June 24, 2020

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower,
28th Street corner 5th Avenue, BGC Taguig City
Attention: Ms. Janet A. Encarnacion
Head - Disclosure Department

PHILIPPINE DEALING AND EXCHANGE CORPORATION
29th Floor, BDO Equitable Tower
Paseo de Roxas, Makati City
Attention: Atty. Marie Rose M. Magallen-Lirio
Head, Issuer Compliance and Disclosure Department

Subject: Vista Land & Lifescapes, Inc.: **Definitive Information Statement**

Gentlemen:

Please see attached SEC Form 20-IS, Revised Definitive Information Statement, filed today for the Company's Annual Stockholders' Meeting on July 15, 2020.

Very truly yours,

Brian N. Edang
Officer-in-Charge

COVER SHEET

C	S	2	0	0	7	0	3	1	4	5

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	226-3552 ext. 0088
Contact Person	Registrant Telephone Number

1	2	3	1

Month *Day*

Calendar Year

20-IS Revised Definitive 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

VISTA LAND

CERTIFICATION

Vista Land & Lifescapes, Inc. (the "Company") hereby certifies that, except for Ms. Camille A. Villar, none of the directors and officers of the Company named in the Information Statement for the Annual Meeting of its shareholders for the year 2020 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 18th June 2020.

Vista Land & Lifescapes, Inc.

By:

Gemma M. Santos
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARILOU O. ADEA**, Filipino, of legal age and a resident of **44 Istanbul Street BF Homes, Parañaque City,** after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Vista Land & Lifescapes, Inc.** and have been its independent director since March 16, 2007.

2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Malarayat Rural Bank, Inc.	Independent Director	Year 2000 – Present
FBO Management Network, Inc.	Consultant	June 2013 - Present

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **Vista Land & Lifescapes, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

6. I shall inform the corporate secretary of **Vista Land & Lifescapes, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 2 2 2020 at MANDALUYONG CITY.

MARILOU O. ADEA
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 2 2020 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her Passport No. P5623563A issued at DFA, Manila on January 16, 2018.

Doc. No. 247
Page No. 55
Book No. V
Series of 2020.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 4234283 / 06 Jan. 2020 / Mandaluyong City
MCLE Compliance No. VI 0026080 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **RUBEN O. FRUTO**, Filipino, of legal age and a resident of **136 Bunga Ext., Ayala Alabang Village, Muntinlupa City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Vista Land & Lifescapes, Inc.** and have been its independent director since June 16, 2008.

2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Wallem Philippines Shipping, Inc.	Consultant/ Gen. Counsel	2003 – Present
Wallem Maritime Services, Inc.	Consultant/ Gen. Counsel	2003 – Sept. 30, 2019
Padre Burgos Realty, Inc.	Director/ Treasurer Director/ Chairman	1991 – June 2011 June 2011 – Present
Toyota Balintawak, Inc.	Vice Chairman	2001 – Present
Wallem Logistics Philippines, Inc.	Consultant/Gen Counsel	Oct. 1, 2019-Present

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **Vista Land & Lifescapes, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal or administrative investigation or proceeding:

Offence Charged/ Investigated	Tribunal or Agency Involved	Status
Violation of RA 3019	Ombudsman	Dismissed. See attached Resolution

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

6. I shall inform the corporate secretary of **Vista Land & Lifescapes, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 2 2 2020 at MANDALUYONG CITY

RUBEN O. FRUTO
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 2 2020 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his TIN 107-826-438.

Doc. No. 444
Page No. 55
Book No. V
Series of 2020.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
ROLL No. 53511
IBP Lifetime Member No. 013538
PTR No. 6334283 / 06 Jan. 2020 / Mandaluyong City
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Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Republic of the Philippines
OFFICE OF THE OMBUDSMAN
Ombudsman Bldg., Agham Road
North Triangle, Diliman, Quezon City

SPECIAL PRESIDENTIAL TASK FORCE 156,
REP. BY ATTY. ALLAN A. VENTURA,
Complainant,

-versus-

OMB-C-C-04-0362
For: Estafa thru Falsification of Public Documents, and violation of Sec. 3 (e) of RA No. 3019.

ANTONIO P. BELICENA, ET AL.
Respondents.
x ----------x

O R D E R

This resolves the *Motion for Reconsideration* dated August 6, 2012 filed by public respondent Jane U. Aranas; the *Motion for Reinvestigation and/or Reconsideration* dated July 30, 2012 filed by private respondent Pacifico R. Cruz; the *Motion for Reconsideration or Reinvestigation* dated July 18, 2012 filed by private respondent Ester Tanco-Gabaldon; *Motion for Reconsideration or Reinvestigation* dated July 20, 2013 filed by private respondents Anita H. Tanco, Vicente Chan, Eusebio Tanco, William H. Tanco, Cristina Tanco Hui, Federico M. Carpio, Francisco R. Pacheco and Ester Tanco-Gabaldon; *Motion for Reconsideration* dated July 25, 2012 filed by private respondent Renato V. Diaz; *Motion for Reconsideration* dated July 23, 2012 filed by private respondents Bun Sit G. Chung, Carlos G. Chung, Gerardo C. Reyes, Bunsu G. Chung aka Alphonse Chung, Philip Chung, Mimi Chung and Herbert Chung;

Motion for Reconsideration dated July 18, 2012 filed by private respondents Florentino M. Herrerra III, Patricio L Lim and Felipe Yap; *Urgent Omnibus Motion* dated August 30, 2012 filed by private respondent Helen de Leon-Manzano; *Motion for Reconsideration* dated August 7, 2012 filed by private respondents Ruben Fruto and Alfredo C. Antonio; *Motion to Reopen and/or Reconsideration* dated September 24, 2012 filed by private respondents Benjamin O. Yao and Augustus S. Lapid; *Urgent Omnibus Motion* dated September 19, 2012 filed by private respondent John W. Hawkins; and *Urgent Omnibus Motion* dated October 1, 2012 filed by private respondent Lazaro L. Madara, all assailing the Resolution of July 6, 2012.

As regards the other private respondents, records disclose that they did not move for reconsideration or reinvestigation.

