (Note 29)	**2,672,917,254**	1,407,176,313
Brokers	**297,454,553**	153,347,171
Accrued rental receivable (Note 29)	**22,905,714,492**	17,387,952,584
Receivables from related parties (Note 29)	**3,218,440,000**	–
Accrued interest receivable	**390,958,484**	444,938,814
	84,955,490,756	75,029,141,658
Less allowance for impairment losses	**1,552,389,443**	628,505,247
	83,403,101,313	74,400,636,411
Less noncurrent portion	**31,191,466,002**	21,166,092,635
Current portion	**₱52,211,635,311**	₱53,234,543,776

Installment Contracts Receivable

Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of 15 years. These are carried at amortized cost. The corresponding titles to the subdivision or condominium 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 except for those with installment terms within two years. Annual nominal interest rates on installment contracts receivables range from 12.00% to 16.00% and 12.00% to 19.00% in 2023 and 2022, respectively. Total interest income recognized amounted to ₱539.02 million, ₱671.52 million and ₱726.01 million in 2023, 2022 and 2021, respectively (see Note 25).

In 2023 and 2022, installment contracts receivables with a total nominal amount of ₱690.37 million and ₱559.06 million, respectively, were recorded at amortized cost amounting to ₱638.75 million and ₱526.98 million, respectively. These are installment contracts receivables that are to be collected in two years which are noninterest-bearing. The fair value upon initial recognition is derived using discounted cash flow model at discount rates ranging from 5.56% to 7.74% and 2.43% to 7.13% in 2023 and 2022, respectively.

Interest income recognized from these receivables amounted to ₱67.28 million, ₱29.83 million and ₱48.43 million in 2023, 2022 and 2021, respectively (see Note 25). The unamortized discount amounted to ₱40.38 million and ₱56.03 million as of December 31, 2023 and 2022, respectively.

Rollforward in unamortized discount arising from noninterest-bearing receivables is as follows:

	2023	2022
Balance at beginning of year	**₱56,034,328**	₱53,780,521
Additions	**51,623,950**	32,080,586
Accretion (Note 25)	**(67,277,317)**	(29,826,779)
Balance at end of year	**₱40,380,961**	₱56,034,328

In 2023 and 2022, the Group entered into various purchase agreements with financial institutions whereby the Group sold its installment contracts receivables on a with recourse basis. These installment contracts receivables on a with recourse basis are used as collateral to secure the corresponding loans payable obtained. The purchase agreements provide substitution of contracts which will default. The Group still retains the sold receivables in the installment contracts receivables account and records the proceeds from these sales as loans payable.

As of December 31, 2023, the carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱5,059.73 million and ₱7,443.72 million, respectively (see Note 20).

As of December 31, 2022, the carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱4,310.47 million and ₱5,334.62 million, respectively (see Note 20).

Accounts Receivable

The accounts receivables are noninterest-bearing and collectible within one year. This consists of:

Receivable from tenants

Receivables from tenants represent the outstanding receivables arising from the lease of commercial centers relating to the Group's mall and offices and are collectible within 30 days from billing date. Except for lease contracts with related parties, these are covered by security deposit of tenants' equivalent to 2 to 4-month rental and 2 to 4-month advance rental paid by the lessees. This includes both the billed fixed and contingent portion of lease.

Receivable from HDMF

Receivable from HDMF pertains to amounts retained by HDMF from the proceeds of loans availed by real estate buyers. This amount is released by HDMF upon the release of the related title to the property by the Group to HDMF within a six-month to one year period from loan takeout date.

Receivable from buyers

Receivables from buyers mainly consist of receivables from buyers of real estate arising from restructured amortization including interest and penalties for late payments. These are noninterest-bearing and are due and demandable.

Others

Other receivables are noninterest-bearing and are due and demandable.

Advances to contractors and suppliers
Advances to contractors are advance payments in relation to the Group's construction activities and are recouped through reduction against progress billings as the construction progresses. Advances to suppliers are advance payments for the purchase of construction materials and are applied to billings for deliveries made. Recoupment occur within one to five years from the date the advances were made. Current portion of these advances are for the construction of inventories, while advance payments for the construction of investment properties are presented as noncurrent portion.

Advances to private companies
Advances to private companies pertain to advances made by the Group to third parties to facilitate the transfer of title to the buyers. These include expected charges for documentary stamp taxes, transfer fees, registration fees, city and business tax and notarial expenses. These advances are liquidated by the private companies once the purpose for which the advances were made had been accomplished.

Advances to brokers
Advances to brokers are cash advances for operating use. These are applied to subsequent commission payout to brokers.

Accrued Rental Receivable
Accrued rental receivable pertains to the effect of straight-line calculation of rental income. The noncurrent portion of accrued rent receivable are expected to be realized beyond one year from the reporting date.

Accrued Interest Receivable
Accrued interest receivable pertains to income earned from investments at amortized cost.

Allowance for Impairment Losses
The rollforward analysis of allowance for impairment losses are as follow:

	Receivable from tenants	Accounts Receivable - buyer and others	Advances to private companies	Advances to Contractors and suppliers	Total
Balance at January 1, 2022	₱497,186,046	₱–	₱126,761,771	₱6,106,983	₱630,054,800
Recoveries during the year (Note 24)	(1,549,553)	–	–	–	(1,549,553)
Balance at December 31, 2022	495,636,493	–	126,761,771	6,106,983	628,505,247
Provision during the year (Note 24)	523,013,817	395,595,740	–	5,274,639	923,884,196
Balance at December 31, 2023	**₱1,018,650,310**	**₱395,595,740**	**₱126,761,771**	**₱11,381,622**	**₱1,552,389,443**

The Group has directly written off its specifically impaired receivable from third-party tenants arising from the fire in Starmall Alabang amounting to ₱24.53 million in 2023 and this is included on the "Provision for impairment losses on receivables" account under "Operating expenses" in the consolidated statements of comprehensive income (see Note 24).

Set out below is the information about the credit risk exposure on the Group's accounts receivable from third party tenants using a provision matrix:

	2023					
		Days past due				
	Current	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total**
Average expected credit loss rates	**14.14%**	**22.22%**	**42.37%**	**53.60%**	**60.09%**	
Amount of exposure at default net of advance rent and security deposits	**₱98,530,332**	**₱16,074,222**	**₱10,751,129**	**₱7,972,972**	**₱88,266,347**	**₱221,595,002**
Expected credit loss	**₱13,933,697**	**₱3,571,498**	**₱4,554,795**	**₱4,273,456**	**₱53,036,590**	**₱79,370,036**

	2022					
	Current	Days past due				
		1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Average expected credit loss rates	3.34%	5.75%	10.04%	13.75%	11.20%	
Amount of exposure at default net of advance rent and security deposits	₱42,987,382	₱8,357,504	₱449,441	₱7,811,847	₱77,662,922	₱137,269,096
Expected credit loss	₱1,436,931	₱480,358	₱45,119	₱1,074,323	₱8,698,848	₱11,735,579

In 2023, out of the total impairment loss of ₱923.88 million, ₱844.51 million pertains to specifically impaired receivables, while ₱79.37 million is from generally impaired receivables from expected credit loss testing (see Note 24).

In 2022, the Group has no specifically impaired receivables.

In 2021, out of the total impairment loss of ₱427.75 million, ₱402.96 million pertains to specifically impaired receivables, while ₱24.79 million is from generally impaired receivables from expected credit loss testing (see Note 24). The specifically identified impaired accounts pertain to tenants which were affected by the pandemic, thus terminated the lease contracts prior to the original end date.

For the accounts receivable from related party tenants, the expected credit loss from the impairment exercise using a provision matrix is zero as of December 31, 2023 and 2022 (see Note 5).

12. Real Estate Inventories

The rollforward analysis of this account follows:

	2023	2022
Balance at beginning of year	**₱53,533,899,417**	₱49,596,883,277
Construction/development costs incurred	**12,099,427,086**	5,869,649,043
Borrowing costs capitalized (Note 25)	**3,509,509,742**	2,943,918,362
Purchases of construction materials and others	**473,166,204**	463,973,383
Additions to land	**208,776,211**	202,442,008
Transfers from investment properties (Note 14)	**58,463,403**	–
Costs of real estate sales (Note 24)	**(6,112,020,965)**	(5,542,966,656)
Balance at end of year	**₱63,771,221,098**	₱53,533,899,417

The real estate inventories are carried at cost. No inventory is recorded at amount lower than its cost in 2023 and 2022.

This account consists of:

	2023	2022
Subdivision land for sale	**₱30,817,164,894**	₱23,054,061,619
Subdivision land for development	**20,318,261,604**	17,825,746,331
Condominium units for sale and development	**10,389,887,858**	9,732,496,239
Residential house for sale and development	**1,171,967,698**	1,179,296,520
Construction materials and others	**1,073,939,044**	1,742,298,708
	₱63,771,221,098	₱53,533,899,417

Subdivision land (e.g., lot only) for sale and development includes real estate subdivision projects in which the Group has been granted License to Sell (LTS) 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.

Construction materials pertain to supplies, such as but not limited to steel bars, cement, plywood and hollow blocks, used in the construction and development. These are expected to be utilized within one year and included in the cost of real estate inventories upon utilization.

Real estate inventories recognized as costs of real estate sales amounted to ₱6,112.02 million in 2023, ₱5,542.97 million in 2022, ₱8,533.40 million in 2021, and are included as costs of real estate sales in the consolidated statements of comprehensive income (see Note 24).

Borrowing cost capitalized to inventories amounted to ₱3,509.51 million, ₱2,943.92 million and ₱2,752.40 million in 2023, 2022 and 2021, respectively (see Note 25). The capitalization rate used to determine the borrowing costs eligible for capitalization is 6.95%, 6.47% and 6.66% in 2023, 2022 and 2021, respectively.

13. **Other Current Assets**

This account consists of:

	2023	2022
Input VAT	**₱3,559,749,034**	₱3,423,807,481
Creditable withholding taxes	**1,473,868,086**	1,575,617,117
Prepaid expenses	**1,056,595,349**	546,331,346
Restricted cash	**323,916,368**	143,411,220
Others	**33,806,221**	35,591,414
	₱6,447,935,058	₱5,724,758,578

Input VAT
Input VAT is a tax imposed on purchases of goods, professional and consulting services, and construction costs. These are available for offset against output VAT in future periods.

Creditable withholding taxes
Creditable withholding taxes pertain to taxes withheld by the customer and are recoverable and can be applied against income tax in future periods. For the years ended December 31, 2023, 2022 and 2021, creditable withholding taxes applied to income tax payable amounted to ₱983.71 million, ₱819.85 million and ₱857.63 million, respectively.

Prepaid expenses
Prepaid expenses mainly include advertising and marketing fees, taxes and licenses, rentals and insurance paid in advance. These are to be fully amortized within one year.

Restricted cash
Cash restricted for use are deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid. Deposit balance should be equivalent to two quarters of debt amortization. Interest income from cash restricted for use amounted to ₱7.56 million, ₱2.83 million and ₱5.40 million in 2023, 2022 and 2021, respectively (see Note 25). The current and

noncurrent portion of the restricted cash pertain to the two quarters of debt amortization for the bank loans maturing on or before December 31, 2023 and bank loans maturing beyond December 31, 2023, respectively. The noncurrent portion of this account is presented as noncurrent restricted cash under "Other noncurrent assets" in the Group's consolidated statements of financial position (see Note 17).

14. Investment Properties

The rollforward of analysis of this account follows:

	2023				
	Land and Land Developments	**Building and Building Improvements**	**Construction in Progress**	**Right-of-use Assets**	**Total**
Cost					
Balances at beginning of year	**₱63,738,889,690**	**₱58,207,880,072**	**₱5,053,402,011**	**₱5,066,106,297**	**₱132,066,278,070**
Additions	**6,027,799,163**	**415,566,459**	**2,662,970,717**	**–**	**9,106,336,339**
Transfers to real estate inventories (Note 10)	**(58,463,403)**	**–**	**–**	**–**	**(58,463,403)**
Retirement (Note 24)	**–**	**(184,700,871)**	**–**	**–**	**(184,700,871)**
Balances at end of year	**69,708,225,450**	**58,438,745,660**	**7,716,372,728**	**5,066,106,297**	**140,929,450,135**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**–**	**13,030,061,731**	**–**	**692,618,440**	**13,722,680,171**
Depreciation and amortization (Note 24)	**–**	**2,361,473,936**	**–**	**209,216,860**	**2,570,690,796**
Retirement (Note 24)	**–**	**(20,051,570)**	**–**	**–**	**(20,051,570)**
Balances at end of year	**–**	**15,371,484,097**	**–**	**901,835,300**	**16,273,319,397**
Net Book Value	**₱69,708,225,450**	**₱43,067,261,563**	**₱7,716,372,728**	**₱4,164,270,997**	**₱124,656,130,738**

	2022				
	Land and Land Developments	Building and Building Improvements	Construction in Progress	Right-of-use Assets	Total
Cost					
Balances at beginning of year	₱59,562,465,614	₱56,343,159,680	₱4,500,891,214	₱5,066,106,297	₱125,472,622,805
Additions	4,176,424,076	1,640,235,738	2,933,530,813	–	8,750,190,627
Write off (Note 24)	–	(1,962,779,198)	(193,756,164)	–	(2,156,535,362)
Reclassifications	–	2,187,263,852	(2,187,263,852)	–	–
Balances at end of year	63,738,889,690	58,207,880,072	5,053,402,011	5,066,106,297	132,066,278,070
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	11,964,167,066	–	516,628,719	12,480,795,785
Depreciation and amortization (Note 24)	–	2,239,064,970	–	175,989,721	2,415,054,691
Write off (Note 24)	–	(1,173,170,305)	–	–	(1,173,170,305)
Balances at end of year	–	13,030,061,731	–	692,618,440	13,722,680,171
Net Book Value	₱63,738,889,690	₱45,177,818,341	₱5,053,402,011	₱4,373,487,857	₱118,343,597,899

Investment properties include properties, currently being leased out, for future leasing or currently held for capital appreciation. The commercial centers include retail malls, commercial centers within residential projects, Vistamalls and Starmalls that are located in key cities and municipalities in the Philippines and office spaces.

Rental income earned from investment properties amounted to ₱16,021.43 million, ₱13,742.26 million and ₱9,312.72 million in 2023, 2022 and 2021, respectively. Repairs and maintenance costs recognized under "Operating expenses" arising from investment properties amounted to ₱382.66 million, ₱156.65 million and ₱160.53 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24). Cost of property operations amounted to ₱5,284.74 million, ₱5,625.67 million and ₱4,069.32 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24). For the terms and conditions on the lease, refer to Note 34.

As of December 31, 2023, the aggregate fair values of investment properties amounted to ₱637,875.42 million, using Level 3 (significant unobservable inputs).

The fair values of the investment properties held for leasing were determined by independent professionally qualified appraisers while that for land and land developments were determined by management.

In the determination of fair values, market value approach method was used for land and land development, income approach method was used for completed and substantially completed malls and office buildings for rent, cost approach method was used for construction in progress under early stage of construction and discounted cash flow method was used for right-of-use asset.

The key assumptions used to determine the fair value of the investment properties held for leasing are the estimated rental value per sqm per year, rental growth rate per annum, vacancy rate and discount rate. The discount rate used in the valuation range from 9.20% to 9.60% and 8.77% to 9.70% in 2023 and 2022, respectively. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long-term vacancy rate.

The parcels of land are mainly located in Bulacan, Tagaytay, Tanza, Bacoor, Dasmariñas, General Trias, Caloocan, Imus, Laguna, Muntinlupa, Nueva Ecija, Pangasinan, Tarlac, Ilocos Sur, Iloilo, Cagayan de Oro and Bacolod. The market price per square meter of the land ranges between ₱4,505 to ₱126,000 in Mega Manila, ₱18,584 to ₱47,566 in Northern Luzon, ₱8,955 to ₱63,725 in Southern Luzon, ₱5,500 to ₱404,040 in Central Luzon, ₱6,000 to ₱109,639 in Visayas, and ₱15,068 to ₱48,252 in Mindanao.

The fair value measurement using unobservable data in active market is Level 3 of the fair value hierarchy.

Investment properties with carrying value of ₱370.56 million are used to secure the bank loans of the Group as of December 31, 2023 (see Note 20). The fair value of the investment properties used as collateral amounted to ₱5,575.57 million under market approach as of December 31, 2023.

Borrowing cost capitalized to investment properties amounted to ₱2,594.83 million, ₱2,702.61 million and ₱3,671.16 million for years ended December 31, 2023, 2022 and 2021, respectively (see Note 25). The capitalization rates used to determine the borrowing costs eligible for capitalization is 6.95%, 6.47% and 6.66% in 2023, 2022 and 2021, respectively, for general borrowings and ranges from 5.70% to 8.25% for specific borrowings in 2023, 2022 and 2021.

Depreciation and amortization expense charged to operations amounted to ₱2,570.69 million and ₱2,415.05 million and ₱2,441.07 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24).

In 2023, the Group has written off its investment properties that were identified as no longer functioning as intended, with carrying value of ₱164.65 million and this was included under “Repairs and maintenance and loss on asset retirement” account under “Operating expenses” in the consolidated statements of comprehensive income (see Note 24).

On January 8, 2022, a fire hit Star Mall Alabang in Muntinlupa City which resulted to loss of assets with carrying value of ₱983.37 million (see Note 24).

The total contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancement amounted to ₱1,839.38 million and ₱2,139.91 million as of December 31, 2023 and 2022, respectively.

15. Property and Equipment

The rollforward analysis of this account follow:

	2023							
	Land	**Hotel Building**	**Building and Building Improvements**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Construction Equipment**	**Other Fixed Assets**	**Total**
Cost								
Balances at beginning of year	**₱83,333,600**	**₱794,394,692**	**₱461,823,991**	**₱941,358,954**	**₱1,091,878,461**	**₱1,333,412,183**	**₱344,551,951**	**₱5,050,753,832**
Additions	–	**85,609,531**	**319,425,472**	**31,957,825**	**89,771,200**	**75,094,043**	**76,725,949**	**678,584,020**
Write off (Note 24)	–	–	–	–	–	**(88,916,310)**	–	**(88,916,310)**
Balances at end of year	**83,333,600**	**880,004,223**	**781,249,463**	**973,316,779**	**1,181,649,661**	**1,319,589,916**	**421,277,900**	**5,640,421,542**
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	**179,939,378**	**290,901,951**	**800,591,074**	**989,478,352**	**272,264,761**	**216,491,828**	**2,749,667,344**
Depreciation and amortization (Note 24)	–	**26,039,751**	**10,891,951**	**54,772,374**	**101,971,284**	**31,710,221**	**29,217,556**	**254,603,137**
Balances at end of year	–	**205,979,129**	**301,793,902**	**855,363,448**	**1,091,449,636**	**303,974,982**	**245,709,384**	**3,004,270,481**
Net Book Value	**₱83,333,600**	**₱674,025,094**	**₱479,455,561**	**₱117,953,331**	**₱90,200,025**	**₱1,015,614,934**	**₱175,568,516**	**₱2,636,151,061**

	2022							
	Land	Hotel Building	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost								
Balances at beginning of year	₱83,333,600	₱737,782,010	₱452,945,633	₱941,358,954	₱1,049,843,577	₱1,333,412,183	₱305,568,320	₱4,904,244,277
Additions	–	56,612,682	8,878,358	–	50,957,987	–	38,983,631	155,432,658
Write off (Note 24)	–	–	–	–	(8,923,103)	–	–	(8,923,103)
Balances at end of year	83,333,600	794,394,692	461,823,991	941,358,954	1,091,878,461	1,333,412,183	344,551,951	5,050,753,832
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	176,439,830	284,347,999	743,667,096	929,290,053	260,053,295	193,555,593	2,587,353,866
Depreciation and amortization (Note 24)	–	3,499,548	6,553,952	56,923,978	65,510,868	12,211,466	22,936,235	167,636,047
Write off (Note 24)	–	–	–	–	(5,322,569)	–	–	(5,322,569)
Balances at end of year	–	179,939,378	290,901,951	800,591,074	989,478,352	272,264,761	216,491,828	2,749,667,344
Net Book Value	₱83,333,600	₱614,455,314	₱170,922,040	₱140,767,880	₱102,400,109	₱1,061,147,422	₱128,060,123	₱2,301,086,488

Depreciation and amortization expense charged to operations amounted to ₱254.60 million, ₱167.64 million and ₱205.75 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24).

The Group performed impairment testing on its hotel property and equipment with carrying value of ₱674.03 million and ₱614.46 million as of December 31, 2023 and 2022, respectively, by assessing its recoverable amount through estimation of its value-in-use (VIU). VIU is the present value of the future cash flows expected to be derived from an asset. The significant assumptions used in the valuation are discount rate of 8.23% with an average growth rate of 4.00%. Based on the impairment testing, there is no impairment loss on the Group's hotel property and equipment.

The Group's transportation equipment with a carrying value of ₱15.61 million and ₱9.75 million as of December 31, 2023 and 2022, respectively, were pledged as collateral under chattel mortgage to secure the car loans of the Group with various financial institutions (see Note 20).

The fire that hit Star Mall Alabang in Muntinlupa City resulted to a loss of assets with carrying value of ₱3.56 million in 2022 (see Note 24).

16. **Project Development Costs**

Project development costs pertain to (a) advances to a related party, covered by memorandum of agreement for the purchase of socialized housing units, (b) advances to third and related parties for project developments.

The requirement for socialized housing units is required by the Housing and Land Use Regulatory Board (HLURB) (see Note 29). These advances are recouped upon receipt of the socialized housing units from Bria Homes. On December 23, 2019, the Group entered into a Memorandum of Agreement with Bria Homes, Inc. that stipulated the allocated socialized housing units to the Group from the latter's ongoing and new projects. On December 21, 2020, the Group executed an amended Memorandum of Agreement with Bria Homes, Inc. that stipulated the number of socialized housing credits to be delivered as final settlement of the advances from its on-going projects under different documentation stages after deducting the partial delivery of social housing credits and cash payments.

This account also includes deposits, cash advances and other charges in connection with joint venture agreements and memorandum of agreements entered into by the Group with individuals, corporate entities and related parties for the development of real estate projects. These agreements provide, among others, the following: a) the Group will undertake the improvement and development of the real estate project within a certain period, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divide among themselves all saleable inventory and commercial development of the real estate project in accordance with the ratio mutually agreed. The real estate projects are in various stages of development from planning to ongoing construction.

17. **Investment in Joint Venture and Other Noncurrent Assets**

Investment in Joint Venture
Vista Ventures Taft, Inc. (VVTI) was incorporated in the Republic of the Philippines primarily to engage in real estate activities particularly from construction and sale of condominium project at Taft Avenue, Manila. VRI originally subscribed for 4,587,718 shares of stock of VVTI with par value of ₱100 per share amounting to ₱458.77 million. As of December 31, 2019, VVTI was previously a wholly owned subsidiary of VRI. On November 27, 2020, VRI executed a joint venture agreement (JVA) with Mitsubishi Estate Corp. (MEC). VVTI is 60% owned by VRI and 40% owned by MEC, however, it was agreed in the JVA that at least affirmative vote of four board representatives are required in board reserved matters which include the budget and design of the condominium project.

VVTI's principal place of business is LGF Bldg B Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City.

Below is the financial information on VVTI as of December 31, 2023 and 2022:

	2023	2022
Current assets	**₱2,158,030,541**	₱1,174,604,349
Noncurrent assets	**2,213,544**	109,799,098
Current liabilities	**222,861,570**	90,636,796
Noncurrent liabilities	**1,084,986,183**	393,660,755
Equity	**852,396,332**	800,105,896
Proportion of Group's ownership	**60%**	60%
Group's share in identifiable net assets	**511,437,798**	480,063,538
Other adjustments	**(11,989,749)**	(11,989,749)
Carrying amount of the investment	**₱499,448,049**	₱468,073,789
Revenue	**₱169,605,706**	₱89,215,418
Net income	**52,290,436**	15,503,316
Total comprehensive income	**52,290,436**	15,503,316

Below is the reconciliation with the carrying amount of the investment in the consolidated financial statements:

	2023	2022
At beginning of year	**₱468,073,789**	₱458,771,799
Share in equity earnings during the year	**31,374,260**	9,301,990
At end of year	**₱499,448,049**	₱468,073,789

Other Noncurrent Assets
This account consists of:

	2023	2022
Deposits	**₱630,110,886**	₱657,772,888
Model house accessories at cost	**174,286,682**	166,240,657
Deferred input VAT	**79,906,037**	51,706,852
Systems development costs	**40,836,783**	44,901,634
Cash restricted for use - net (Note 13)	**10,848,491**	156,205,793
	₱935,988,879	₱1,076,827,824

Amortization of system development costs amounted to ₱63.73 million, ₱56.16 million and ₱39.77 million for the years ended December 31, 2023, 2022 and 2021, respectively. These are included in the "Depreciation and amortization" account under "Operating expenses" in the consolidated statements of comprehensive income (see Note 24).

18. **Accounts and Other Payables**

This account consists of:

	2023	2022
Accounts payable		
Contractors	**₱5,329,525,074**	₱1,931,756,942
Suppliers	**2,851,391,542**	2,620,364,458
Incidental costs	**2,090,433,184**	2,118,285,618
Buyers	**1,096,012,563**	1,373,924,136
Accrued expenses	**2,184,783,101**	1,806,443,825
Current portion of deferred output tax	**2,007,448,590**	1,217,685,114
Current portion of liabilities for purchased land	**1,745,507,099**	1,679,558,285
Commissions payable	**1,629,257,467**	1,857,564,642
Current portion of retention payable	**1,152,301,636**	919,332,613
Other payables	**430,690,617**	365,627,633
	₱20,517,350,873	₱15,890,543,266

Accounts payable - contractors
Accounts payable - contractors pertain to contractors' billings for construction services related to the development of various projects of the Group. These are expected to be settled within a year after the financial reporting date.

Accounts payable - suppliers
Accounts payable - suppliers represent payables for construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not yet due. These are expected to be settled within a year from recognition date.

Accounts payable - incidental costs
Accounts payable - incidental costs pertain to liabilities incurred in relation to land acquired. These include payable for titling costs, clearing, security and such other additional costs incurred.

Accounts payable - buyers
Accounts payable - buyers pertain to refunds arising from the cancellation of contract to sell agreement which is determined based on the required refund under the Maceda Law.

Accrued expenses
Details of accrued expenses as follow:

	2023	2022
Interest	**₱1,589,407,383**	₱1,442,359,902
Subdivision maintenance and licenses	**169,976,477**	94,018,993
Light and power	**111,759,773**	34,099,817
Repairs and maintenance	**58,264,145**	32,156,650
Security	**55,167,310**	29,459,913
Rental	**43,706,583**	36,044,987
Contracted services	**37,668,623**	43,660,128
Marketing	**32,228,464**	37,610,937
Others	**86,604,343**	57,032,498
	₱2,184,783,101	₱1,806,443,825

Deferred output tax
Deferred output tax pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date. Further, upon collection of the VAT portion of installment receivables, the equivalent output tax is included in the current VAT payable of the month. Deferred output VAT pertaining to installment receivables that are beyond one year after reporting date are presented as noncurrent liabilities (see Note 22).

Liabilities for purchased land
Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate payables. Liabilities for purchased land that are payable beyond one year from reporting date are presented as noncurrent liabilities (see Note 22).

Commissions payable
Commissions payable pertains to fees due to brokers for services rendered which are expected to be settled within one year.

Retention payable
Retention payable pertains to 10.00% retention from the contractors' progress billings which will be released after the completion of contractors' project and upon acceptance of the work by the Group. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects. Retention payables that will be settled beyond one year from reporting date are presented as noncurrent liabilities (see Note 22).

Other payables
Other payables include statutory payables which are remitted on a monthly basis.

19. Security Deposits and Advance Rent

This account consists of:

	2023	2022
Current portion of security deposits (Note 22)	**₱1,167,057,893**	₱996,146,370
Current portion of advance rent (Note 22)	**845,985,875**	860,377,419
	₱2,013,043,768	₱1,856,523,789

Current portion of security deposits
Security deposits represent deposits required by lease agreements. These can be recovered upon termination of the lease agreement through refund or application to unpaid rent and/or other charges. Security deposit also include bond deposits of homeowners for their house extension, fence construction and landscaping works which will be refunded after considering any charges. Current portion are those to be settled within one year from financial reporting date.

Current portion of advance rent
Advance rent includes three-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last three months rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings. Current portion are those to be settled within one year from financial reporting date.

20. Bank Loans and Loans Payable

Bank Loans
Bank loans pertain to the borrowings of the Group from various local financial institutions. These bank loans are obtained to finance capital expenditures and for general corporate purposes.

The rollforward analysis of this account follows:

	2023	2022
Balance at beginning of year	**₱56,044,615,331**	₱57,096,825,507
Availment*	**39,917,136,939**	44,832,843,792
Payment*	**(42,689,694,166)**	(45,885,053,968)
Balance at end of year	**53,272,058,104**	56,044,615,331
Debt issue cost		
Balance at beginning of year	**97,792,214**	104,483,644
Additions	**34,946,237**	50,533,616
Amortizations	**(43,648,542)**	(57,225,046)
Balance at end of year	**89,089,909**	97,792,214
Carrying value	**53,182,968,195**	55,946,823,117
Less current portion	**25,874,160,220**	11,561,568,479
Noncurrent portion	**₱27,308,807,975**	₱44,385,254,638

**Gross of bank loans that were rolled over during the year (see Note 33).*

Details of the bank loans as of December 31, 2023 and 2022 follow:

Loan Type	Date of Availment	2023	2022	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
VLLI							
Bank loan	December 2023	**₱6,465,053,763**	₱–	December 2028	7.54%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	December 2023	**1,600,000,000**	–	December 2026	7.10%	Interest and 70% of principal payable quarterly and 30% of principal payable upon maturity	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	June 2022	**6,974,384,611**	8,958,978,014	June 2027	7.13%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	October 2022	–	2,500,000,000	January 2023	4.00%	Interest payable monthly and principal payable upon maturity	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured;
Bank loan	June 2021	**2,493,341,306**	3,487,215,026	June 2026	4.75%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	June 2021	**2,353,055,000**	2,353,055,000	April 2024	6.80% in 2023 3.80% in 2022	Interest and principal payable upon maturity	Secured by hold-out investments at amortized cost
Bank loan	May 2021	**1,556,458,333**	2,178,958,333	May 2026	4.75%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	March 2020	**1,314,250,365**	2,363,197,742	March 2025	5.15%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	April 2018	**1,200,000,000**	2,000,000,000	April 2025	7.36%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	November 2022	**1,000,000,000**	1,000,000,000	Various maturities, renewed upon maturity subject to change in interest rate	8.00% in 2023, 7.00% in 2022	Interest payable monthly, principal payable annually upon maturity	–
Bank loan	October 2019	**315,789,474**	947,368,421	May 2024	5.54%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	October 2016	–	600,000,000	October 2023	5.00%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	May 2019	**200,000,000**	598,103,702	May 2024	7.15%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	November 2018	–	500,000,000	November 2023	8.17%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries

(Forward)

Loan Type	Date of Availment	2023	2022	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
Bank loan	October 2018	**₱–**	₱499,208,548	October 2023	7.99%	Interest and principal payable quarterly	Change of control provision wherein a material change of ownership of the major shareholder is not permitted; Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	September 2016	**–**	369,944,431	September 2023	5.00%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	Availed and/or renewed in various dates in 2023 and 2022	**24,708,470,535**	24,121,270,533	Various maturities, renewed upon maturity subject to change in interest rate	6.75% to 7.13% in 2023, 3.25% to 4.75% in 2022	Interest payable monthly and quarterly, principal payable upon maturity	Secured by hold-out of investments at amortized cost
		50,180,803,387	52,477,299,750				
VII							
Bank Loan	June 2023 June 2022	**1,035,019,035**	1,003,590,000	June 2024 June 2023	7.00% in 2023, 3.77% in 2022	Interest and principal payable upon maturity	Secured by hold-out of investments at amortized cost
MAPI							
Bank loan	July 2017	**234,375,000**	296,875,000	June 2027	6.23%	Interest and principal payable monthly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00
MC							
Bank loan	October 2022	**1,485,711,186**	1,877,523,044	October 2027	7.55%	Interest and principal payable quarterly	With investment properties used as collateral
HDC							
Bank loan	November 2023	**98,840,000**	–	November 2024	8.25%	Interest payable quarterly, principal payable upon maturity	Unsecured
Prima							
Bank Loan	March 2023	**1,134,564**	–	March 2025	8.05%	Interest and principal payable monthly	Chattel Mortgage
Brittany							
Bank loan	October 2022	**3,589,669**	4,237,586	October 2026	7.47%	Interest and principal payable monthly	Chattel Mortgage
VRI							
Bank loan	December 2017	**142,538,104**	285,110,678	December 2024	6.70%	Interest payable quarterly, principal payable upon maturity	Unsecured
Bank loan	Various	**957,250**	2,187,059	October 2024 and May 2023	6.92% in 2023, 10.50% in 2022	Interest and principal payable monthly	Chattel mortgage
		143,495,354	287,297,737				
		53,182,968,195	55,946,823,117				
Less current portion		**25,874,160,220**	11,561,568,479				
Bank loans, net of current portion		**₱27,308,807,975**	₱44,385,254,638				

In December 2023, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱6,500.00 million which bears annual fixed interest of 7.54%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the first interest payment date subject to prepayment option.