In moving for reconsideration, **Hawkins** and **Madara** essentially raise the same defenses and allege that they were deprived of due process as they supposedly never received any single subpoena or notice in connection with the investigation of the instant case; that they were never afforded the right to file a counter affidavit and submit countervailing evidence; that Wise & Co. and Bush Boake Allen Phils. relied in good faith on the subject TCCs presented to them, having never transacted directly with the holders of these TCCs; that they verified with the Department of Finance (DOF) the authenticity of the said TCCs as a matter of due diligence; that there is no evidence whatsoever that they knew of any irregularity attending the issuance of the TCCs; and that there is likewise no *prima facie* evidence to prove that they conspired with the other respondents, the charge being merely based on suspicion, speculation, or association.

Respondents **Yao** and **Lapid** move for reconsideration, alleging: That they have yet to be furnished with copies of the assailed Resolution owing to the fact that notices, pleadings and other processes could have been sent to the old address of Steel Asia Manufacturing; that they had no knowledge, consent nor participation at all in the issuance and procurement of the said TCCs since it was the officers of Filipino Way who exclusively transacted and dealt with the public respondents; that they had no reason to doubt the authenticity and due execution of these TCCs considering that these were issued and validated by the DOF; that the only requirement for the transfer of the TCCs is for the transferee to be registered with the Board of Investments (BOI) which requirement was met by Steel Asia Manufacturing; that there were no false statements or misrepresentations made in the Supply Agreement and in the Deed of Assignment since Steel Asia was not a capital equipment, raw material, or component supplier of Filipino Way; that the charge of conspiracy with the other respondents has no leg to stand on; and that the Office erred in failing to dismiss the instant complaint for violation of respondents' rights to due process and to speedy disposition of cases.

In his Motion for Reconsideration, respondent **Fruto** alleges that he was never served with summons or any order to file his counter-affidavit; that on August 15, 2011, he filed a counter-affidavit but the same was never even mentioned nor considered in arriving at the assailed Resolution; that as a consequence of the failure to accord him his day in court, the assailed Resolution is null and void; that the inordinate delay in the termination of the preliminary investigation in the instant case violated his right to due process of law; that he was indicted only because he was a member of the Board of Directors of Filsyn Corp. and there exists no allegation that he personally

participated in the preparation, execution or delivery of the alleged Deed of Assignment; and that the tax credit application of Filipino Way and the subject TCCs came into existence only two to three years *after* the approval of the July 8, 1992 Board Resolution of Filsyn Corp.

For their part, private respondents-movants **Herrera III**, **Lim** and **Yap** allege that the qualification of Filsyn Corp. as a BOI-registered company is already enough basis to allow it to become a transferee of the TCCs from Filipino Way as held in the case of *Petron v. CIR* (G.R. No. 180385, 626 SCRA 100); that no allegation much less proof was made against Filsyn or any of its officers in having a hand in the issuance of the subject TCCs; that the TCCs transferred to Filsyn in 1995 were not even in existence at the time the Board of Directors passed a resolution in July 1992 ; and that Filsyn relied in good faith on the approval by government officers in charge of processing the issuance, transfer and use of TCCs.

Movant **Diaz**, also of Filsyn Corp., alleges that he also did not receive a copy of the complaint as well as any and all judicial processes; that there was unreasonable delay in the termination of the preliminary investigation of the case which violated his right to due process and speedy disposition of the case; that he retired from Filsyn Corp. in 1992, or twelve (12) years *before* the filing of the complaint; that the Filsyn Board Resolution, in accordance with corporate practices, merely authorized certain corporate officers to negotiate, transfer and sign corresponding documents in relation to TCCs; that the Supply Contract and deed of assignment executed by the executive officers had no relevance in the original issuance of the TCCs; and that the TCCs transferred to Filsyn were validated by the DOF and traded in good faith.

Private respondent **De Leon-Manzano** alleges in her motion for reconsideration: That she was completely deprived of her right to due process as she never received any single subpoena or notice from this Office; that Wise & Co. (now known as Wise Holdings, Inc.) has been in corporate existence since 1918, contrary to the finding that it was registered only on May 25, 1994; that Wise & Co. merely effected a change in its corporate name which was approved by the Securities and Exchange Commission (SEC) on May 24, 1994; and that there is no prima facie evidence to prove that she connived with the other respondents in committing the alleged crimes.

Private respondent-movant **Tanco-Gabaldon** argues that the long and unjustified delay in the resolution of the instant case that took more than seven (7) years constitutes a violation of her right to due process and speedy disposition of cases; that she did not in any way participate in the application and acquisition of the subject TCCs by Filipino Way; that Manila Bay Spinning Mills entered into a supply agreement and deed of assignment with Filipino Way in good faith after it verified with the DOF the authenticity and validity of the subject TCCs; and that the assailed Resolution failed to demonstrate her involvement in the release of the TCCs other than through mere allegations and speculations of conspiracy. Her other co-respondents Anita Tanco, Vicente Chan, Eusebio Tanco, William Tanco, Cristina Tanco Hui, Federico Carpio and Francisco Pacheco echoed the same allegations in their *Motion for Reconsideration or Reinvestigation.*

For their part, private respondents **Bun Sit Chung, Carlos Chung, Gerardo Reyes, Bunsu Chung, Philip Chung, Mimi Chung** and **Herbert Chung** aver that their right to a speedy disposition of the case was violated when the instant case was resolved eight (8) years after the filing of the

complaint; that there is no iota of evidence which would establish conspiracy between them and the public respondents; that they were implicated on the basis solely of their being officers of Dragon Textile Mills who signed the Deed of Assignment; and that Dragon Textile Mills was a transferee in good faith since it has proven the valuable consideration for the transfer of the TCCs in its favor and complied with the procedures laid down for the transfer and use thereof.

For private-respondent-movant **Cruz** of Pilipinas Shell, he alleges in his Motion for Reconsideration: That the Office erred in rendering the assailed Resolution considering the inordinate delay which violated his constitutional right to due process and speedy disposition of cases; that he had the authority to sign on behalf of Pilipinas Shell the various deeds of assignment pursuant to the performance of his functions; that Pilipinas Shell was a qualified transferee of the subject TCCs under existing rules and regulations as it was a Board of Investments (BOI)-registered company; and that he was neither a party nor a co conspirator to the alleged fraudulent issuance of TCCs to Filipino Way.

Public respondent **Aranas** alleges that as a reviewer, her work was limited to the mathematical evaluation of the claim for tax credit or to determine discrepancies in the mathematical computations appearing on the documents submitted before her; that it was not her responsibility to conduct an in depth research or investigation to determine the validity and authenticity of the documents presented to her; that verification and authentication have been conducted by various offices before the documents are forwarded to her; and that the absence of any evidence establishing conspiracy with the other respondents warrants the dismissal of the complaint.