In December 2023, the Parent Company obtained a 3-year unsecured peso denominated loan amounting to ₱1,600.00 million which bears annual fixed interest of 7.10% payable quarterly. 70% of the principal amount of the loan will be paid in equal quarterly installments commencing on the second interest payment date, and the 30% balance will be paid in full on maturity date.

In October 2022, the Parent Company obtained a short-term unsecured peso denominated loan amounting to ₱2,500.00 million which bears annual fixed interest of 4.00% payable monthly. The principal is payable upon maturity in 2023.

In June 2022, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱10,000.00 million which bears annual fixed interest of 7.13%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the first interest payment date subject to prepayment option.

The Parent Company has various peso-denominated bank loans with fixed interest-rates ranging from 6.75% to 7.13% per annum and 3.25% to 4.75% per annum as of December 31, 2023 and 2022, respectively. In 2023 and 2022, these bank loans are renewable upon maturity subject to change in interest rates and/or hold-out amount of the investments at amortized cost of VII amounting to $548.24 million (₱30,355.86 million) and US$552.937 million (₱30,829.00 million) as of December 31, 2023 and 2022, respectively. No fees are charged by VII for its investments held as security.

As disclosed in Notes 10, 14, and 15, certain investments at amortized cost, property and equipment, and investment properties are used as collateral to the bank loans.

Subsidiaries of the Parent Company namely, Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences, Inc. acted as guarantors for selected bank loans of the Parent Company. No fees are charged for these guarantee agreements.

Loans Payable
These loans bear annual fixed interest rates ranging from 6.25% to 8.25% and 6.00% to 6.75% as at December 31, 2023 and 2022, respectively, payable on equal monthly installment over a maximum period of 10 years. Installment contracts receivable serve as collateral to the loans payable (see Note 11).

Movement of loans payable follows:

	2023	2022
Balance at beginning of year	**₱5,334,619,152**	₱3,779,511,014
Availments	**3,963,399,970**	4,715,767,761
Payments	**(1,854,295,772)**	(3,160,659,623)
Balance at end of year	**7,443,723,350**	5,334,619,152
Less current portion	**3,176,026,696**	3,767,253,212
Noncurrent portion	**₱4,267,696,654**	₱1,567,365,940

Interest expense on bank loans and loans payable amounted to ₱3,673.31 million, ₱3,197.46 million and ₱2,883.09 million in 2023, 2022 and 2021, respectively (see Note 25).

The Group was able to comply with the loan covenants as of December 31, 2023 and 2022.

21. Notes Payable

This account consists of:

	2023	2022
Dollar denominated bonds	**₱42,664,040,138**	₱42,931,186,590
Corporate note facility	**41,135,771,640**	34,628,130,134
Retail bonds	**24,348,969,861**	24,888,886,717
	108,148,781,639	102,448,203,441
Less current portion	**28,005,337,553**	12,745,831,195
Noncurrent portion	**₱80,143,444,086**	₱89,702,372,246

A. Dollar Denominated Bonds

a. US$220.00 million Notes (Due July 2027)
On May 17, 2021, VII (the Issuer) issued US$170.00 million notes ("Notes") with a term of six years from initial drawdown date. The interest rate is 7.25% per annum, payable semi-annually in arrears on January 20 and July 20 of each year beginning on January 20, 2022. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$172.60 million (₱9,556.63 million) and US$173.68 million (₱9,683.72 million), respectively.

On June 1, 2021, VII issued an additional US$50.00 million unsecured note, with similar terms and conditions as the above notes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$50.76 million (₱2,810.78 million) and US$51.08 million (₱2,848.15 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes on any business day or after July 20, 2024 and up to but excluding the Maturity date, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price, plus accrued and unpaid interest, if any, to (but not including) the date of redemption, if redeemed during the 12-month period commencing on July 20 of the years set forth below:

Period	Price
2024	103.6250%
2025	101.8125%
2026 and thereafter	100.0000%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Notes, the Parent Company and its subsidiaries that acted as guarantors, irrevocably and unconditionally, are: Vista Land & Lifescapes, Inc., Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants.

The incurrence test for additional debt requires the Group to have a (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x.

The Group was able to comply with loan covenants as of December 31, 2023 and 2022.

b. <u>US$200.00 million Notes (Due July 2027)</u>
On July 20, 2020, VII (the Issuer) issued US$ 200.00 million notes ("Notes") with a term of seven years from initial drawdown date. The interest rate is 7.25% per annum, payable semi-annually in arrears on January 20 and July 20 of each year beginning on January 20, 2021. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$198.62 million (₱10,997.85 million) and US$198.30 million (₱11,056.18 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes on any business day or after July 20, 2024 and up to but excluding the Maturity date, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price, plus accrued and unpaid interest, if any, to (but not including) the date of redemption, if redeemed during the 12-month period commencing on July 20 of the years set forth below:

Period	Price
2024	103.6250%
2025	101.8125%
2026 and thereafter	100.0000%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Notes, the Parent Company and its subsidiaries that acted as guarantors, irrevocably and unconditionally, are: Vista Land & Lifescapes, Inc., Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants.

The incurrence test for additional debt requires the Group to have a (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x.

The Group was able to comply with loan covenants as of December 31, 2023 and 2022.

c. US$350.00 million Notes (Due November 2024)
On November 28, 2017, VII (the Issuer) issued US$350.00 million notes (“Notes”) with a term of seven years from initial drawdown date. The interest rate is 5.75% per annum, payable semi-annually in arrears on May 28 and November 28 of each year beginning on November 28, 2017. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2023, and 2022, outstanding balance of the note amounted to US$348.54 million (₱19,298.78 million) and US$346.93 million (₱19,343.13 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes on any business day or after November 28, 2021 and up to but excluding the Maturity date, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price, plus accrued and unpaid interest, if any, to (but not including) the date of redemption, if redeemed during the 12-month period commencing on November 28 of the years set forth below:

Period	Price
2021	102.8750%
2022	101.4375%
2023 and thereafter	100.0000%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Notes, the Parent Company and its subsidiaries that acted as guarantors, irrevocably and unconditionally, are: Vista Land & Lifescapes, Inc., Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants.

The incurrence test for additional debt requires the Group to have a (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x.

The Group was able to comply with loan covenants as of December 31, 2023 and 2022.

d. US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII (the Issuer) issued US$300.00 million notes ("Notes") with a term of seven years from initial draw down date. The interest rate is 7.375% per annum, payable semi-annually in arrears on June 18 and December 17 of each year beginning on December 17, 2015. The Notes were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022, the amount due was fully paid. The outstanding balance of the note amounted to US$243.94 million (₱12,440.81 million) as of December 31, 2021.

On February 2, 2016, an additional unsecured note, with the same terms and conditions with the above notes, were issued by the Group amounting to US$125.00 million. The notes were issued at 102% representing yield to maturity of 6.979%. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022, the amount due was fully paid. The outstanding balance of the note amounted to US$124.97 million (₱6,373.55 million) as of December 31, 2021.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes, by giving notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the Notes is registered on the relevant record date to receive interest due on the relevant interest payment date.

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Notes, the Parent Company and its subsidiaries that acted as guarantors, irrevocably and unconditionally, are: Vista Land & Lifescapes, Inc., Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers and acquisitions and disposals; and certain other covenants.

The incurrence test for additional debt requires the Group to have a (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x.

e. US$2,000.00 million Medium Term Note Programme
On December 29, 2023, the Parent Company's BOD approved the establishment of a US$2,000.00 million Medium Term Note Programme pursuant to which the Issuer (VII) may from time to time issue US Dollar-denominated notes in such amount, with interest rate, and under such other terms and conditions as the Management of the Parent Company and/or the Issuer may subsequently approve or ratify. Accordingly, the Issuer has executed a Programme Agreement with DBS Bank Ltd. And HSBC, as Dealers, for the offer, sale and issuance of the Notes, which are guaranteed by the Parent Company and its subsidiaries namely Brittany Corporation, Crown Asia Properties, Inc., Camella Homes, Inc., Communities Philippines, Inc., Vistamalls, Inc., and Vista Residences, Inc., together with other ancillary agreements (see Note 36).

B. Corporate Note Facility

a. ₱10,000 million Corporate Notes (Due April 2026)
On April 4, 2023, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2026 amounting to ₱6,000.00 million at a fixed rate of 7.61% per annum, payable on maturity date.

On April 14, 2023, an additional issuance of Corporate Notes was made in the amount of ₱4,000.00 million due 2026, at a fixed interest of 7.63% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱105.22 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023, the outstanding balance of the Corporate Notes is ₱9,918.49 million.

The Corporate Notes do not provide early redemption at the option of the Issuer.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio of at least 1.00, maximum debt to equity at 2.50 and debt service coverage ratio of at least 1.00.

b. ₱6,000.00 million Corporate Notes (Due March 2027)
On March 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2027 amounting to ₱4,000.00 million at a fixed rate of 6.64% per annum, payable in equal 18 quarters commencing on the second interest payment date.

On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of ₱2,000.00 million due 2027, at a fixed interest of 7.24% per annum, payable in equal 18 quarters commencing on the second interest payment date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.36 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023 and 2022, the outstanding balance of the Corporate Notes is ₱4,643.22 million and ₱5,961.35 million, respectively.

The Corporate Notes provide early Redemption at the option of the Issuer as follows:

Early Redemption Date	Early Redemption Amount
3rd anniversary from issue date and interest payment thereafter	102.00%
4th anniversary from issue date and interest payment thereafter	101.00%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio of at least 1.00, maximum debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2023.

c. ₱12,000.00 million Corporate Notes (Due December 2025)
On January 31, 2023, an additional issuance of Corporate Notes was made in the amount of ₱2,900.00 million due 2025, at a fixed interest of 7.26% per annum, payable on maturity date.

On December 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2025 amounting to ₱8,600.00 million at a fixed rate of 7.93% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱88.84 million and ₱51.77 million for the 2023 and 2022 corporate notes, respectively. These were capitalized as debt issue cost and amortized over the life of the liability and were offset to the carrying value of the liability.

As of December 31, 2023 and 2022, the outstanding balance of the Corporate Notes is ₱11,402.86 million and ₱8,548.23 million, respectively.

The Corporate Notes do not provide early redemption at the option of the Issuer.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio of at least 1.00, maximum debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2023.

d. ₱15,000.00 million Corporate Notes (Due July 2024)
On July 15, 2019, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2024 amounting to ₱14,500.00 million at a fixed rate of 6.77% per annum, payable quarterly.

On October 17, 2019, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2024, at a fixed interest of 6.77% per annum, payable quarterly.

The proceeds of the corporate notes were utilized for the 2019 capital expenditures for commercial property projects, and to fund other general corporate expenses of the Group. The issue cost amounted to ₱159.91 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱2,810.51 million and ₱6,543.95 million, respectively.

The Corporate Notes provide early Redemption at the option of the Issuer as follows:

Early Redemption Date	Early Redemption Amount
3rd anniversary from issue date and interest payment thereafter	101.00%
4th anniversary from issue date and interest payment thereafter	100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2023 and 2022.

e. ₱8,200.00 million Corporate Notes (Due July 2025 and 2028)
On July 11, 2018, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long term corporate notes consisting of Seven-Year Corporate Notes due 2025 amounting to ₱1,700.00 million at a fixed rate of 7.4913% per annum, payable quarterly and Ten-Year Corporate Notes due 2028 amounting to ₱6,000.00 million at a fixed rate of 7.7083% per annum, payable quarterly.

On July 25, 2018, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2025, at a fixed interest of 7.4985% per annum.

The proceeds of the corporate notes were utilized for the 2018 capital expenditures for commercial property projects, and to fund other general corporate expenses of the Group. The issue cost amounted to ₱105.30 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱3,788.12 million and ₱4,810.31 million, respectively.

The Corporate Notes provide early Redemption at the option of the Issuer as follows:

Seven Year Notes:

Early Redemption Date	Early Redemption Amount
5th anniversary from issue date and interest payment thereafter	101.00%
6th anniversary from issue date and interest payment thereafter	100.50%

Ten Year Notes:

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2023 and 2022.

f. ₱10,000.00 million Corporate Notes (Due December 2026)
On December 28, 2016, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes with a principal amount of up to ₱8,000.00 million. On April 21, 2017, a consent solicitation was made for amendments to include among others, increasing the Corporate Notes principal amount to up to ₱10,000.00 million in respect to the second drawdown. Such amendments were consented by Note Holders representing at least fifty one percent (51%) of the outstanding Corporate Notes.

On April 27, 2017, the Issuer made such amendments to the Corporate Note Facility dated December 28, 2016. The first drawdown was at ₱5,150.00 million in 2016, at fixed interest of 6.19% per annum, payable quarterly. On May 3, 2017, the Issuer made its second drawdown at ₱4,850.00 million, at fixed interest of 6.23% per annum, payable quarterly.

The proceeds of the Corporate Notes were utilized for the 2017 capital expenditures, refinancing of existing indebtedness and to fund other general corporate expenses. The issue cost amounted to ₱38.72 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱8,572.57 million and ₱8,764.30 million, respectively.

The Corporate Notes provide early Redemption at the option of the Issuer as follows:

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2023 and 2022.

C. Retail Bonds

a. 2023 Fixed-rate Peso Retail Bonds
On December 6, 2023, the Parent Company issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱6,000.0 million. The proceeds of the issuance were used for refinancing maturing loan obligations as well as for general and corporate purposes. The issue costs amounted to ₱94.27 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 3-year Retail Bonds due on December 6, 2026 with interest rate of 7.54% per annum and 5-year Retail Bonds due on December 6, 2028 with interest rates of 7.69% per annum. This is the first tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱35,000.00 million to be offered within a period of three years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 6, 2024 for the first interest payment date and on March 6, June 6, September 6 and December 6 each year for each subsequent payment date.

As of December 31, 2023, the outstanding balance of the Retail Bonds is ₱5,907.27 million.

Redemption at the option of the Issuer
The 3-year Retail Bonds do not provide early redemption at the option of the Issuer.

The 5-year Retail Bonds provide early redemption at the option of the Issuer. The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

i. Three (3) years from issue date at early redemption price of 101.00%
ii. Four (4) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2023.

b. 2019 Fixed-rate Peso Retail Bonds
On December 18, 2019, the Parent Company (the Issuer) issued an unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance were used to fund the construction and completion of the various malls and condominium projects, redevelopment of existing malls, as well as for general corporate purposes. The issue costs amounted ₱91.07 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on June 18, 2025 with interest rate of 5.70% per annum. This is the third and last tranche offered out of the shelf registration of Peso Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million and initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱30,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 18, 2020, for the first interest payment date and on June 18, September 18, December 18 each year for each subsequent payment date.

As of December 31, 2023, and 2022, the outstanding balance of the Retail Bonds is ₱9,972.65 million and ₱9,955.86 million, respectively.

Redemption at the option of the Issuer
The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

iii. Three (3) years from issue date at early redemption price of 101.00%
iv. Four (4) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2023 and 2022.

c. 2018 Fixed-rate Peso Retail Bonds

On December 21, 2018, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance were used to fund the construction and completion of the various malls and for general corporate purposes. The issue costs amounted to ₱130.20 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on December 21, 2023 with interest rate of 8.00% per annum and 7-year Retail Bonds due on December 21, 2025 with interest rates 8.25% per annum. This is the second tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 21, 2019 for the first interest payment date and on March 21, June 21, September 21 and December 21 each year for each subsequent payment date.

As of December 31, 2023, and 2022, the outstanding balance of the Retail Bonds is ₱3,484.25 million and ₱9,957.33 million, respectively.

Redemption at the option of the Issuer

The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) 5-year Bonds:
   i. Three (3) years from issue date at early redemption price of 101.00%
   ii. Four (4) years from issue date at early redemption price of 100.50%
b) 7-year Bonds:
   i. Five (5) years from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants

The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2023, and 2022.

d. 2017 Fixed-rate Peso Retail Bonds

On August 8, 2017, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱5,000.00 million. The proceeds of the issuance were used to partially finance certain commercial development projects and for general corporate purposes. The issue costs amounted to ₱64.87 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 7-year Retail Bonds due on August 8, 2024 with interest rate of 5.75% per annum and 10-year Retail Bonds due on August 9, 2027 with interest rate of 6.23% per annum. This is the initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on November 8, 2017 for the first interest payment date and on February 8, May 8, August 8 and November 8 each year for each subsequent payment date.

As of December 31, 2023, and 2022, the outstanding balance of the Retail Bonds is ₱4,984.80 million and ₱4,975.70 million, respectively.

Redemption at the option of the Issuer
The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) 7-year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

b) 10-year Bonds:
   i. Seven (7) years from issue date at early redemption price of 102.00%
   ii. Eight (8) years from issue date at early redemption price of 101.00%
   iii. Nine (9) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2023 and 2022.

Movement of notes payable follows:

	2023	2022
Principal		
Balance at beginning of year	**₱102,735,489,800**	₱109,020,005,567
Drawdown	**18,900,000,000**	14,600,000,000
Principal payments	**(12,816,674,933)**	(23,876,278,143)
Translation adjustment	**(296,450,000)**	2,991,762,376
Balance at end of year	**108,522,364,867**	102,735,489,800
Debt issue cost		
Balance at beginning of year	**287,286,359**	1,089,772,044
Addition	**288,335,915**	103,531,880
Debt issue cost amortization	**(202,040,174)**	(894,209,203)
Translation adjustment	**1,128**	(11,808,362)
Balance at end of year	**373,583,228**	287,286,359
Carrying value	**108,148,781,639**	102,448,203,441
Less current portion	**28,005,337,553**	12,745,831,195
Noncurrent portion	**₱80,143,444,086**	₱89,702,372,246

Interest expense on Notes payable amounted to ₱7,714.46 million, ₱7,279.84 million and ₱7,560.99 million in 2023, 2022 and 2021, respectively (see Note 25).

The Group was able to comply with the loan covenants as of December 31, 2023 and 2022.

22. **Other Noncurrent Liabilities**

This account consists of:

	2023	2022
Liabilities for purchased land - net of current portion (Note 18)	**₱1,064,772,247**	₱1,239,086,896
Retention payable - net of current portion (Note 18)	**515,046,096**	728,337,670
Security deposits - net of current portion (Note 19)	**303,975,183**	432,970,627
Advance rent - net of current portion (Note 19)	**155,498,565**	67,088,536
Deferred output tax - net of current portion (Note 18)	**117,108,064**	711,514,445
	₱2,156,400,155	₱3,178,998,174

23. **Equity**

Capital Stock

The details of the Parent Company's capital stock as at December 31 follow:

	2023	2022	2021
Common			
Authorized shares	**17,900,000,000**	17,900,000,000	17,900,000,000
Par value per share	**₱1.00**	₱1.00	₱1.00
Issued shares	**13,114,136,376**	13,114,136,376	13,114,136,376
Outstanding shares	**11,945,799,461**	11,945,799,461	11,945,799,461
Value of shares issued	**₱13,114,136,376**	₱13,114,136,376	₱13,114,136,376
Preferred Series 1			
Authorized shares	**8,000,000,000**	8,000,000,000	8,000,000,000
Par value per share	**₱0.01**	₱0.01	₱0.01
Issued and outstanding shares	**3,300,000,000**	3,300,000,000	3,300,000,000
Value of shares issued	**₱33,000,000**	₱33,000,000	₱33,000,000
Preferred Series 2			
Authorized shares	**200,000,000**	200,000,000	200,000,000
Par value per share	**₱0.10**	₱0.10	₱0.10
Issued and outstanding shares	**–**	–	–
Value of shares issued	**₱–**	₱–	₱–

Preferred Series 1

Voting, non-cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10.00% per annum.

Preferred Series 2

On June 17, 2019, the Stockholders approved the reclassification of the unissued preferred capital stock of the Parent Company to create Two Hundred Million (200,000,000) non-voting, cumulative, non-participating, non-convertible and redeemable Series 2 preferred shares with par value of ₱0.10 each and the corresponding amendment of the Articles of Incorporation of the Parent Company. The Board likewise approved the shelf registration and listing of such redeemable Series 2 preferred shares.

The terms and conditions of any offering of the Series 2 preferred shares, including the dividend rate, redemption prices, and similar matters will be determined by the Board of Directors at a later date. None of these reclassified preferred shares are issued as of December 31, 2023 and 2022.

Registration Track Record

On July 26, 2007, the Parent Company launched its follow-on offer where a total of 8,538,740,614 common shares were offered at an offering price of ₱6.85 per share. The registration statement was approved on June 25, 2007.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2023:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2021	13,114,136,376	944
Add/(Deduct) Movement	−	(10)
December 31, 2022	13,114,136,376	934
Add/(Deduct) Movement	−	(4)
December 31, 2023	**13,114,136,376**	**930**

Treasury Shares

Treasury shares totaling 416,128,700 of the Parent Company amounting to ₱2,361.98 million as of December 31, 2023 and 2022 represents the shares of stock held by the Parent Company, while treasury shares amounting to ₱5,378.28 million as of December 31, 2023 and 2022 is attributable to the 752,208,215 shares issued by the Parent Company to MC during the acquisition of Vistamalls Group (formerly, Starmalls Group) in 2015. MC still holds the Parent Company shares as of December 31, 2023 and 2022. These treasury shares are recorded at cost. Total number of treasury shares as of December 31, 2023, 2022 and 2021 is 1,168,336,915.

On November 5, 2018, the BOD of the Parent Company approved the extension of the Share Buyback Program up to November 5, 2020 subject to the prevailing market price at the time of the buyback over a 24-month period but subject to periodic review by the management. There were no movement in the number and balance of treasury shares since 2021.

Retained Earnings

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries amounting to ₱66,307.19 million and ₱81,670.79 million as at and December 31, 2023 and 2022, respectively, which are not available for dividend declaration by the Parent Company until these are declared by the subsidiaries. The accumulated equity in undistributed earnings of consolidated subsidiaries pertains to the accumulated earnings of subsidiaries which have positive retained earnings balance only and excludes those that are in deficit position.

The Parent Company's retained earnings that is restricted to payments of dividends to the extent of cost of treasury shares amounted ₱2,361.98 million as at December 31, 2023 and 2022.

The BOD of the Parent Company approved the declaration of regular cash dividend amounting to ₱740.65 million or ₱0.0620 per share, ₱348.36 million or ₱0.0292 per share, and ₱298.64 million or ₱0.03 per share on September 29, 2023, September 30, 2022 and September 30, 2021, respectively. The dividend declarations are in favor of all stockholders of record as of October 16, 2023, October 14, 2022 and October 15, 2021 and paid on October 31, 2023, October 28, 2022 and October 29, 2021, respectively.

Noncontrolling Interest

Sale of VistaREIT, Inc.'s share through a public listing

On June 15, 2022, the Group sold through a public listing its 39.91% effective noncontrolling interest in VistaREIT, Inc. at ₱1.75 per share. As a result of the sale and buy-back transactions, the Group's ownership interest in VistaREIT, Inc. was diluted from 98.94% to 60.09%. In relation to the dilution without loss of control, the impact to the Group's additional paid-in-capital amounted to

₱29.28 million. The Group's noncontrolling interest increased by ₱4,197.40 million, as a result of the public offering of VistaREIT, Inc. The difference between the consideration and carrying value of the noncontrolling interest was credited to additional paid-in-capital as shown below:

	Consideration received, net of expenses	Carrying value of Non-controlling interests deemed disposed	Difference recognized within Equity as Additional paid-in-capital
39.91% in VistaREIT, Inc.	₱4,226,683,974	₱4,197,400,031	₱29,283,943

Dividends declaration
The BOD of VistaREIT, Inc. approved the declaration of regular cash dividend amounting to ₱102.39 million or ₱0.0386 per share, ₱103.99 million or ₱0.0392 per share, ₱105.05 million or ₱0.0396 per share and ₱106.11 million or ₱0.0400 per share on April 19, May 18, August 14 and November 14, 2023, respectively. The dividend declarations are in favor of all stockholders of record as of May 8, June 2, August 31 and December 14, 2023 and paid on May 29, June 26, September 21, 2023 and January 19, 2024, respectively.

The BOD of VistaREIT, Inc. approved the declaration of regular cash dividend amounting to ₱49.33 million or ₱0.0210 per share and ₱95.76 million or ₱0.0361 per share in August and November 2022, respectively. The dividend declarations are in favor of all stockholders of record as of August 30 and November 28, 2022 which were paid on September 20 and December 19, 2022, respectively.

The BOD of Vistamalls, Inc. approved the declaration of cash dividends amounting to ₱30.10 million or ₱0.0306 per share on September 28, 2023. The dividend declarations are in favor of all stockholders of record as of October 13, 2023 and paid on October 27, 2023.

The BOD of Vistamalls, Inc. approved the declaration of regular cash dividend amounting to ₱25.70 million or ₱0.0262 per share and ₱15.86 million or ₱0.02 per share on September 30, 2022 and September 30, 2021, respectively. The dividend declarations are in favor of all stockholders of record as of October 14, 2022 and October 15, 2021 and paid on October 27, 2022 and October 28, 2021, respectively.

The above declarations are reflected as dividend declared to noncontrolling interest in the consolidated statements of changes in stockholder's equity.

As at December 31, 2023 and 2022, the Group's total dividends payable amounted to ₱298.02 million and ₱96.02 million, respectively.

Capital Management
The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. No changes were made in the objectives, policies or processes for managing capital for the years ended December 31, 2023, 2022 and 2021.

The Group considers as capital the equity attributable to equity holders of the Parent Company. The following table shows the component of the Group's equity which it manages as capital as of December 31, 2023, 2022 and 2021:

	2023	2022	2021
Total paid-up capital	**₱43,831,849,668**	₱43,831,849,668	₱43,802,565,725
Retained earnings	**86,226,517,112**	78,311,116,523	72,539,569,939
Treasury shares	**(7,740,264,387)**	(7,740,264,387)	(7,740,264,387)
Other comprehensive income	**905,783,398**	798,914,337	778,073,767
	₱123,223,885,791	₱115,201,616,141	₱109,379,945,044

Financial Risk Assessment

The Group's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's counterparties remain diverse and outstanding balance of selected related parties are provided with financial support by Fine Properties, Inc., ultimate parent company. Out of the total rental income in 2023, ₱13,878.07 million or 86.62% are transactions with related parties. Out of the total rental income in 2022, ₱11,708.40 million or 85.20% are transactions with related parties (see Notes 7 and 29).

Exposure to changes in interest rates is reduced by regular availment of short-term loans which is collateralized by the installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

The Parent Company has a formal foreign exchange and interest risk management policy. The Parent Company actively monitors foreign exchange exposure and interest rate changes. And in addition, the Parent Company ensures that all loan covenants and regulatory requirements are complied with.

Exposure to foreign currency holdings are as follows:

	2023	2022
Cash and cash equivalents	**US$82,222,562**	US$26,030,098
Investments in amortized cost	**708,134,680**	744,318,610
Notes payable	**770,526,280**	769,997,069
Bank loans	**18,692,777**	18,000,000

Liquidity risk is addressed with long-term funding already locked in, while funds are placed on a short-term placement.

24. **Costs and Expenses**

Costs of real estate sales
Cost includes acquisition cost of land, materials, labor, and overhead in construction and development and capitalized borrowing costs. Costs of real estate sales recognized for the years ended December 31, 2023, 2022 and 2021 amounted to ₱6,112.02 million, ₱5,542.97 million and ₱8,533.40 million, respectively (see Note 12).

Operating expenses
This account consists of:

	2023	2022	2021
Depreciation and amortization (Notes 14, 15 and 17)	**₱2,889,023,944**	₱2,638,853,067	₱2,686,583,410
Salaries, wages and employee benefits (Note 26)	**1,594,011,055**	1,352,706,605	1,240,164,577
Repairs and maintenance and loss on asset retirement (Note 14)	**1,296,854,242**	1,275,583,294	891,734,526
Occupancy costs (Note 28)	**1,116,539,037**	765,608,912	629,177,751
Taxes and licenses	**1,076,078,779**	1,086,964,974	956,976,222
Provision for impairment losses on receivables and investments (Notes 10 and 11)	**847,977,636**	21,740,170	443,283,830
Contracted services	**748,110,261**	891,373,658	836,836,233
Commissions (Note 7)	**684,499,564**	606,144,722	829,743,095
Advertising and promotions	**561,135,676**	396,596,297	314,467,795
Transportation and travel	**148,030,852**	116,760,139	68,997,839
Office expenses	**50,417,825**	50,936,419	50,873,791
Representation and entertainment	**40,895,966**	34,489,441	29,379,618
Miscellaneous	**542,586,586**	409,643,180	429,561,405
	₱11,596,161,423	₱9,647,400,878	₱9,407,780,092

Operating expenses represent the cost of administering the business of the Group. These are recognized when the related services and costs have been incurred.

Occupancy cost
Occupancy cost consists of rental expenses relating to short-term lease and utilities expense such as light, power, and telephone charges.

Miscellaneous expenses
Miscellaneous expenses include dues and subscriptions, donations and other expenditures. This includes a net loss of ₱366.93 million from fire incident which hit Star Mall Alabang in Muntinlupa City on January 8, 2022. The net loss of ₱366.93 million is composed of the carrying values of the investment property and other related assets net of proceeds received from the insurance claims in 2022.

In 2023, the Group received proceeds from the insurance companies amounting to ₱1,841.16 million and this was reported as “Proceeds from insurance claims” in the statement of comprehensive income.

25. Interest and Other Income from Investments, Parking, Hotel, Mall Administrative and Processing Fees, and Other Revenue, and Interest and Other Financing Charges

Interest and other income from investments consist of:

	2023	2022	2021
Installment contracts receivable (Note 11)	**₱539,020,967**	₱671,515,534	₱726,012,272
Accretion of unamortized discount (Note 11)	**67,277,317**	29,826,779	48,432,788
	₱606,298,284	₱701,342,313	₱774,445,060
Interest income from:			
Cash and cash equivalents, short-term investments and cash restricted for use (Notes 9, 10 and 13)	**₱217,753,867**	₱49,785,418	₱41,946,510
Investments at amortized cost (Note 10)	**984,530,189**	931,410,352	1,507,491,031
	₱1,202,284,056	₱981,195,770	₱1,549,437,541

Parking, hotel, mall administrative and processing fee, and other revenue consist of:

	2023	2022	2021
Forfeitures	**₱959,872,802**	₱716,018,867	₱686,415,538
Mall administrative and processing fee	**482,316,867**	478,225,541	890,906,111
Sale of merchandise and other assets	**168,329,323**	3,778,467	–
Parking	**167,918,273**	137,168,131	121,887,432
Hotel (Note 7)	**133,346,071**	103,138,406	89,266,555
Loan processing fees from banks	**44,830,841**	37,722,319	276,951,662
Share in net earnings	**31,374,260**	9,301,990	7,043,055
Penalty and others	**116,892,302**	121,991,334	74,403,848
	₱2,104,880,739	₱1,607,345,055	₱2,146,874,201

Forfeitures pertain to forfeited reservation fees and payments for cancelled sales less of any amount refundable to buyers.

Parking pertains to payments from mall goers and tenants for use of the parking slots both for commercial and residential buildings.

Loan processing fees from banks pertain to payments from banks for processing of loan requirements in their behalf.

Penalty and others are payments from interest and surcharge for past due accounts. This also includes reversal of liabilities pertain to long-outstanding accounts payable - contractors which will not be settled anymore by the Group as assessed by management and sale of merchandise and other assets.

Interest and other financing charges consist of:

	2023	2022	2021
Interest incurred on:			
Notes payable (Note 21)	**₱7,714,456,144**	₱7,279,838,507	₱7,560,993,895
Bank loans and loans payable (Note 20)	**3,673,313,320**	3,197,461,584	2,883,093,299
Lease liabilities (Note 28)	**376,611,498**	373,231,355	287,930,761
Other bank charges	**25,601,894**	13,884,241	6,872,652
	11,789,982,856	10,864,415,687	10,738,890,607
Amounts capitalized (Notes 12 and 14)	**(6,104,343,199)**	(5,646,528,612)	(6,423,560,753)
	₱5,685,639,657	₱5,217,887,075	₱4,315,329,854

26. Retirement Plan

The Group has noncontributory defined benefit pension plan covering substantially all of its regular employees. The benefits are based on current salaries and years of service and related compensation on the last year of employment. The retirement benefit is the only long-term employee benefit.

The principal actuarial assumptions used to determine the pension benefits with respect to the discount rate, salary increases and return on plan assets were based on historical and projected normal rates.

The components of pension expense follow:

	2023	2022	2021
Current service cost	**₱44,116,935**	₱50,647,447	₱52,137,336
Interest income - net	**(23,468,994)**	(13,030,904)	(7,563,001)
Total pension expense	**₱20,647,941**	₱37,616,543	₱44,574,335

Pension expense is included in “Salaries, wages and employee benefits” under Operating expenses in the consolidated statements of comprehensive income.