The Office finds merit in *private* respondent-movants arguments and resolve to **GRANT** their respective motions. The Office **DENIES**, however, the motion of *public* respondent Aranas for lack of merit.

As reflected above, private respondent-movants complain that their constitutional right to due process was violated by reason of the delay in the termination of the preliminary investigation of the instant case, in that it took this Office more than seven years to resolve the complaint, which period was extraordinarily protracted.

The concept of speedy disposition is flexible and mere reckoning of the time involved is not sufficient. Particular regard must be taken of the facts and circumstances peculiar to each case.[1] Factors such as the length of delay, the reasons for the delay, the assertion or failure to assert such right by the accused, and the prejudice caused by the delay should be considered.[2]

In the instant case, the investigatory process did not stall considering the *complexity* of the issues involved. Upon filing of the complaint in August 2004, the preliminary investigation process was immediately set in motion as the case was assigned to a three-member panel of prosecutors, which submitted a draft resolution as early as September 24, 2007. As this case was one of the several hundreds of cases filed by the Special Presidential Task Force 156 (SPTF 156) involving the tax credit scam, it underwent a hierarchy of review. It cannot be gainsaid that this Office was swamped, nay, overwhelmed by the sheer number of these tax credit-related cases as well as the volume of evidence that its investigators had to sift through. This, and the fact that there

[1] *Dimaiwat v. Sandiganbayan*, 316 SCRA 65, 93 [1999]; *Castillo v. Sandiganbayan*, 328 SCRA 69, 76 [2000].
[2] *Alvarez v. Sandiganbayan* (220 SCRA 55, 63 [1993]), and *Dansal v. Fernandez*, 365 SCRA 145, 153 [2000]).

have been several administrative changes/reorganizations in the Office account for the supposed delay.[3]

Moreover, while some of the private respondents aver that they were not given the opportunity to file their respective counter-affidavits to refute the allegations of the complaint, their *subsequent* filing of their respective motions for reconsideration/reinvestigation cured whatever procedural due process defect there might have been.[4]

Questions on procedural due process aside, the Office took another hard look at the case.

In the assailed Resolution, the Office ruled that:

> ***As regards the transferees, we have to determine the individual participation of the officers of the corporation who may have contributed to the transfer and eventual utilization of the subject TCCs. For Dragon Textile Mills, Gerardo C. Reyes and Bun Sit G. Ching were implicated for having signed the deed of assignment for and in behalf of said company by virtue of a resolution approved by its board of directors in a meeting held on May 12, 1995 as evidenced by the secretary's certificate issued by its corporate secretary, Victorino C. Perlas, and submitted to the Center.***
>
> ***On the part of Filsyn Corp., Marialen Corpus signed the deed of assignment for and in behalf of said corporation by virtue of a resolution by the board of directors in a meeting held on July 8, 1992 as certified by its assistant corporate secretary, Poncevic M. Ceballos on August 1992.***

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[3] The Supreme Court ruled, in *Santiago vs. Garchitorena* (228 SCRA 721[1003]) and *Cadalin vs. POEA's Administrator* (238 SCRA 721 [1994]), that the complexity of the issues, coupled with the accused's failure to invoke the right to a speedy disposition of cases (in *Santiago*) and the "squabble" between the lawyers of the claimants (in *Cadalin*), prevented it from yielding to the claims of violation of the constitutionally guaranteed right to a speedy disposition of cases. Similarly, in *Alviso vs. Sandiganbayan* (*supra*) and *Castillo vs. Sandiganbayan* (328 SCRA 69, 76 [2000]) the Court held as valid reasons for the delay in the disposition of the cases "the frequent amendments of procedural laws by presidential decrees, the structural reorganizations in existing prosecutorial agencies and the creation of new ones by executive fiat, resulting in change of personnel, preliminary jurisdiction, [and] functions and powers of prosecuting agencies."

[4] *Cordenillo v. Hon. Exec. Secretary*, 342 Phil. 618, 643 (1997), and *Salvaleon v. CSC*, 314 Phil. 627, 631 (1995).

With regard to Wise & Co., Atty. Lazaro Madara signed for and in behalf of said company as evidenced by a secretary's certificate certified by Helen C. de Leon, based on an alleged resolution of the board of directors of Wise & Co. in a meeting held on 13 April 1992. However, the corporation was not yet even registered with the Securities and Exchange Commission at that time. Per SEC records, Wise & Co. was registered only on 25 May 1994.

As regards the respective authorities of the representatives of: 1) Hi-Lon Manufacturing Co. Inc., and 2) Bush Boake Allen Phils., the same are based on the general power granted to them by the board of directors to transact for and in behalf of the corporations they represent. The secretary's certificate of the two companies were issued by their respective corporate secretaries, namely : Federico Carpio and Ireneo U. Gacad, Jr.

On the part of Pilipinas Shell Petroleum Corp., Pacifico Cruz signed the deed of assignment, without any authority whatsoever. A perusal of the secretary's certificate filed with the Center does not confer any authority upon Pacifico Cruz to transact for the transfer of TCCs to Pilipinas Shell.

With regard to Manila Bay Spinning Mills, the board resolution authorizing Ester H. Tanco-Gabaldon to sign the deed of assignment for and in behalf of Manila Bay Spinning Mills Inc. is not among the documents forwarded by the Center. Either a certain Richard Noriegas or Antonio Pantaleon signed for and in behalf of Filipino Way in the supply agreements and deed of assignments. However, Richard Noriegas does not exist.

The same is true with regard to Antonio Pantaleon. Mr. Bhandari, the hired consultant of Filipino Way attested that he never met the person of Antonio Pantaleon, the alleged general manager of Filipino Way. The National Statistics Office (NSO) also yielded negative results on the verification made relative to the birth record of Antonio Pantaleon.

The record is replete with evidence that the tax credit scam in question is accented with the connivance and confabulation between the public respondents and the transferees. It is highly unbelievable for the private respondents to perpetrate such nefarious false pretenses without the imprimatur of the tax specialist, tax evaluators, their supervisor and higher officials.