Funded status and amounts recognized in the consolidated statements of financial position for the pension plan follow:

	2023	2022	2021
Plan assets	**₱846,824,610**	₱784,930,802	₱772,695,349
Defined benefit obligation	**(556,065,553)**	(464,219,113)	(489,729,931)
Pension assets recognized in the consolidated statements of financial position	**₱290,759,057**	₱320,711,689	₱282,965,418

Changes in the combined present value of the combined defined benefit obligation are as follows:

	2023	2022	2021
Balance at beginning of year	**₱464,219,113**	₱489,729,931	₱517,927,481
Current service cost	**44,116,935**	50,647,447	52,137,336
Interest cost	**33,644,325**	25,331,175	20,369,791
Actuarial losses (gains) due to:			
Changes in financial assumptions	**80,003,772**	(157,805,840)	(91,884,120)
Experience adjustments	**(65,918,592)**	61,294,656	(8,820,557)
Net acquired obligation due to employee transfers	**–**	17,092,500	–
Benefits paid from retirement fund	**–**	(17,092,500)	–
Benefits paid from Company operating funds	**–**	(4,978,256)	–
Balance at end of year	**₱556,065,553**	₱464,219,113	₱489,729,931

Changes in the fair value of the combined plan assets are as follows:

	2023	2022	2021
Balance at beginning of year	**₱784,930,802**	₱772,695,349	₱681,936,788
Interest income included in net interest cost	**57,113,319**	38,362,079	27,932,792
Contributions	**16,020,000**	61,374,100	58,425,850
Actual gains (losses) on return of plan assets excluding amount included in net interest cost	**(11,239,511)**	(70,408,226)	4,399,919
Benefits paid from retirement fund	**–**	(17,092,500)	–
Balance at end of year	**₱846,824,610**	₱784,930,802	₱772,695,349

The movements in the combined net pension assets follow:

	2023	2022	2021
Balance at beginning of year	**(₱320,711,689)**	(₱282,965,418)	(₱164,009,307)
Total amount recognized in OCI	**25,324,691**	(26,102,958)	(105,104,596)
Pension expense	**20,647,941**	37,616,543	44,574,335
Contributions	**(16,020,000)**	(61,374,100)	(58,425,850)
Net acquired obligation due to employee transfers	**–**	17,092,500	–
Benefits paid from Company operating funds	**–**	(4,978,256)	–
Balance at end of year	**(₱290,759,057)**	(₱320,711,689)	(₱282,965,418)

The assumptions used to determine the pension benefits for the Group are as follows:

	2023	2022	2021
Discount rates	**6.16%**	7.36%	5.20%
Salary increase rate	**7.71%**	7.71%	7.75%

The turn-over rate used to compute the retirement liability is ranging from 10% at age 18 to 0% at age 60 in 2023 and 2022.

The distribution of the plan assets at year-end follows:

	2023	2022	2021
Assets			
Cash and cash equivalents	**₱387,498,745**	₱237,191,029	₱164,471,897
Investments in private companies	**20,066,562**	290,603,290	325,688,164
Investments in government securities	**433,277,019**	253,216,893	280,012,287
Receivables	**7,616,835**	5,053,057	3,533,694
	848,459,161	786,064,269	773,706,042
Liabilities			
Trust fee payables	**1,369,687**	991,625	938,628
Other payable	**264,864**	141,842	72,065
	1,634,551	1,133,467	1,010,693
Net plan assets	**₱846,824,610**	₱784,930,802	₱772,695,349

The carrying amounts disclosed above reasonably approximate fair value at reporting date. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The net unrealized gains (losses) on investments in government securities amounted to ₱1.27 million, (₱4.43 million) and (₱2.65 million) in 2023, 2022 and 2021, respectively.

The Group expects to contribute to its retirement fund the amount of ₱23.31 million in 2024.

The composition of the fair value of the Fund includes:

- *Cash* - include savings and time deposit with various banks and special deposit account.
- *Investments in private companies* - include investments in long-term debt notes and corporate bonds.
- *Investments in government securities* - include investment in Philippine RTBs.
- *Receivables* - includes interest and dividends receivable generated from investments included in the plan.
- *Trust fee payable* - pertain mainly to charges of trust or in the management of the plan.

The Group retirement benefit fund is in the form of a trust being maintained by a trustee bank. The fund includes investment in the form of fixed-rate peso retail bonds issued by the Parent Company due in 2024 up to 2027 with interest rates ranging from 5.75% and 7.54% as of December 31, 2023 and due in 2027 with interest rates of 6.23% as of December 31, 2022. As of December 31, 2023 and 2022, the fair value of investment amounted to ₱433.28 million and ₱544.11 million, respectively. Interest income earned from the investments in bonds amounted to ₱20.48 million, ₱11.01 million and ₱4.57 million in 2023, 2022 and 2021, respectively.

The allocation of the fair value of plan assets follows:

	2023	2022
Deposits	**46.57%**	30.82%
Corporate bonds	**51.07%**	36.97%
Government bonds	**2.37%**	32.21%

The funds are administered by a trustee bank under the supervision of the Board of Directors of the plan. The Board of Directors is responsible for investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the plans' objectives, benefit obligations and risk capacity.

Shown below is the maturity analysis of the undiscounted benefit payments:

Plan Year	2023	2022
Less than 1 year	**₱19,641,690**	₱16,809,074
More than 1 year to 5 years	**76,083,843**	63,465,859
More than 5 years to 10 years	**267,396,985**	264,165,459
More than 10 years to 15 years	**425,061,897**	443,392,339
More than 15 years to 20 years	**579,781,505**	541,935,627
20 years and beyond	**4,295,622,378**	3,855,400,749
	₱5,663,588,298	₱5,185,169,107

The average duration of the expected benefit payments at the end of the reporting period is 22.48 years and 22.36 years as of December 31, 2023 and 2022, respectively.

Sensitivity analysis on the actuarial assumptions
Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

		Increase (decrease) on Defined Benefit Obligation	
	Rates	2023	2022
Discount rate	+1%	**(₱68,748,206)**	(₱54,528,247)
	-1%	**83,422,482**	65,349,720
Salary increase	+1%	**83,938,460**	66,656,100
	-1%	**(70,464,445)**	(56,529,016)

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles with mandate of management. Union Bank's (UB) current strategic investment strategy consists of 45.76% of cash, 2.37% of investments in government securities, 51.16% of investment in private companies and 0.90% receivables.

27. **Income Tax**

Provision for income tax consists of:

	2023	2022	2021
Current:			
RCIT/MCIT	**₱1,215,597,333**	₱964,402,594	₱866,932,587
Final	**25,771,954**	1,581,268	2,088,378
Deferred	**2,077,276,945**	1,055,130,245	1,088,627,884
	₱3,318,646,232	₱2,021,114,107	₱1,957,648,849

The components of the Group's deferred taxes are as follows:

Net deferred tax assets:

	2021	2022
Deferred tax assets on:		
Excess of tax basis over book basis of deferred gross profit on real estate sales	**₱118,684,072**	₱121,534,973
Accrual of retirement costs, net of contributions	**9,403,409**	25,197,807
NOLCO	**2,621,620**	5,319,841
Allowance for impairment losses	**2,066,978**	–
Unamortized discount on receivables	**172,352**	1,776,215
MCIT	**861,842**	727,405
	133,810,273	154,556,241
Deferred tax liabilities on:		
Capitalized borrowing costs	**17,954,036**	23,394,019
Remeasurement gain on defined benefit obligation	**10,146,564**	19,697,953
	28,100,600	43,091,972
	₱105,709,673	₱111,464,269

Net deferred tax liabilities:

	2023	2022
Deferred tax assets on:		
Lease liabilities	**₱1,360,055,011**	₱1,358,513,251
Allowance for impairment losses	**386,030,383**	157,126,312
NOLCO	**185,999,506**	271,488,294
Accrual of retirement costs	**86,798,230**	86,038,717
MCIT	**18,995,273**	14,311,962
Unamortized discount on receivables	**9,922,888**	12,232,368
Excess of tax basis over book basis of deferred gross profit on real estate sales	**1,796,043**	1,407,778
	2,049,597,334	1,901,118,682

(Forward)

	2023	2022
Deferred tax liabilities on:		
Straight line lease adjustment on rent income	**₱5,456,844,483**	₱3,681,168,833
Excess of book basis over tax basis of deferred gross profit on real estate sales	**2,068,101,111**	1,882,026,945
Capitalized borrowing costs	**1,054,172,802**	1,164,392,579
Right-of-use assets	**1,041,067,749**	1,093,371,964
Difference in tax basis of depreciation expense	**460,289,100**	–
Remeasurement gain on defined benefit obligation	**158,744,839**	171,716,493
Fair value adjustments from business combination	**11,809,607**	13,777,875
Discount on rawland payable	–	2,050,958
	10,251,029,691	8,008,505,647
	(₱8,201,432,357)	(₱6,107,386,965)

Out of the ₱2,099.80 million movement in net deferred tax liabilities, ₱22.52 million was booked as movement in OCI in 2023.

Out of the ₱1,061.66 million movement in net deferred tax liabilities, ₱6.53 million was booked as movement in OCI in 2022.

The Group has deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income for which no deferred tax assets have been recognized, as follows:

	2023	2022	2021
NOLCO	**₱15,763,953,343**	₱11,250,881,066	₱12,840,423,648
MCIT	**3,263,811**	3,686,409	22,353,211

The related unrecognized deferred tax assets on these deductible temporary differences, NOLCO and MCIT amounted to ₱3,944.25 million, ₱2,816.41 million and ₱3,232.46 million as of December 31, 2023, 2022 and 2021, respectively. These are mostly coming from holding companies namely, VLL, BEC and hotel entities.

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The subsidiaries recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2023, the entities within the Group has incurred NOLCO before and after taxable years 2021 and 2022 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

NOLCO

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱4,559,128,290	₱–	₱4,559,128,290	2026
2022	3,749,376,576	(2,093,888)	3,747,282,688	2025
	₱8,308,504,866	(₱2,093,888)	₱8,306,410,978	

As of December 31, 2023, the entities within the Group has incurred NOLCO in taxable years 2022 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2021	₱3,291,945,263	(₱141,497,842)	₱3,150,447,421	2026
2020	5,316,791,764	(255,212,320)	5,061,579,444	2025
	₱8,608,737,027	(₱396,710,162)	₱8,212,026,865	

MCIT

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱13,811,344	₱–	₱13,811,344	2026
2022	5,761,382	(1,510,479)	4,250,903	2025
2021	5,854,783	(796,104)	5,058,679	2024
2020	7,109,611	(7,109,611)	–	2023
	₱32,537,120	(₱9,416,194)	₱23,120,926	

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2023	2022	2021
Provision for income tax computed at the statutory income tax rate	**25.00%**	25.00%	25.00%
Additions to (reductions in) income tax resulting from:			
Change in unrecognized deferred tax assets	**8.28**	(12.13)	0.52
Nondeductible interest and other expenses	**0.79**	9.97	11.60
Expired MCIT and NOLCO	**0.01**	7.71	10.71
Changes in tax rate arising from CREATE Act	–	–	(7.75)
Interest income already subjected to final tax	**(0.07)**	(0.01)	(0.02)
Tax-exempt income on BOI-Projects	**(1.36)**	(1.92)	(9.80)
Tax-exempt interest income	**(1.94)**	(2.58)	(4.28)
Tax-exempt income on REIT	**(3.65)**	(1.86)	–
Others	**(2.68)**	(2.71)	(4.05)
Provision for income tax	**24.38%**	21.47%	21.93%

Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE"
On March 26, 2021, President Rodrigo Duterte signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

On April 8, 2021, the Secretary of Finance, with recommendation from the Commissioner of the Bureau of Internal Revenue, promulgated the Implementing Rules and Regulations for the effectivity of the approved provisions of CREATE Act and clarified how the taxable income for the period beginning July 1, 2020 will be computed.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact to the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

Board of Investments (BOI) Incentives
The BOI issued in favor of certain subsidiaries in the Group a Certificate of Registration as Developer of Mass Housing Projects for its 44 projects in 2023 and 2022 and 78 projects in 2021, in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects have been granted an Income Tax Holiday for a period of either three years for new projects, or four years for expansion projects, commencing from the date of issuance of the Certificate of Registration.

28. **Lease Liabilities**

The Group, as lessee, has lease contracts for parcels of land where its commercial centers are situated with lease terms of 11 - 30 years. Rental due is based on prevailing market conditions. Generally, the Group is not restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The following are the amounts recognized in consolidated statements of comprehensive income:

	2023	2022
Depreciation expense of right-of-use assets included in investment properties (Note 14)	**₱209,216,860**	₱175,989,721
Interest expense on lease liabilities	**376,611,498**	373,231,355
Expenses relating to short-term leases (included in operating expenses)	**61,976,408**	15,141,802
Total amount recognized in statement of comprehensive income	**₱647,804,766**	₱564,362,878

The rollforward analysis of lease liabilities follows:

	2023	2022
Balances at beginning of year	**₱5,434,053,003**	₱5,435,840,440
Interest expense (Note 25)	**376,611,498**	373,231,355
Payments	**(370,444,459)**	(375,018,792)
Balances at end of year	**5,440,220,042**	5,434,053,003
Less current portion	**388,872,997**	368,459,297
Noncurrent portion	**₱5,051,347,045**	₱5,065,593,706

The Group has no lease contract that contains variable payments. The Group's fixed payments amounted to ₱432.42 million and ₱390.16 million in 2023 and 2022, respectively.

The Group's lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
Within 1 year	**₱388,872,997**	₱368,459,297
More than 1 year to 2 years	**417,661,646**	377,749,481
More than 2 years to 3 years	**444,031,726**	421,788,247
More than 3 years to 4 years	**470,682,075**	442,927,197
More than 4 years to 5 years	**498,240,963**	469,599,629
More than 5 years	**8,350,639,754**	8,857,658,091
	₱10,570,129,161	₱10,938,181,942

29. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Entities under common control are those entities outside the Group but are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities.

All publicly listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirement under Revised SRC Rule 68 and SEC Memorandum Circular 10, series 2019.

The Parent Company has an approval requirement such that material related party transaction (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements.

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses, provision of construction materials and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The consolidated statements of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable from (payable to) related parties as of December 31, 2023 and 2022:

		2023			
Relationship	**Nature of Transaction**	**Net Amount/ Volume**	**Outstanding Balance**	**Terms**	**Conditions**
***Receivable from tenants and accrued rental receivable** (Note 11)*					
Entities under Common Control	**a) Rental of mall spaces**	**₱13,875,780,592**	**₱30,808,295,526**	**Noninterest-bearing**	**Certain receivables with letter of financial support from Fine Properties Inc., No impairment**
	a) Offset of rental receivable against accounts payable	**1,109,037,213**	**–**	**–**	**–**
Ultimate Parent	**a) Rental of office spaces**	**2,287,033**	**6,967,931**	**Noninterest-bearing**	**Unsecured, No impairment**
			₱30,815,263,457		
***Receivables from related parties** (Note 11)*					
Entities under common control	**a) Advances**	**₱3,218,440,000**	**₱3,218,440,000**	**Noninterest-bearing**	**With letter of financial support from Fine Properties Inc., No impairment**
Advances to a related party					
Ultimate Parent	**b) Joint venture advances**	**₱517,163,906**	**₱7,559,440,240**	**Noninterest-bearing**	**Unsecured, No impairment**
***Advances in project development cost** (Note 16)*					
Ultimate Parent	**b) Joint venture advances**	**₱–**	**₱91,646,033**	**Noninterest-bearing**	**Unsecured, No impairment**
Entities under Common Control	**b) Purchase and return of advances for housing credits**	**123,414,601**	**529,454,328**	**Noninterest-bearing**	**Unsecured, No impairment**
			₱621,100,361		
***Lease liabilities** (Note 28)*					
Ultimate Parent	**c) Rental of parcels of land**	**(₱4,439,189)**	**(₱384,330,178)**	**Interest-bearing**	**Unsecured**
***Interest expense** (Note 28)*					
Ultimate Parent	**c) Rental of parcels of land**	**₱39,914,589**	**₱–**	**Interest-bearing**	**Unsecured**
Dividends Declared/Payable					
Stockholders	**d) Dividends**	**₱740,652,549**	**₱194,444,060**		
***Advances to** (Note 11)*					
Entities under Common Control	**f) Advances**	**₱1,190,183,022**	**₱1,190,183,022**	**Noninterest-bearing**	**Unsecured, No impairment**

Relationship	Nature of Transaction	2022 Net Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable (Note 11)					
Entities under Common Control	a) Rental of mall spaces	₱11,708,398,391	₱25,554,113,420	Noninterest-bearing	Certain receivables with letter of financial support from Fine Properties Inc., No impairment
	a) Offsetting of rental receivable against account payable	2,285,635,829	–	–	–
Ultimate Parent	a) Rental of office spaces	69,960	3,577,888	Noninterest-bearing	Unsecured, No impairment
			₱25,557,691,308		
Advances to a related party					
Ultimate Parent	b) Joint venture advances	₱957,087,103	₱7,042,276,334	Noninterest-bearing	Unsecured, No impairment
	e) Assignment of investment properties	1,690,504,480	–		
Advances in project development cost (Note 16)					
Ultimate Parent	b) Joint venture advances	₱–	₱91,646,033	Noninterest-bearing	Unsecured, No impairment
Entities under Common Control	b) Purchase and return of advances for housing credits	7,605,814	406,039,727	Noninterest-bearing	Unsecured, No impairment
		₱7,605,814	₱497,685,760		
Lease liabilities (Note 28)					
Ultimate Parent	c) Rental of parcels of land	(₱23,795,634)	(₱379,890,989)	Interest-bearing	Unsecured
Interest expense (Note 28)					
Ultimate Parent	c) Rental of parcels of land	₱39,379,722	₱–	Interest-bearing	Unsecured
Dividends Declared/Payable					
Stockholders	d) Dividends	₱348,362,314	₱96,024,581		

a) The Group has operating lease agreements with entities under common control for the leases of commercial centers. The lease agreements are renewable and contain escalation clauses. Rental income and receivables including the effect of straight-line calculation from related parties amounted to ₱13,875.78 million and ₱30,808.30 million, respectively, as of December 31, 2023, ₱11,708.40 million and ₱25,554.11 million, respectively, as of December 31, 2022. These receivables from related parties which are recognized as 'Accrued rental receivable' under 'Receivables' are not impaired (see Note 11).

   Included in the related party tenants are AllHome Corp., AllDay Marts, Inc., All Day Retail Concepts, Inc., Family Shoppers Unlimited, Inc., CM Star Management, Inc., and The Village Server, Inc. which are subsidiaries of AllValue Holdings Corp. (collectively referred to as AllValue Group or Anchor Tenant). AllValue Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings. The lease agreements contain escalation clauses.

   Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱12,394.34 million and ₱27,699.90 million, respectively, as of December 31, 2023 and ₱10,257.59 million and ₱23,101.10 million, respectively, as of December 31, 2022. These receivables from All Value Group which are recognized as 'Accrued rental receivable' under 'Receivables' are not impaired (see Note 11).

   Rental income and receivables from All Value Group without the effect of future escalation amounted to ₱5,702.43 million and ₱6,780.33 million, respectively, as of December 31, 2023 and ₱5,026.22 million and ₱6,908.74 million, respectively, as of December 31, 2022. These receivables from All Value Group which are recognized as 'Accounts receivable from tenants' under 'Receivables' are noninterest-bearing and are not impaired (see Note 11).

As of December 31, 2023, the related parties with outstanding rent receivables including the effect of future escalation amounting to ₱34,026.74 million were provided with financial support letter by Fine Properties, Inc. and these rent receivables including the effect of future escalation are include in "Accounts receivable from tenants", "Accrued rental receivable" and "Receivables from related parties" account under "Receivables" line item in the statements of financial position (see Note 11).

As discussed in Note 7, due to the fire that hit Star Mall Alabang, certain related party tenants which are entities under common control pre-terminated its lease contracts resulting to the reversal of accrued rental receivable from straight-lining of rental income amounting to ₱377.77 million which was charged against rental income for the year ended December 31, 2022.

In January 2022, the Group amended certain lease contracts with Family Shoppers Unlimited, Inc. and Parallax, Inc. resulting to increase in rental income and rental receivables by ₱5,435.40 million. The amendments of the lease contracts are as follows:

a. Extension of lease term commencing from the lease modification date; and
b. From variable rent to annual fixed rent based on rate with annual escalation.

The Ultimate Parent Company also has lease agreements with the Group for the lease of its office spaces. The rental due is based on prevailing market conditions.

Various related party tenants under AllValue Holdings Corp. (AVHC) (Assignors) assigned their rental payables to AVHC (Assignee), being its parent company. On various dates in 2023, Deeds of Assignment were entered among (1) the Group as lessor; (2) various related party tenants under AllValue Holdings Corp. (AVHC) (Assignors) and (3) AVHC (Assignee), for the Assignors to assign, transfer and convey to AVHC as the Assignee, all the Assignors' rental payables to the Group aggregating to ₱5,105.08 million.

Consequently within 2023, parcels of land valued at ₱1,886.64 million were transferred by AVHC to the Group as a form of settlement of the assigned receivable and these were recorded under "Investment properties" in the consolidated statements of financial position (see Note 12). The remaining ₱3,218.44 million are expected to be settled through cash, land properties or combination of both (see Notes 11, 14 and 36).

In 2023 and 2022, the Group entered into a land development agreement with a third-party contractor valued at ₱1,109.04 million and ₱2,285.64 million, respectively, to which the Group incurred a liability of the same amount. On the same date, the Group as lessor, the third-party contractor and certain related party tenants entered into an arrangement wherein the Group's payable to the third-party contractor was offset against certain rental receivables from All Value Group for the same amount.

b) On December 23, 2017, the Group entered into a Memorandum of Agreement (MOA) with Bria Homes, Inc. (Bria), an entity under common control, a developer of socialized housing projects located in various areas in the Philippines, to assign portions of the socialized housing projects to various entities in the Group in compliance with the requirements of Republic Act No. 7279 (Urban Development and Housing Act of 1992). On November 23, 2018, the Group entered into another MOA with Bria to include vertical residential projects in the assignment of socialized housing projects. As such, the Group makes cash advances to Bria Homes, Inc. for the construction of socialized housing units which are recorded under project development costs (see Note 16). On December 23, 2019, another MOA was executed with Bria to specify the details of the housing credits to be delivered by Bria equivalent to the advances provided by VLL.

On December 21, 2020, the Group executed an amendment updating the number of housing credit that Bria will deliver to the Group to settle its outstanding balance. As of December 31, 2023 and 2022, the related project development costs amounted to ₱529.45 million and ₱406.04 million, respectively.

In 2021, CAPI, VMI and various other VLLI subsidiaries executed a Deed of Assignment of Advances (DOA) to Fine Properties, Inc., ultimate parent, totaling ₱5.75 billion after deducting the partial delivery of social housing credits and cash payments in 2020 which was consolidated to Brittany Corporation (BC). The DOA effectively consolidates all receivables from Fine Properties, Inc. to BC while BC recognizes payable to the respective entities within VLLI group. These intercompany transactions between VLLI subsidiaries were eliminated at consolidated level. Furthermore, BC and Fine Properties, Inc. entered into a Land Development Agreement (LDA) to develop 159, 208 square meters in Molino, Bacoor, Cavite to be developed into mixed-use residential and commercial subdivisions over a 15-year period. Fine Properties, Inc. will contribute land while the contribution of BC will be the planning, conceptualization, design, construction and financing of the Project. Both parties agreed to share the saleable lots into sharing of 60% for Fine Properties, Inc. and 40% for BC. The intention of the parties is for Fine Properties, Inc. to settle the resulting advances by BC of ₱5.75 billion in addition to the existing advances to Fine Properties, Inc. of ₱340.00 million totaling to ₱6.09 billion, from its share of the saleable lots in the LDA. The expected settlement will start upon completion of land development but shall in no case be earlier than 36 months from execution of the agreement dated December 17, 2021. In December 2023, the start of completion of land development was extended to December 17, 2026. As of December 31, 2023 and 2022, the Group's advances to a related party amounted to ₱7,559.44 million and ₱7,042.28 million, respectively.

HDC also entered into a joint venture agreement with Fine Properties, Inc. for the development of real estate projects and the related project development costs amounted to ₱91.65 million as of December 31, 2023 and 2022.

c) The Group entered into lease agreements with Fine Properties, Inc. pertaining to parcels of land wherein the Group's commercial centers are situated. These leases have terms of 25 years, with rental escalation clauses and renewal options.

d) Details of dividends declared to stockholders of the Parent Company are discussed in Note 23.

e) In 2022, BC assigned, transferred and conveyed all of its rights and interest on the land located in Dasmarinas, Cavite valued at ₱1,690.50 million to Fine Properties, Inc. Thereafter, Fine Properties, Inc. shall assume BC's remaining obligation to the landowner.

f) The Group in its regular conduct of business has entered into noninterest-bearing transactions with a related party principally consisting of noninterest-bearing advances for working capital requirements. As of December 31, 2023, the advances to an entity under common control amounted to ₱1,190.18 million and this was included under "Advances to private companies" account under "Receivables" in the consolidated statements of financial position (see Note 11).

As of December 31, 2023 and 2022, the retirement plan asset includes investment in fixed-rate peso retail bonds of the Parent Company with fair value amounting to ₱433.28 million and ₱544.11 million, respectively (see Note 26).

The compensation of key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	**₱148,364,826**	₱114,661,755	₱110,070,514
Post-employment benefits	**27,464,871**	24,928,030	24,036,406
	₱175,829,697	₱139,589,785	₱134,106,920

30. **Earnings Per Share and Noncontrolling Interest**

The following table presents information necessary to compute the EPS:

	2023	2022	2021
Net income attributable to equity holders of Parent	**₱8,656,053,138**	₱6,119,908,898	₱6,426,541,859
Weighted average common shares*	**11,945,799,461**	11,945,799,461	11,945,799,461
Basic/Diluted Earnings per share	**₱0.725**	₱0.512	₱0.538

**Weighted average common shares consider the effect of treasury shares*

The basic and dilutive earnings per share are the same due to the absence of potentially dilutive common shares for the years ended December 31, 2023, 2022 and 2021.

The summarized financial information for which there are noncontrolling interests, are provided below. The information is based on amounts before inter-company eliminations.

VistaREIT, Inc. (VistaREIT)

	2023	2022	2021
		(Amounts in millions)	
Assets	**₱29,003**	₱27,519	₱510
Liabilities	**1,493**	1,355	10
Equity	**27,510**	26,164	500
Total comprehensive income (loss)*	**2,526**	(9,618)	**
Attributable to:			
Equity holders of VistaREIT	**1284**	1,033	**
Noncontrolling-interest	**703**	546	–

**This includes the increase (decrease) in fair value of investment properties carried at fair value in the financial statements of VistaREIT amounting to ₱539.54 million and (₱11,187.19 million) in 2023 and 2022, respectively. The net income from VistaREIT amounted to ₱1,986.95 million and ₱1,578.90 million, excluding the change in fair value of its investment properties, for the years ended December 31, 2023 and 2022, respectively.*
***Total comprehensive income attributable to equity holders of VistaREIT amounted to ₱120,914 for the year ended December 31, 2021.*

Vistamalls, Inc. and Subsidiaries (VMI&S)

	2023	2022	2021
	(Amounts in millions)		
Assets	**₱99,274**	₱91,519	₱80,672
Liabilities	**54,399**	54,917	50,821
Equity	**44,875**	36,602	29,851
Total comprehensive income	**8,531**	6,972	3,556
Attributable to:			
Equity holders of VMI&S	**7,598**	6,243	3,013
Noncontrolling-interest	**933**	729	543

As of December 31, 2023, 2022 and 2021, the accumulated balances of and net income attributable to noncontrolling interests follows:

	2023	2022	2021
Accumulated balances:			
Noncontrolling interest share in equity	**₱9,637,475,937**	₱8,448,577,034	₱3,146,983,827
Share in dividend (Note 23)	**447,642,154**	170,796,898	15,856,454
Net income attributable to noncontrolling interests	**1,636,012,004**	1,272,741,442	540,704,437
Other comprehensive income	**529,053**	2,248,632	2,067,479

31. **Fair Value Determination**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents, short-term cash investments, accrued interest receivable, receivable from tenants, buyers and HDMF, accounts and other payables (except for deferred output VAT and other statutory payables) and dividends payable: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivable: The fair value of installment contracts receivable due within one year approximates its carrying amount. Noncurrent portion of installment contracts receivable are discounted using the applicable discount rates for similar types of instruments. The discount rates used range from 5.56% to 16.00% and 2.43% to 19.00% as of December 31, 2023 and 2022, respectively.

Investments at FVOCI: Fair values of equity securities are based on quoted market prices.

Investments at amortized cost: The fair value of these listed bonds is determined by reference to quoted market bid prices, at the close of business on the reporting date.

Bank loans, loans payable, notes payable, liabilities for purchased land and retention payable: Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranged from 6.35% to 7.96% in 2023 and 5.35% to 8.63% in 2022 using the remaining terms to maturity.

The following table provides the fair value measurement and the hierarchy of the Group's financial assets and liabilities recognized as of December 31, 2023 and 2022:

		December 31, 2023			
		Fair Value			
	Carrying values	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets					
Financial assets measured at fair value:					
Investments at FVOCI	**₱132,158,380**	**₱132,158,380**	**₱120,000,000**	**–**	**₱12,158,380**
Financial assets for which fair values are disclosed:					
Installment contracts receivable	**34,014,787,097**	**33,283,057,677**	**–**	**–**	**33,283,057,677**
Investments at amortized cost	**39,209,417,229**	**39,220,370,657**	**39,220,370,657**	**–**	**–**
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	**53,182,968,195**	**54,711,204,168**	**–**	**–**	**54,711,204,168**
Notes payable	**108,148,781,639**	**111,365,653,050**	**–**	**–**	**111,365,653,050**
Loans payable	**7,443,723,350**	**7,304,007,811**	**–**	**–**	**7,304,007,811**
Liabilities for purchased land	**2,810,279,346**	**2,583,086,026**	**–**	**–**	**2,583,086,026**
Retention payable	**1,667,347,732**	**1,567,479,722**	**–**	**–**	**1,567,479,722**

		December 31, 2022			
		Fair Value			
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets					
Financial assets measured at fair value:					
Investments at FVOCI	₱117,158,380	₱117,158,380	₱105,000,000	₱–	₱12,158,380
Financial assets for which fair values are disclosed:					
Installment contracts receivable	35,296,250,329	34,692,905,483	–	–	34,692,905,483
Investments at amortized cost	41,499,484,082	41,611,556,371	41,611,556,371	–	–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	55,946,823,117	55,115,377,456	–	–	55,115,377,456
Notes payable	102,448,203,441	99,903,741,873	–	–	99,903,741,873
Loans payable	5,334,619,152	5,071,583,187	–	–	5,071,583,187
Liabilities for purchased land	2,918,645,181	2,718,691,406	–	–	2,718,691,406
Retention payable	1,647,670,283	1,494,394,633	–	–	1,494,394,633

In 2023 and 2022, there were no transfers between Levels of fair value measurements.

Significant increases (decreases) in discount rate would result in significantly higher (lower) fair value of the installment contracts receivable, notes payable, loans payable, bank loans, retention payable and liabilities for purchased land.

Description of significant unobservable inputs to valuation follows:

Account	Valuation Technique	Significant Unobservable Inputs
Installment contracts receivable	Discounted cash flow analysis	Discount rate
Bank loans	Discounted cash flow analysis	Discount rate
Notes payable	Discounted cash flow analysis	Discount rate
Loans payable	Discounted cash flow analysis	Discount rate
Retention payable	Discounted cash flow analysis	Discount rate
Liabilities for purchased land	Discounted cash flow analysis	Discount rate

32. **Financial Assets and Liabilities**

Financial Risk Management Objectives and Policies

Financial risk

The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables (except for deferred output VAT and other statutory payables), liabilities for purchased land and retention payable. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivable, cash and cash equivalents, short-term and long-term cash investments, investments at fair value through other comprehensive income and investments at amortized cost which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arises, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk

The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans with its installment contracts receivables as collateral to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing:

	December 31, 2023	
	Effective Interest Rate	**Amount**
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	**0.01% to 4.25%**	**₱6,124,826,508**
Cash and cash equivalents in US Dollar	**0.06% to 1.50%**	**4,552,663,258**
Short-term cash investments	**1.26%**	**7,322,177**
Investments at amortized cost	**0.12% to 10.74%**	**39,209,417,229**
Installment contracts receivable	**5.56% to 16.00%**	**34,274,453,178**
		₱84,168,682,350
Financial liabilities		
Fixed rate		
Notes payable	**6.42% to 7.50%**	**₱108,148,781,639**
Bank loans	**6.42% to 7.50%**	**53,182,968,195**
Loans payable	**6.35% to 7.96%**	**7,443,723,350**
Lease liabilities	**7.21% to 8.89%**	**5,440,220,042**
		₱174,215,693,226

	December 31, 2022	
	Effective Interest Rate	Amount
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	0.01% to 1.25%	₱13,605,686,137
Cash and cash equivalents in US Dollar	0.06% to 0.13%	1,451,308,141
Short-term cash investments	0.10% to 3.13%	47,278,102
Investments at amortized cost	1.05% to 7.19%	41,499,484,082
Installment contracts receivable	1.66% to 19.00%	35,296,250,329
		₱91,900,006,791
Financial liabilities		
Fixed rate		
Notes payable	5.70% to 8.25%	₱102,448,203,441
Bank loans	3.25% to 8.17%	55,946,823,117
Loans payable	6.03% to 8.63%	5,334,619,152
Lease liabilities	6.79% to 8.80%	5,434,053,003
		₱169,163,698,713

As of December 31, 2023, and 2022, the Group’s leasing income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk
The Group's foreign exchange risk is limited to certain USD denominated cash and cash equivalents, resulting primarily from movements of the Philippine Peso against the United States Dollar (USD). Below is the carrying amount of USD-denominated cash and cash and sensitivity analysis on exchange rate for effect on income before income tax.