As reflected above, the participation of private respondents in the present case centers on the subsequent *transfers* of the TCCs to the recipient-corporations, namely: Filsyn Corporation, Hi-Lon Manufacturing Corp., Wise & Co., Bush Boake Allen Phils., Inc., Dragon Textile Mills, Inc., Pilipinas Shell Petroleum Corp., Manila Bay Spinning Mills, Inc., and Steel Asia Manufacturing Corp.

Evidence which links the private respondents to the irregular application for the issuance of the TCCs hardly surfaces, however. It need not be stated that, as far as the said transferees are concerned, the TCCs were *already issued* by the government at the time the questioned transfers were effected. As a TCC is in the nature of a public document, a transferee may thus reasonably rely on the regularity of the issuance thereof. A transferee cannot be faulted if he or she considers each TCC as having been issued in good faith.

In the case of private respondent Cruz, there is no evidence to fault him for the fraud or irregularity that attended the issuance of the TCCs in favor of Filipino Way. It bears emphasis that in the transfer of these TCCs, it is the Center that *determines* whether the supposed transferee is qualified per its existing rules. The subsequent approval of the transfer application cannot, therefore, be ascribed to Cruz who merely relied on the regularity of the Center's approval thereof to Pilipinas Shell.

That private respondent Cruz, as general manager of the Treasury and Taxation Department of Pilipinas Shell, which itself recognized its Secretary's Certificate of June 23, 1994,[5] had the authority to sign the deeds of

[5] Annex TTT-1 of the Complaint-Affidavit of June 22, 2004.

assignment pursuant to the functions of his office is not contested. Pilipinas Shell never questioned Cruz's authority to enter into said transactions nor challenged the transactions as it even paid for the TCCs.

Respecting the earlier finding that the Board Resolution authorizing private respondent Madara to sign for and in behalf of Wise & Co. on April 13, 1992 appeared spurious, Wise & Co. having registered only on May 25, 1994 at the SEC, the evidence shows that the corporate existence of Wise & Co. goes back to 1918;[6] that it continued to exist even in April 1992 when it authorized Madara to sign for and in its behalf the deeds of assignment; and that Wise & Co. effected a change of corporate name to Dharmala Philippines, Inc. in May 24, 1994, and still another name change to Wise Holdings, Inc. on March 2, 1999.[7]

More importantly, it appears that the intended acquisition of the two TCC's (Nos. 007369 and 007370) in favor of Steel Asia did not materialize since Filipino Way actually used the said TCCs. Simply stated, the intended transaction did *not* push through.

In the assailed Resolution, private respondents Fruto, Herrera III, Lim, Yap and Diaz, all of Filsyn Corp., were faulted for being members of the Board that authorized or caused to be authorized the transfer of the TCC from Filipino Way to Filsyn Corp. via Board Resolution of July 8, 1992. From a re-examination of the records, the said Board Resolution was passed two years *prior* to the issuance of TCC No. 3213 on October 28, 1994. As the TCC was not yet in existence at the time the Board Resolution was passed, there could

[6] Annex "3" attached in respondent Madara's Urgent Omnibus Motion dated October 11, 2012.
[7] Annexes "7" and "8" attached in respondent Madara's Urgent Omnibus Motion dated October 1, 2012.

have been no conspiracy between the respondents to commit the crimes charged. The Board Resolution reflects that Filsyn Corp. clothed its authorized officers with a general authority to enter into and sign documents needed in connection with regular transactions for acquisition and transfer of TCCs. There was no mention of what particular TCCs were involved nor who the transferors were. Complainant cannot thus use this mere Board Resolution as sole basis to indict private respondents as conspirators in this scheme.

Moreover, the other private respondents, Yuchengco and Cheng, were not even members of the Board of Filsyn Corp. at the time the Resolution of July 8, 1992 was passed, while Diaz resigned from the company in view of his election as a Member of the House of Representatives.

Still, a hard look of the records reveals that indeed Fruto, as well as private respondent Alfredo C. Antonio, filed a Motion to Re-open Reinvestigation and Admit Counter-affidavit on August 11, 2011.

That some of the transferee-corporations supplied materials to Filipino Way in consideration for the said TCCs remains unrebutted. Complainant argues that Filipino Way had no use of these materials supplied by some of the transferees at that time since the company was inexistent or, if ever it existed, that it had no use of these materials since it could only produce "Greige Knitted Fabrics" and had "no dyeing and processing plant," as attested by Bimal Chand Bhandari, a self confessed consultant of Filipino Way.

The allegation that Filipino Way had no use of the supplied materials does not, of course, necessarily mean that the deliveries were simulated or

there was no delivery at all. Given the value of these materials, it is not farfetched to consider that Filipino Way resold these to other parties. At any rate, any question on the non-delivery of items is irrelevant in the instant case since it is an issue between the transferor Filipino Way and the transferees, which is another matter altogether.

Private respondent-movants' assertion that they had no personality and/or participation in the application and processing of the subject TCCs merits credence then. They did not supply or provide any document or information to Filipino Way or to the Center to support the claim for tax credit, neither did they participate in defrauding the government through any other means.

Apart from private respondents' signatures appearing on the corresponding deeds of assignment, supply agreements or board resolutions, nothing else of real significance was submitted to show their alleged complicity in the crimes charged. As the Supreme Court instructs in *Sabiniano v. Court of Appeals*,[8] *viz*:

> ***A mere signature or approval appearing on a voucher, check or warrant is not enough to sustain a finding of conspiracy among public officials and employees charged with defraudation. Proof, not mere conjectures or assumptions, should be proffered to indicate that the accused had taken part in, to use this Court's words in Arias vs. Sandiganbayan, the "planning, preparation and perpetration of the alleged conspiracy to defraud the government" for, otherwise, any "careless use of the conspiracy theory (can) sweep into jail even innocent persons who may have (only) been made unwitting tools by the criminal minds" really responsible for that irregularity.***

[8] G.R. No. 76490 October 6, 1995.

The TCCs having been confirmed authentic and issued by the proper government agency, private respondents could indeed have reasonably relied in good faith in the issuance thereof and they could indeed have had no knowledge or inkling that Filipino Way was allegedly inexistent since it was a BOI registered company and it was subjected to all the processes of the DOF in its TCC applications.

Private respondents Yao and Lapid's contention that there are "two distinct acts committed and the documents submitted relative to the *issuance and procurement* of the [TCCs] vis-à-vis the alleged fraud in the *assignment and transfer* thereof" convinces. It bears noting that they were charged of committing irregularities in the assignment and transfer of the TCCs.

The transferee-corporations are not fly-by-night concerns but ongoing enterprises that have been operating for long periods of time. There is nothing in the records, nay, in the allegations in the complaint, that the transferee-corporations, as represented by private respondents, were aware of any irregularity in the issuance of the TCCs. What is evident is that *public* respondents connived with the purported officers of Filipino Way in issuing and procuring TCCs in its favor. This cannot be said, however, of the *subsequent* assignments and transfers of the issued TCCs. As already stated, these TCCs were genuine and negotiable as far as the transferees were concerned.

The assailed Resolution also stated that:

> ***For a valid transfer of TCCs, it is indispensable that the transferee be a supplier of the holder of TCCs, specifically for the product exported. Considering that there was actually no exportation of the knitted fabrics allegedly produced by Filipino Way, there could have been no use for any of the products supposedly supplied by the transferees. Thus, all the transfers are void and***

> ***the supply agreements ...are nothing but bogus documents to give the appearance of regularity.***[9]

In ***Pilipinas Shell v. Commissioner of Internal Revenue,***[10] the Court held that the law requires that the transferee of a TCC should only be a BOI-registered company similar to the BOI-registered transferor, *viz:*

> ***As correctly protested by [Pilipinas Shell] but which was completely ignored by the Center, [Pilipinas Shell] is not required by law to be a capital equipment provider or a supplier of raw material and/or component supplier to the transferors. What the law required is that the transferee to be a BOI-registered company similar to the BOI-registered transferors.***
>
> *x x x x*
>
> ***The IRR of EO 226, which incorporated the October 5, 1982 MOA between the MOF and BOI, pertinently provides for the guidelines concerning the transferability of TCCs:***
>
> *x x x x*
>
> ***1) All [TCCs] issued to BOI-registered enterprises under P. D. 1789 may be transferred under conditions provided therein;***
> ***2) The transferee should be a BOI-registered firm;***
> ***3) The transferee may apply such [TCCs] for payment of taxes, duties, charges or fees directly due to the national government for as long as it enjoys incentives under P.D. 1789.***
>
> *x x x x.*

While the evidence appears then insufficient to criminally indict *private* respondent officers of the transferee-corporations, the same does not operate in favor of *public* respondents and the other private respondents Melchor Tan, Richard Noriegas and Antonio Pantalcon, all of Filipino Way.

[9] Page 32 of the Resolution of July 6, 2012.
[10] G.R. No. 172598, December 21, 2007.

It was adequately shown in the assailed Resolution that these public respondents were the ones who processed and approved the TCCs in favor of Filipino Way. The claim of public respondent-movant Aranas that her act was limited to the mathematical evaluation of the claim for tax credit or determination of discrepancies in the mathematical computations appearing on the documents submitted before her does not impress. That she was a reviewer placed on her the main responsibility of ensuring that only qualified entities are issued TCCs. The staggering number of transactions and amounts involved compelled the need for her to verify and subject to close scrutiny the submitted documents.

WHEREFORE, it is respectfully recommended that the Resolution of July 6, 2012 in the above docketed case be *PARTIALLY* MODIFIED by **dismissing** the case as against private respondents PATRICIO L. LIM, DOUGLAS HSU, JOHNNY SHIH, BEN TSAO CHENG, CHAMPION LEE, FELIPE YAP, ALFONSO YUCHENGCO III, RUBEN FRUTO, RENATO V. DIAZ, FLORENTINO HERRERA III, BIENVENIDO M. ARAW II, GEORGE GO, WILLIAM S. JOHNSON, ALFREDO ANTONIO, MARIALEN C. CORPUS, FRANCISCO R. PACHECO, PONCEVIC M. CEBALLOS, ANITA H. TANCO, ESTER TANCO-GABALDON, VICENTE CHAN, EUSEBIO TANCO, WILLIAM H. TANCO-HUI, CRISTINA TANCO-HUI, FEDERICO M. CARPIO, LAZARO M. MADARA, HELEN C. DE LEON, JOHN W. HAWKINS, MICHAEL BURROWS, LOIUS SHEFF, DAISY P. ARCE, ILDEFONSO F. BAGASAO, IRENEO U. GACAD JR., BUN SIT G. CHUNG, GERARDO C. REYES, ALPHONSE CHUNG, PHILIP CHUNG, MIMI CHUNG, HERBERT CHUNG, VICTORINO PERLAS, PACIFICO R. CRUZ, BENJAMIN O. YAO and AUGUSTUS S. LAPID for lack of probable cause.

SO ORDERED.

Quezon City, Philippines, October 5, 2013.

WEOMARK G. LAYSON
Assistant Ombudsman

APPROVED/~~DISAPPROVED~~

CONCHITA CARPIO MORALES
Ombudsman 22 Oct/13

Copy furnished:

Special Presidential Task Force
Room 503, 5th Floor, EDPC Building
BSP Complex, Manila

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Anita Tanco, Vicente Chan, Eusebio Tanco
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Taguig City
Counsel for Pacifico Cruz

Rigoroso Galindez and Rabino
901 Fil Garcia Tower, Kalayaan Ave.
Quezon City
Counsel for Jane Aranas

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 2020 will be held online on **July 15, 2020**, **Wednesday** 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 the Company's website for the 2020 AGM: www.vistaland.com.ph/asm2020.

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 17, 2019
4. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 2019
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 2020
7. Appointment of External Auditors
8. Adjournment.

Minutes of the 2019 Annual Meeting of Stockholders is available at the website of the Company (www.vistaland.com.ph.).

The Board of Directors has fixed the close of business on June 11, 2020, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.

In light of the current circumstances, and to ensure the safety and welfare 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 Company's website for the 2020 AGM on or before July 6, 2020. 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 July 6, 2020 at the Office of the Corporate Secretary at Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City and/or by email to gmsantos@picazolaw.com.

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 through the system provided in the Company's website for the 2020 AGM: www.vistaland.com.ph/asm2020 (the "Website"). 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 provided in the Company's website for the 2020 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 17, 2019

The minutes of the last Annual Meeting of Stockholders held on June 17, 2019 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 2019 Annual Meeting of Stockholders.

3. President's Report, Management Report and Audited Financial Statements as of and for the year ended December 31, 2019

The audited financial statements ("AFS") of the Company as of and for the year ended December 31, 2019 (as audited by SyCip, Gorres, Velayo & Co.), a copy of which is incorporated in the Definitive 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 2019 (which will include highlights from the AFS) and the outlook for 2020.