	December 31, 2023		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on income before tax**
Cash and cash equivalents	**US$600,068**	**+3.39%**	**₱1,126,353**
	US$600,068	**-3.39%**	**(1,126,353)**

	December 31, 2022		
	Amount	Increase/Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	US$473,598	+4.22%	₱1,114,179
	US$473,598	-4.22%	(1,114,179)

The functional currency of VII, a wholly owned subsidiary, is USD. VII has cash and cash equivalents, investments at amortized costs, notes payable and bank loans in USD. VII's financial assets and liabilities are translated into Philippine peso, the presentation currency of the Group, using closing exchange rate prevailing at the reporting date, and the respective income and expenses at the weighted average rates for the period. The exchange differences arising on the translation are recognized in OCI under "Cumulative Translation Adjustments" (CTA).

See below for the carrying amounts and sensitivity analysis on other comprehensive income:

	December 31, 2023		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on Other Comprehensive Income**
Assets			
Cash and cash equivalents	**US$81,622,494**	**+3.39%**	**₱153,208,931**
	US$81,622,494	**-3.39%**	**(153,208,931)**
Investments at amortized costs	**US$708,134,680**	**+3.39%**	**1,329,199,244**
	US$708,134,680	**-3.39%**	**(1,329,199,244)**
Liabilities			
Notes payable	**US$770,526,280**	**+3.39%**	**(1,446,310,960)**
	US$770,526,280	**-3.39%**	**1,446,310,960**
Bank loans	**US$18,692,777**	**+3.39%**	**(35,087,146)**
	US$18,692,777	**-3.39%**	**35,087,146**

	December 31, 2022		
	Amount	Increase/Decrease in US Dollar rate	Effect on Other Comprehensive Income
Assets			
Cash and cash equivalents	US$25,556,500	+4.22%	₱60,123,749
	US$25,556,500	-4.22%	(60,123,749)
Investments at amortized costs	US$744,318,610	+4.22%	1,751,070,179
	US$744,318,610	-4.22%	(1,751,070,179)
Liabilities			
Notes payable	US$769,997,069	+4.22%	(1,853,827,314)
	US$769,997,069	-4.22%	1,853,827,314
Bank loans	US$18,000,000	4.22%	(42,346,467)
	US$18,000,000	-4.22%	42,346,467

In translating the foreign currency- denominated monetary assets and liabilities in peso amounts, the Philippine Peso - US dollar exchange rates as at December 31, 2023 and 2022 used were ₱55.37 to US$1.00 and ₱55.76 to US$1.00, respectively.

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the management's forecast of the currently observable market environment, showing no material movements as in prior years.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily installment contracts receivables and receivables from tenants) and from its investing activities, including deposits with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Receivables are regularly monitored.

In respect of installment contracts receivable from the sale of real estate inventories, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed.

The Group evaluates the concentration of risk with respect to non-related party trade receivables as low, as its customers are located in several jurisdictions and various income brackets, and operate in largely independent markets.

The Group evaluates the concentration of risk with respect to receivable from related parties (see Note 29). This is discussed in Note 6. The related parties have a strong capacity to meet their contractual cash flows and Fine Properties, Inc. has provided financial letter of support to the related party receivables.

Credit risk arising from receivable from tenants - third parties is primarily managed through a screening of tenants based on credit history and financial information submitted. Tenants are required to pay security deposits equivalent to 2 to 4-month lease payment to cover any defaulting amounts and advance rentals also equivalent to 2 to 4-month rent.

Credit risk arising from receivables from related parties is minimal as they have a low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk as of December 31, 2023 and 2022 is equal to the carrying values of its financial assets.

As of December 31, 2023 and 2022, the credit quality per class of financial assets is as follows:

	2023					
	Neither Past Due nor Impaired					
	High Grade	**Standard**	**Substandard Grade**	**Past due but not Impaired**	**Impaired**	**Total**
Cash and cash equivalents	**₱10,677,489,766**	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,677,489,766**
Short-term cash investments	**7,322,177**	–	–	–	–	**7,322,177**
Investments at amortized cost	**39,209,417,229**	–	–	–	**10,953,428**	**39,220,370,657**
Investments at FVOCI	**132,158,380**	–	–	–	–	**132,158,380**
Installment contract receivable	**32,559,500,092**	–	–	**1,455,287,005**	**259,666,081**	**34,274,453,178**
Receivable from tenants and accrued rent receivable	**23,105,336,430**	–	–	**8,453,941,890**	**1,018,650,310**	**32,577,928,630**
Receivables from related parties	**3,218,440,000**	–	–	–	–	**3,218,440,000**
Receivable from HDMF	**362,103,100**	–	–	–	–	**362,103,100**
Receivable from buyers	–	–	–	**49,039,411**	**135,929,659**	**184,969,070**
Accrued interest receivable	**390,958,484**	–	–	–	–	**390,958,484**
Restricted cash	**334,764,859**	–	–	–	–	**334,764,859**
	₱109,997,490,517	**₱–**	**₱–**	**₱9,958,268,306**	**₱1,425,199,478**	**₱121,380,958,301**

	2022					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash and cash equivalents	₱15,056,994,278	₱–	₱–	₱–	₱–	₱15,056,994,278
Short-term cash investments	47,278,102	–	–	–	–	47,278,102
Investments at amortized cost	41,499,484,082	–	–	–	104,455,985	41,603,940,067
Investments at FVOCI	117,158,380	–	–	–	–	117,158,380
Installment contract receivable	21,230,928,394	779,312,682	35,924,974	13,250,084,279	–	35,296,250,329
Receivable from tenants and accrued rent receivable	18,117,338,108	–	–	8,916,400,937	495,636,493	27,529,375,538
Receivable from HDMF	185,386,869	–	–	–	–	185,386,869
Receivables from buyers	–	–	–	171,303,255	–	171,303,255
Accrued interest receivable	444,938,814	–	–	–	–	444,938,814
Restricted cash	299,617,013	–	–	–	–	299,617,013
	₱96,999,124,040	₱779,312,682	₱35,924,974	₱22,337,788,471	₱600,092,478	₱120,752,242,645

The Company's basis in grading its receivables are as follow:

High-grade - pertain to receivables from related parties which based on experience are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Installment contract receivables under bank-financing, receivable from buyers and receivable from HDMF awaiting for bank and HDMF remittance but has been processed are assessed to be high grade since the accounts have undergone credit evaluation performed by two parties, the Group and the respective bank, thus credit evaluation underwent a more stringent criteria resulting to higher probability of having good quality receivables. High-grade receivable from tenants and accrued rental receivable and accrued interest receivable are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables are readily enforceable).

Standard - pertain to active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard - pertain to receivables that can be collected provided the Group makes persistent effort to collect them.

The Group's investments in unquoted equity securities presented as investments at fair value through other comprehensive income are incidental to its housing projects and are considered by the Group to be of high quality.

Cash in banks and cash equivalents and short-term cash investments are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the Group is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

As of December 31, 2023 and 2022, the aging analyses of the Company's receivables are as follow:

	2023						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Installment contracts receivable	₱32,559,500,093	₱87,930,497	₱70,157,431	₱49,607,785	₱1,247,591,291	₱259,666,081	₱34,274,453,178
Accrued rental receivable	22,905,714,492	–	–	–	–	–	22,905,714,492
Receivable from tenants	199,621,938	234,158,477	3,753,114	839,167,905	7,376,862,394	1,018,650,310	9,672,214,138
Receivables from related parties	3,218,440,000	–	–	–	–	–	3,218,440,000
Accrued interest receivable	390,958,484	–	–	–	–	–	390,958,484
Receivable from HDMF	362,103,100	–	–	–	–	–	362,103,100
Receivable from buyers	–	20,638,399	1,267,963	2,517,239	24,615,810	135,929,659	184,969,070

	2022						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Installment contracts receivable	₱22,046,166,050	₱59,451,694	₱60,896,611	₱36,987,400	₱13,092,748,574	₱–	₱35,296,250,329
Accrued rental receivable	17,387,952,584	–	–	–	–	–	17,387,952,584
Receivable from tenants	729,385,524	110,645,354	2,799,210	145,019,808	8,657,936,565	495,636,493	10,141,422,954
Accrued interest receivable	444,938,814	–	–	–	–	–	444,938,814
Receivable from HDMF	185,386,869	–	–	–	–	–	185,386,869
Receivable from buyers	–	1,678,499	2,536,797	6,204,112	160,883,847	–	171,303,255

Current receivables include billed lease receivables and accrued rent receivables which are not yet contractually collectible. Past due but not impaired include lease receivables which are aged 31 to over 90 days but collection is still probable. Impaired receivables are lease receivables from terminated tenants which are less likely to be collected.

The Group has collaterals in the form of security deposits and advance rent with respect to billed lease receivables that have been identified as past due but not impaired.

Applying the expected credit risk model resulted to recognition of impairment loss of nil from receivables in 2023 and 2022.

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same in 2023 and 2022.

Maturity Profile Financial Liabilities
The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on undiscounted contractual payments, including interest payable.

December 31, 2023

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	**₱–**	**₱2,882,091,610**	**₱26,204,695,176**	**₱29,416,356,779**	**₱58,503,143,565**
Loans payable	**168,290,959**	**1,618,333,271**	**1,749,927,163**	**4,424,761,913**	**7,961,313,306**
Liabilities for purchased land	**413,948,626**	**113,909,476**	**1,217,648,997**	**1,064,772,247**	**2,810,279,346**
Accounts payable and other payables*	**7,554,387,718**	**3,140,161,802**	**5,787,121,268**	**515,046,096**	**16,996,716,884**
Dividends payable	**298,016,044**	**–**	**–**	**–**	**298,016,044**
Notes payable	**410,818,667**	**3,567,425,657**	**31,434,004,106**	**91,511,628,317**	**126,923,876,747**
Lease liabilities	**–**	**94,773,692**	**294,099,305**	**10,181,256,163**	**10,570,129,160**
Total undiscounted financial liabilities	**₱8,845,462,014**	**₱11,416,695,508**	**₱66,687,496,015**	**₱137,113,821,515**	**₱224,063,475,052**

**excluding statutory payables and including noncurrent portion of retention payable*

December 31, 2022

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱–	₱6,344,209,970	₱8,591,384,423	₱44,947,752,818	₱59,883,347,211
Loans payable	29,009,389	1,506,524,553	2,464,768,469	1,671,273,971	5,671,576,382
Liabilities for purchased land	107,765,896	295,667,806	1,276,124,583	1,239,086,896	2,918,645,181
Accounts payable and other payables*	11,780,683,458	3,421,921,455	7,444,583,291	728,337,670	23,375,525,874
Dividends payable	96,024,581	–	–	–	96,024,581
Notes payable	–	3,466,275,635	17,634,115,466	103,862,477,117	124,962,868,218
Lease liabilities	–	88,685,893	279,773,404	10,569,722,645	10,938,181,942
Total undiscounted financial liabilities	₱12,013,483,324	₱15,123,285,312	₱37,690,749,636	₱163,018,651,117	₱227,846,169,389

**excluding statutory payables and including noncurrent portion of retention payable*

33. Notes to Consolidated Statements of Cash Flows

Details of the movement in cash flows from financing activities follow:

			Non-cash Change				
	January 1, 2023	**Cash flows**	**Debt issue cost**	**Interest and other financing charges (including capitalized borrowing cost)**	**Foreign exchange movement**	**Dividends declared**	**December 31, 2023**
Notes payable	**₱102,448,203,441**	**₱6,083,325,067**	**(₱288,335,915)**	**₱202,040,174**	**(₱296,451,128)**	**₱–**	**₱108,148,781,639**
Bank loans	**55,946,823,117**	**(2,772,557,227)**	**(34,946,237)**	**43,648,542**	**–**	**–**	**53,182,968,195**
Loans payable	**5,334,619,152**	**2,109,104,198**	**–**	**–**	**–**	**–**	**7,443,723,350**
Lease liabilities	**5,434,053,003**	**(370,444,459)**	**–**	**376,611,498**	**–**	**–**	**5,440,220,042**
Dividends payable	**96,024,581**	**(986,303,240)**	**–**	**–**	**–**	**1,188,294,703**	**298,016,044**
Accrued interest expense	**1,442,359,902**	**(11,343,917,313)**	**323,282,152**	**11,167,682,642**	**–**	**–**	**1,589,407,383**
Total liabilities from financing activities	**₱170,702,083,196**	**(₱7,280,792,974)**	**₱–**	**₱11,789,982,856**	**(₱296,451,128)**	**₱1,188,294,703**	**₱176,103,116,653**

			Non-cash Change				
	January 1, 2022	Cash flows	Debt issue cost	Interest and other financing charges (including capitalized borrowing cost)	Foreign exchange movement	Dividends declared	December 31, 2022
Notes payable	₱107,930,233,523	(₱9,276,278,143)	(₱103,531,880)	₱894,209,203	₱3,003,570,738	₱–	₱102,448,203,441
Bank loans	56,992,341,863	(1,052,210,176)	(50,533,616)	57,225,046	–	–	55,946,823,117
Loans payable	3,779,511,014	1,555,108,138	–	–	–	–	5,334,619,152
Lease liabilities	5,435,840,440	(375,018,792)	–	373,231,355	–	–	5,434,053,003
Dividends payable	15,856,454	(438,991,085)	–	–	–	519,159,212	96,024,581
Accrued interest expense	1,464,726,858	(9,716,182,535)	154,065,496	9,539,750,083	–	–	1,442,359,902
Total liabilities from financing activities	₱175,618,510,152	(₱19,303,572,593)	₱–	₱10,864,415,687	₱3,003,570,738	₱519,159,212	₱170,702,083,196

The Group's noncash investing and financing activities pertain to the following:

a) The Parent Company presented in the consolidated statements of cash flow the availments and payments, net of bank loans that were rolled over during the period (loans against deposit hold-outs) amounting to ₱28,096.54 million and ₱22,560.33 million in 2023 and 2022;
b) Unpaid additions to investment properties amounted to ₱758.26 million and ₱786.73 million as of December 31, 2023 and 2022, respectively;
c) Unpaid additions to property and equipment amounted to ₱13.26 million and ₱5.46 million as of December 31, 2023 and 2022, respectively; and
d) The Group received land with monetary value of ₱1,886.64 million as payment of receivables for the year ended December 31, 2023 and this was recorded as part of investment properties.
e) The Group retired and written off its investment properties with carrying value of ₱164.65 million and ₱983.37 million for the years ended December 31, 2023 and 2022, respectively.
f) The Group written off its property and equipment with carrying value of ₱88.92 million and ₱3.60 million for the years ended December 31, 2023 and 2022, respectively.
g) The Group as lessor, the third-party contractor and certain related party tenants entered into an arrangement wherein the Group's payable to the third-party contractor was offset against certain rental receivables from All Value Group amounting to ₱1,109.04 million and ₱2,285.64 million in 2023 and 2022, respectively.
h) Liabilities for purchased land is comprised of unpaid additions to land improvements classified as:

	2023	2022
Real estate inventories	**₱2,185,650,193**	₱2,158,142,798
Investment properties	**624,629,153**	760,502,383
	₱2,810,279,346	₱2,918,645,181

34. **Lease Commitments**

The Group as Lessor

The Group has entered into non-cancellable property leases on its investment property portfolio, consisting of retail mall spaces and BPO commercial centers which generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2023 and 2022 follow:

	2023	2022
Within 1 year	**₱7,326,932,909**	₱6,528,384,732
More than 1 year to 2 years	**7,933,609,476**	7,106,464,125
More than 2 years to 3 years	**8,044,295,751**	7,710,792,035
More than 3 years to 4 years	**7,888,662,595**	7,968,449,686
More than 4 years to 5 years	**8,246,581,817**	7,970,813,704
More than 5 years	**226,563,876,864**	235,924,971,281
	₱266,003,959,412	₱273,209,875,563

Rental income included in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2022 and 2021 amounted to ₱16,021.43 million, ₱13,742.26 million and ₱9,312.72 million, respectively.