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 Definitive 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 2020

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 Definitive 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 2020.

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 Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, on or before 6 July 2020. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to gmsantos@picazolaw.com.

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 15 July 2020 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 17, 2019

   ❑ Yes ❑ No ❑ Abstain

2. Noting of the President's Report and Management Report and Approval of the Audited Financial Statements for the year 2019

   ❑ 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 2020

	No. of Votes
Manuel B. Villar	_____
Manuel Paolo A. Villar	_____
Cynthia J. Javarez	_____
Camille A. Villar	_____
Frances Rosalie T. Coloma	_____
Marilou O. Adea	_____
Ruben O. Fruto	_____

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 06 July 2020, 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:

   [] Preliminary Information Statement

   [x] Definitive Information Statement

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

   July 15, 2020, 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

   June 24, 2020

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, 2020)	**12,698,007,676 Shares**
Vista Land Retail Bonds issued in 2014	**₱5,000,000,000.00**
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**

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

Yes ____x____ No _____

The Registrant's common shares are listed on the Philippine Stock Exchange.

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: July 15, 2020
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 June 24, 2020 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 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, 2020:

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

(b) Record Date: June 11, 2020

Each common and each 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, 2020:

Class	Foreign		Filipino		
	Shares	Percent of Class/Total Outstanding Shares	Shares	Percent of Class/Total Outstanding Shares	Total Outstanding Shares
Common	1,697,125,331	13.37%	11,000,882,345	86.63%	12,698,007,676
		10.61%		68.76%	
Preferred	0	0.00%	3,300,000,000	100.00%	3,300,000,000
		0.00%		20.63%	
Total	1,697,125,331		14,300,882,345		15,998,007,676

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, 2020:

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	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City	Fine Properties, Inc./ Record Owner is not the beneficial Owner[42]	Filipino	3,636,683,804	22.732%

[1] Based on the total issued and outstanding capital stocks as of April 30, 2020 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

	Shareholder				
Common	Fine Properties, Inc Las Pinas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Fine Properties, Inc./ Record Owner is also beneficial Owner[2]	Filipino	3,462,047,161	21.640%
Preferred	Fine Properties, Inc Las Pinas Business Center Alabang Zapote Road, Talon, 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 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner[4]	Filipino	2,559,562,974	15.999%
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner[4]	Non-Filipino	1,670,276,213	10.441%
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[2]	Filipino	1,235,292,469	7.722%

Security ownership of management as of April 30, 2020:

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership		Citizenship	Percent of Class[1]
Common	Manuel B. Villar, Jr. C. Masibay St. BF Resort Village, Talon, Las Piñas City	293,969,986	Indirect[2]	Filipino	1.838%
		9,086,231,649	Indirect[3]	Filipino	56.796%
Preferred	Manuel B. Villar, Jr. C. Masibay St. BF Resort Village, Talon, Las Piñas City	3,300,000,000	Indirect[4]	Filipino	20.628%
Common	Manuel Paolo A. Villar C. Masibay St. BF Resort Village, Talon, Las Piñas City	200,000	Direct	Filipino	0.001%
		222,596,324	Indirect[2]	Filipino	1.391%
Common	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia Imus, Cavite	160	Direct	Filipino	0.000%

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.

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership		Citizenship	Percent of Class[1]
Common	Camille A. Villar C. Masibay St. BF Resort Village, Talon, Las Piñas City	1,000	Indirect[2]	Filipino	0.000%
Common	Frances Rosalie T. Coloma 1-10 Granwood Villas, BF Homes, Quezon City	4,815	Direct	Filipino	0.000%
Common	Ruben O. Fruto No. 136 Bunga Ext. Ayala Alabang Village. Muntinlupa City	1,000	Direct	Filipino	0.000%
Common	Marilou O. Adea No. 44 Istanbul Street BF Homes, Parañaque City	1	Direct	Filipino	0.000%
Common	Gemma M. Santos 17 Matungao, Bulacan Bulacan	1,000	Direct	Filipino	0.000%
Common	Lorelyn D. Mercado Blk 2 Lot 1 Via Panini Street Napoli Di Citta Italia, Molino Bacoor, Cavite	100	Direct	Filipino	0.000%
N/A	Brian N. Edang B11 L16 Pacita 2, San Pedro Laguna	0	N/A	Filipino	0.000%
N/A	Ma. Nalen SJ Rosero Blk 5 Lot 1A New Victorianne Row La Posada Subd., Sucat Muntinlupa	0	N/A	Filipino	0.000%
N/A	Melissa Camille Z. Domingo 62A Labo St., Sta. Mesa Heights Brgy. San Isidro Labrador, Quezon City	0	N/A	Filipino	0.000%
Total		**12,903,006,035**			**80.654%**

[1] *Based on the total outstanding, issued and subscribed shares of 15,998,007,676(common and preferred) as of April 30, 2020*
[2] *Shares lodged under PCD Nominee Corporation (Filipino)*
[3] *Includes 7,098,730,965 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, 2020, 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, 2020:

Name	Age	Position	Citizenship
Manuel B. Villar, Jr.	70	Chairman of the Board	Filipino
Manuel Paolo A. Villar	43	Vice Chairman of the Board, President and Chief Executive Officer	Filipino
Cynthia J. Javarez	56	Director, Chief Operating Officer	Filipino
Camille A. Villar	35	Director, Managing Director of Vista Land Commercial Division	Filipino
Frances Rosalie T. Coloma	57	Director	Filipino
Ruben O. Fruto	81	Independent Director	Filipino
Marilou Adea	69	Independent Director	Filipino

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, 2020.

Name	Age	Position	Citizenship
Gemma M. Santos	58	Corporate Secretary	Filipino
Ma. Nalen SJ Rosero	49	Chief Legal Counsel, Chief Information Officer and Compliance Officer	Filipino
Brian N. Edang	41	Chief Financial Officer and Head Investor Relations	Filipino
Lorelyn D. Mercado	50	Controller	Filipino
Melissa Camille Z. Domingo	33	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, 70, 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 Masters 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 Chairman of the Board of Vistamalls, Inc. (formerly Starmalls, Inc.), AllHome Corp., AllValue Holdings Corp. and 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, 43, 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, and AllHome Corp.

Cynthia J. Javarez, *Director, Chief Operating Officer, Treasurer, and Chief Risk Officer*. Ms. Javarez, 56, graduated from the University of the East with a degree in 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 was elected as Chief Operating Officer in November 2018. She is also the current President of Fine Properties, Inc, Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation and Vista Residences, Inc.

Camille A. Villar, *Managing Director, Vista Land Commercial Division*. Ms. Villar, 35, graduated from Ateneo de Manila University with a degree in 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 Bria Holdings, Inc. She is also the Concurrent President of All Value Holdings Corp., and the Vice Chairman of AllHome Corp. Ms. Villar is currently a Congresswoman, representing Las Pinas City.

Frances Rosalie T. Coloma, *Director*. 57 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. She was previously the Finance Manager of Alcatel Philippines, Inc. and Intel Philippines, Inc., Country Controller of Ericsson Telecommunications Philippines, Inc., Deal Finance Manager of Accenture Delivery Center, Philippines, and Assistant General Manager of Maersk Global Services, Philippines. 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 the Chief Financial Officer and Director of AllHome Corp. and Director of Golden Bria Holdings, Inc.

Ruben O. Fruto, *Independent Director*. Mr. Fruto, 81, graduated with the degree of Bachelor of Laws from the Ateneo de Manila University in 1961. He was formerly a partner in the law firm of Feria, Feria, Lugtu & La O' and the Oben, Fruto & Ventura Law Office. In February 1987, he was the Chief Legal Counsel and Senior Vice President of the Development Bank of the Philippines and Director from 1991 to 1998. He was the Undersecretary of Finance from March 1990 to May 15, 1991. Presently aside from private practice in corporate and civil litigation, he is also of Counsel of Feria Tantoco Robeniol Law Offices. He is also currently General Counsel of Wallem Philippines, Inc. and Wallem Philippines Shipping, Inc.; Vice-Chairman of Toyota Balintawak, Inc.; Director and Chairman of Padre Burgos Realty, Inc.

Marilou O. Adea, *Independent Director*. Ms. Adea, 69, is currently an Independent Director of FBO Management Network, Inc. and Malarayat Rural Bank of Lipa. She was until recently the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc., Manuela Corporation and 3N2J Shipping & Trading Services, Inc.. Ms. Adea served previously as Project Director for Site Acquisition Director of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994 and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. Ms. Adea worked with the Home Development Mutual Fund from 1978 to 1986. Ms. Adea holds a Degree in Bachelor of Science in Business Administration Major in Marketing Management from the University of the Philippines.

Gemma M. Santos, *Corporate Secretary*. Atty. Santos, 58, 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 a practicing lawyer and Special Counsel in Picazo Buyco Tan Fider & Santos Law Offices. She is also the Corporate Secretary of Golden Bria Holdings, Inc. and a director of Philippine Associated Smelting and Refining Corporation (PASAR) and Fine Properties, Inc..

Ma. Nalen S.J. Rosero. *Chief Legal Counsel, Chief Information Officer and Compliance Officer.* Atty. Rosero, 49, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Corporate Secretary and a 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 a Director of Manuela Corporation and Masterpiece Properties, Inc., and the Corporate Secretary of Vistamalls, Inc. (formerly Starmalls, Inc.). From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Relaga & Cruz (ACCRA) Law Offices. On September 11, 2013, Atty. Rosero was appointed as Compliance Officer and Chief Information Officer of the Company.

Brian N. Edang. *Chief Financial Officer and Head Investor Relations.* Mr. Edang, 41, 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, 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 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).

Lorelyn D. Mercado. *Controller*, 50, graduated from the University of Batangas with a degree in Bachelor of Science in Business Administration-Accounting. She took Master in Business Administration at the De La Salle University. She used to be the 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, 33, 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.

Board Meeting Attendance

Director's Name	Jan 19	Apr 02	Apr 22	May 09	Jun 17	Jul 08	Aug 13	Sep 30	Oct 09	Oct 26	Nov 07	Dec 03
Manuel B. Villar, Jr.	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
Cynthia J. Javarez	P	P	P	P	P	P	P	P	P	P	P	P
Camille A. Villar	P	A	P	P	P	P	P	P	P	P	P	P
Frances Rosalie T. Coloma	P	P	P	P	P	P	P	P	P	P	A	P
Marilou Adea	P	P	P	P	P	P	P	P	P	P	P	P
Ruben O. Fruto	P	P	P	P	P	P	P	P	P	P	P	P

Legend : (A) Absent, (P) Present, (-) Not applicable

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, Mr. Ruben O. Fruto and Ms. Marilou O. Adea 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 Frances Rosalie T. Coloma and Ruben Fruto, 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 Directors or Executive Officers 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, 2019, the Company has not had any transaction during the last two (2) years in which any Director or Executive Officer or any of their immediate family members had a direct or indirect interest.

None of the aforementioned Directors or Executive Officers 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. However, the Company has been informed by Atty. Ruben Fruto that he is one of the respondents in investigation proceedings before the Preliminary Investigation and Administrative Adjudication Bureau of the Office of the Ombudsman, designated as OMB Case No. CC-04-0423-I entitled "Special Presidential Task Force 156 versus Antonio P. Belicena, et al." Atty. Fruto has filed a Manifestation and Motion seeking the dismissal of the subject proceedings as against him, but the same motion has remained unacted upon since the filing thereof on December 28, 2015.

Compensation of Directors and Executive Officers

Executive Compensation

The compensation for its executive officers for the years 2018 and 2019 (actual) and 2020 (projected) are shown below:

Names	Position	Year	Salary	Bonus	Others
Manuel Paolo A. Villar	President & CEO				
Cynthia J. Javarez	COO				
Benjamarie Therese N. Serrano (not included in 2019)	President, Vistamalls, Inc.*				
Brian N. Edang	CFO & Head IR				
Ma. Nalen S.J. Rosero	Chief Legal Counsel/ CIO				
Lorelyn D. Mercado (starting 2019)	Controller				
Aggregate executive compensation for above named officers		**Actual 2018**	**₱54.0M**	**₱13.4M**	**₱–None**
		Actual 2019	**₱53.2M**	**₱13.6M**	**₱–None**
		Projected 2020	**₱55.9M**	**₱14.3M**	**₱–None**

Aggregate executive compensation of all other officers and directors, unnamed		**Actual 2018**	**₱177.9M**	**₱26.6M**	**₱–None**
		Actual 2019	**₱186.8M**	**₱27.9M**	**₱–None**
		Projected 2020	**₱196.1M**	**₱29.3M**	**₱–None**

*up to 2018 only

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's subsidiaries, for any services provided as a director for 2018 and 2019.