Contingent rent included in rental income for the years ended December 31, 2023, 2022 and 2021 amounted to ₱2,440.93 million, ₱1,824.31 million and ₱1,663.43 million, respectively.

35. **Commitments and Contingencies**

The Group has entered into several contracts with contractors for the development of its real estate properties. As at December 31, 2023 and 2022, these contracts have an estimated aggregate cost of ₱5,382.71 million and ₱7,693.05 million, respectively. These contracts are due to be completed on various dates up to December 2026.

The progress billings are settled within one year from date of billing. These are unsecured obligations and carried at cost.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

For the years ended December 31, 2023 and 2022, the Group received a total insurance proceeds of ₱1,841.16 million and ₱620.00 million, respectively.

36. **Subsequent Events**

New loan availment
In March 2024, the Parent Company has signed a ₱2-billion loan deal with the Manila branch of Sumitomo Mitsui Banking Corp. to finance the property developer's capital expenditures. The loan will also be used for the Group's capital expenditures for property development, refinancing and to fund other general corporate purposes. This loan is guaranteed by the Parent Company's subsidiaries consisting of BC, CAPI, CHI, CPI, Vistamalls, Inc., and VRI.

Assignment of Receivables of Related Party Tenants and Subsequent Transfer of Land Properties
In relation to the assignment to AVHC, as the Assignee of the Assignors' rental payables to the Group as discussed in Note 29, AVHC transferred additional parcels of land to the Group valued at ₱874.48 million as a form of settlement of the assigned receivables. These were recorded under "Investment properties" in the consolidated statement of financial position. The remaining assigned receivables are expected to be settled by AVHC through land properties.

37. **Approval of the Financial Statements**

The consolidated financial statements of the Group as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issue by the BOD on April 11, 2024.

SGV
Building a better working world

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daanghari, Almanza II, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vista Land & Lifescapes, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 11, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material aspects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082027, January 6, 2024, Makati City

April 11, 2024

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daanghari, Almanza II, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vista Land & Lifescapes, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 11, 2024. 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 Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements 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 basic consolidated financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023, and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
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PTR No. 10082027, January 6, 2024, Makati City

April 11, 2024

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

VISTA LAND & LIFESCAPES, INC.

RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of reporting period		₱5,383,068,055
Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	740,652,549	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	740,652,549
Unappropriated Retained Earnings, as adjusted		4,642,415,506
Add/Less: Net Income (loss) for the current year		7,342,371,299
Less: <u>Category C.l</u>: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends Declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–
Add: <u>Category C.2</u>: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income/Loss		7,342,371,299
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	404,817	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total		404,817
Total Retained Earnings, end of the reporting period available for dividend declaration		₱11,985,191,622

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	N/A	₱10,692,152,140	₱10,692,152,140	₱210,096,910
Short-term cash investments	N/A	7,322,177	7,322,177	92,121
Restricted cash	N/A	334,764,859	334,764,859	7,564,836
Installment contracts receivables	N/A	34,274,453,178	34,274,453,178	606,298,284
Quoted equity securities	100	120,000,000	120,000,000	–
Unquoted equity securities	₱1,215,838	12,158,380	12,158,380	–
UBS Portfolio I	1,771,286,300	1,807,117,017	1,807,271,879	
UBS Portfolio II	9,411,238,900	9,592,436,870	9,593,628,608	
UBS Portfolio III	2,355,993,500	2,351,252,896	2,352,210,570	
UBS Portfolio IV	2,924,920,250	2,914,548,218	2,914,664,141	
UBS Portfolio V	2,281,244,000	2,291,945,407	2,292,061,355	
UBS Portfolio VI	1,716,470,000	1,714,759,832	1,714,759,832	
UBS Portfolio VII	1,854,895,000	1,789,548,869	1,789,548,869	984,530,189
UBS Portfolio VII	4,661,157,340	4,685,223,388	4,692,616,627	
UBS Portfolio IX	127,387,233	127,387,233	127,387,233	
HSBC Portfolio I	3,701,927,460	3,782,181,755	3,782,181,755	
HSBC Portfolio II	941,290,000	965,286,556	965,286,556	
CREDIT SUISSE	5,442,372,670	5,512,080,141	5,512,726,309	
J.SAFFRRA SARASSIN	1,674,942,500	1,675,649,047	1,676,026,923	
Receivable from tenants and accrued rent receivable	N/A	32,577,928,630	32,577,928,630	–
Receivables from related parties	N/A	3,218,440,000	3,218,440,000	–
Other receivables	N/A	938,030,654	938,030,654	–
Total Financial Assets		₱121,384,667,247	₱121,395,620,675	₱1,808,582,340

See Notes 9, 10, 11 and 25 of the Consolidated Financial Statements

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2023

Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Officers	₱4,684,410	₱6,507,506	(₱3,572,101)	₱–	₱4,634,051	₱2,985,764	₱7,619,815
Employees	40,177,675	90,514,116	(79,229,658)	–	51,382,133	80,000	51,462,133
Advances to officers and employees	₱44,862,085	₱97,021,622	(₱82,801,759)	₱–	₱56,016,184	₱3,065,764	₱59,081,948

See Note 11 of the Consolidated Financial Statements

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Converted to APIC/Capital Stock	Current	Noncurrent	Balance at end of period
Vista Land and Lifescapes, Inc.	₱110,316,823,980	(₱27,344,088,515)	₱42,325,579,605	–	₱125,298,315,070	₱–	₱125,298,315,070
Prima Casa Land & Houses, Inc.	699,810,378	1,610,125,448	(252,090,202)	–	2,057,845,624	–	2,057,845,624
VLL International, Inc.	(14,072,163,534)	–	(3,015,239,158)	–	(17,087,402,692)	–	(17,087,402,692)
Crown Asia Properties, Inc.	(9,107,530,205)	466,088,751	(1,284,796,469)	–	(9,926,237,923)	–	(9,926,237,923)
Vista Residences, Inc.	(5,949,840,484)	4,565,184,602	(7,700,900,737)	–	(9,085,556,619)	–	(9,085,556,619)
Camella Homes, Inc.	(20,181,858,839)	5,846,249,231	(10,559,550,170)	–	(24,895,159,778)	–	(24,895,159,778)
Brittany Corporation	(15,026,091,562)	785,539,265	(2,132,195,457)	–	(16,372,747,754)	–	(16,372,747,754)
Communities Philippines, Inc.	(11,209,741,776)	6,826,540,114	(12,474,246,738)	–	(16,857,448,400)	–	(16,857,448,400)
Vistamalls, Inc.	(35,469,407,958)	7,244,361,104	(4,906,560,674)	–	(33,131,607,528)	–	(33,131,607,528)

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date
Notes payable 1	₱5,150,000,000	₱103,000,000	₱4,312,458,581	6.19%	₱4,415,458,581	Quarterly interest payments; 0.5% principal payment for 36 quarter and 82% principal on maturity date	December 2026
Notes payable 2	4,850,000,000	97,000,000	4,060,106,973	6.23%	4,157,106,973	Quarterly interest payments; 1% principal payment for the 1st quarter following the issuance, .5% and 82% principal on maturity date	December 2026
Notes payable 3	6,000,000,000	666,661,895	2,481,456,254	7.71%	3,148,118,149	Quarterly interest payments; 4.1667% principal payment 1 year after issuance for 24 quarters	July 2028
Notes payable 4	1,700,000,000	283,327,829	211,223,590	7.49%	494,551,419	Quarterly interest payments; 4.1667% principal payment 1 year after issuance for 24 quarters	July 2025
Notes payable 5	500,000,000	83,331,714	62,121,440	7.50%	145,453,154	Quarterly interest payments; 4.1667% principal payment 1 year after issuance for 24 quarters	July 2025
Notes payable 6	15,000,000,000	2,810,510,039	–	7.13%	2,810,510,039	Quarterly interest payments; 5% principal payment 1 year after issuance for 20 quarters	July 2024
Notes payable 7	4,000,000,000	1,111,111,111	1,984,371,129	6.64%	3,095,482,240	Quarterly interest payments; 5.56% principal payment 3 quarter after issuance for 18 quarters	March 2027
Notes payable 8	2,000,000,000	555,555,556	992,185,565	7.24%	1,547,741,121	Quarterly interest payments; 5.56% principal payment 2 quarter after issuance for 18 quarters	March 2027
Notes payable 9	8,600,000,000	–	8,527,358,144	7.93%	8,527,358,144	Quarterly interest payments; principal payable upon maturity	December 2025
Notes payable 10	2,900,000,000	–	2,875,504,490	7.26%	2,875,504,490	Quarterly interest payments; principal payable upon maturity	December 2025
Notes payable 11	6,000,000,000	–	5,951,093,218	7.61%	5,951,093,218	Quarterly interest payments; principal payable upon maturity	April 2026

(Forward)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date
Notes payable 12	₱4,000,000,000	₱–	₱3,967,394,112	7.63%	₱3,967,394,112	Quarterly interest payments; principal payable upon maturity	April 2026
Notes Payable 13	5,000,000,000	2,996,058,299	–	5.75%	2,996,058,299	Quarterly interest payments; principal payable upon maturity	August 2024
		–	1,988,746,248	6.23%	1,988,746,248	Quarterly interest payments; principal payable upon maturity	August 2027
Notes Payable 14	10,000,000,000	–	3,484,253,917	8.25%	3,484,253,917	Quarterly interest payments; principal payable upon maturity	December 2025
Notes Payable 15	10,000,000,000	–	9,972,645,498	5.70%	9,972,645,498	Quarterly interest payments; principal payable upon maturity	June 2025
Notes Payable 16	6,000,000,000	–	3,120,543,877	7.54%	3,120,543,877	Quarterly interest payments; principal payable upon maturity	December 2026
		–	2,786,722,024	7.69%	2,786,722,024	Quarterly interest payments; principal payable upon maturity	December 2028
Notes Payable 17	$220,000,000	$–	$220,000,000	7.25%	$220,000,000	Semi-annual interest payments; bullet on principal	July 2027
Notes Payable 18	$200,000,000	$–	$200,000,000	7.25%	$200,000,000	Semi-annual interest payments; bullet on principal	July 2027
Notes Payable 19	$350,000,000	$350,000,000	$–	5.75%	$350,000,000	Semi-annual interest payments; bullet on principal	November 2024
Bank Loans	Not Applicable	25,874,160,220	27,308,807,975	4.75% to 8.25%	53,182,968,195	Various payment terms (i.e., monthly and quarterly) of interest and principal	Various dates
Loans Payable	Not Applicable	3,176,026,696	4,267,696,654	6.25% to 8.25%	7,443,723,350	Interest and principal payable monthly	Various dates

See Notes 20 and 21 of the Consolidated Financial Statements

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period

Not Applicable

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

Not Applicable

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

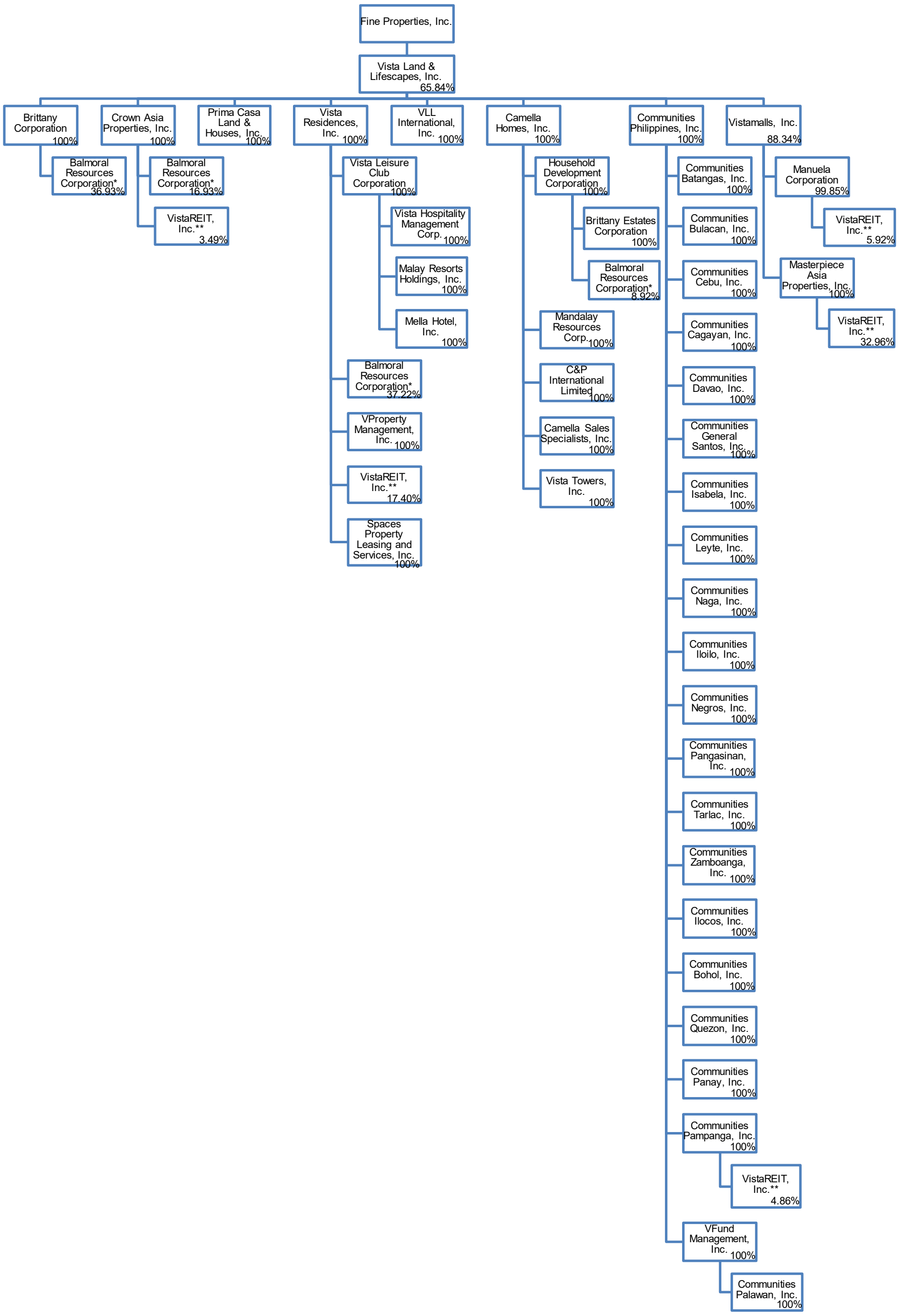
DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	17,900,000,000	13,114,136,376 shares issued; 11,945,799,461 shares outstanding	–	9,113,046,142	516,778,325	3,068,183,209
Preferred Stock Series 1, ₱0.01 par value	8,000,000,000	3,300,000,000 shares issued and outstanding	–	3,300,000,000	–	–
Preferred Stock Series 2, ₱0.10 par value	200,000,000	–	–	–	–	–

See Note 23 of the Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
GROUP STRUCTURE

Below is the map showing the relationship between and among group and its Ultimate parent company, and its subsidiaries as of December 31, 2023.



**The Group effectively owns 100% of Balmoral Resources Corporation through Brittany, CAPI, VRI and HDC.*
***The Group effectively owns 60.09% and 98.94% of VistaREIT, Inc. (formerly Vista One, Inc.) through MC, MAPI, Communities Pampanga, Inc., CAPI and VRI and the rest are owned by individual shareholders, as of December 31, 2023 and 2022, respectively.*

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
AS OF DECEMBER 31, 2023, 2022 and 2021

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2023, 2022 and 2021:

Ratios	Formula	2023	2022	2021
Current ratio	Current assets / Current liabilities	**1.85**	2.89	2.48
Acid test ratio	Quick asset[1] / Current liabilities	**0.99**	1.64	1.45
Solvency ratio	Net income + Depreciation / Total liabilities	**0.06**	0.05	0.05
Debt ratio	Interest bearing debt[2] / Total assets	**0.49**	0.51	0.54
Asset to equity ratio	Total assets / Total equity	**2.58**	2.61	2.79
Interest service coverage ratio	EBITDA[3] / Total interest paid[4]	**2.03**	1.95	1.91
Return on equity	Net income / Total equity	**0.08**	0.06	0.06
Return on assets	Net income / Average total assets	**0.03**	0.02	0.02
Net profit margin	Net income / Net revenue	**0.30**	0.26	0.24

[1]Includes Cash and Cash Equivalents, Short-term Investments, Investment at FVTPL and Current Receivables
[2]Includes Bank loans, Notes Payable and Loans Payable
[3]EBITDA less Interest Income from Investments
[4]Total interest paid less Interest Income from Investments