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's subsidiaries, during 2018 or 2019 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, 2020, the Villar Family Companies held 75.63% of the total issued and outstanding common share capital of the Company and 80.65% 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.

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 2019, 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 2019 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, 2017, 2018, and 2019 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 Ms. Marilou Adea, Chairman, and Mr. Ruben Fruto and Ms. Cynthia Javarez, 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.

	2018	2019
	(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	₱ 30,556	₱ 31,995
All other fees	–	–
Total	**₱ 30,556**	**₱ 31,995**

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 17, 2019, covering the following matters: (i) approval of the President's Report and the Annual Report for the year 2018; (ii) approval and adoption of the Audited Financial Statements for the year ended 31 December 2018; (iii) ratification of all acts of the Board of Directors and Management since the annual stockholders' meeting held in June 2018; (iv) election of the directors and independent directors of the Company for the ensuing fiscal year; (v) reclassification of the unissued preferred capital stock to create Two Hundred Million (200,000,000) non-voting, cumulative, non-participating, non-convertible and redeemable Series 2 preferred shares and the corresponding amendment of the Seventh Article of the Amended Article of Incorporation of the Company; and (vi) appointment of the external auditor of the Company for the fiscal year 2019.

2. Noting of the President's Report; and

3. Approval of Audited Financial Statements for the year 2019.

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 2018 and 2019 Audited Financial Statements, appointment of officers, certain amendments to the terms and conditions of dollar loan obligations, issuance of corporate notes, issuance of additional tranches of the Peso retail bonds, 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 or 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 2019, 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, 2019 and the Consolidated Interim Financial Statements of the Company as of and for the period ended March 31, 2020 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, 2019, 2018, and 2017, 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.

	2018	2019
	(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	₱ 30,556	₱ 31,995
All other fees	–	–
Total	**₱ 30,556**	**₱ 31,995**

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

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS

Revenues

Real Estate

The Company recorded revenue from real estate sales amounting to ₱32,827.9 for the year ended December 31, 2019, an increase of 3% from ₱31,856.1 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units. 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 Camella Homes increased by 47% to ₱14,284.7 for the year ended December 31, 2019 from ₱9,731.5 million for the year ended December 31, 2018. This was principally attributable to the higher 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 Crown Asia increased by 8% to ₱1,062.0 for the year ended December 31, 2019 from ₱979.5 million for the year ended December 31, 2018. The increase was principally attributable to the higher number of completed units sold for the year of projects in the Mega Manila area in the middle-income housing segment.

- Real estate revenue of Communities Philippines decreased slightly by 5% to ₱ 14,608.9 for the year ended December 31, 2019 from ₱15,358.1 million for the year ended December 31, 2018. This was principally attributable to the slight 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 Brittany decreased by 6% to ₱453.7 for the year ended December 31, 2019 from ₱481.4 million in the same period last year. The decrease was principally attributable to the decrease 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 decreased by 54% to ₱2,418.6 for the year ended December 31, 2019 from ₱5,305.6 million for the year ended December 31, 2018. This decrease was principally attributable to the decrease in the number of sold condominium units completed or under construction during the year. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

Rental income
Rental income increased by 20% from ₱6,464.7 million for the year ended December 31, 2018 to ₱7,748.4 for the year ended December 31, 2019. The increase was primarily attributable to the increased in occupancy and additional space of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable and investments
Interest income from installment contract receivable and investments increased by 9% from ₱1,905.8 million for the year ended December 31, 2018 to ₱2,085.7 for the year ended December 31, 2019. The increase was primarily attributable to the increase in interest income from investments of 23% to ₱1,508.9 for the year ended December 31, 2019 offset by the decrease in the interest income from installment contract receivables of 15% to ₱576.8 million for the year ended December 31, 2019 as most of the Group's buyers are now taking mortgage financing.

Parking, hotel, mall administrative and processing fees and others
Income from parking, hotel, mall administrative and processing fees and others increased by 38% from ₱1,260.5 million for the year ended December 31, 2018 to ₱1,744.1 for the year ended December 31, 2019. The increase was primarily attributable to the 337% increase from our income from hotel operations to ₱184.4 for the year ended December 31, 2019, a 22% increase from mall administrative and processing fees to ₱452.8, another 20% increase from parking fees from our malls to ₱193.2 for the year ended December 31, 2019 and the increase of 33% to ₱913.8 pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Costs and Expenses

Cost and expenses increased by 10% to ₱27,255.6 for the year ended December 31, 2019 from ₱24,735.7 million for the year ended December 31, 2018.

- Cost of real estate sales increased by 4% from ₱15,177.2 million for the year ended December 31, 2018 to ₱15,768.5 for the year ended December 31, 2019 primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 20% from ₱9,558.5 million for the year ended December 31, 2018 to ₱11,487.1 for the year ended December 31, 2019 primarily due to the following:

- an increase in depreciation and amortization from ₱1,480.1 million for the year ended December 31, 2018 to ₱2,292.1 in the year ended December 31, 2019 due to the increase in investment properties and additions to property and equipment for the year, as well as additional depreciation from Right of Use Assets as part of the adoption of PFRS 16 for the year.

- an increase in advertising and promotions from ₱1,064.3 million for the year ended December 31, 2018 to ₱1,428.0 for the year ended December 31, 2019 resulting from increased advertising and promotions activities of the Company during the year.

- an increase in contracted services from ₱486.9 million for the year ended December 31, 2018 to ₱794.6 for the year ended December 31, 2019 due to various professional fees paid during the year.

Interest and other financing charges
Interest and other financing charges decreased by 14% from ₱4,169.8 million for the year ended December 31, 2018 to ₱3,567.9 for the year ended December 31, 2019. The decrease was primarily attributable to the higher capitalization for the year.

Provision for Income Tax

Provision for income tax decreased by 4% from ₱2,047.3 million for the year ended December 31, 2018 to ₱1,973.4 for the year ended December 31, 2019 primarily due to a lower taxable base for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 10% to ₱11,609.2 for the year ended December 31, 2019 from ₱10,534.5 million for the year ended December 31, 2018.

For the year ended December 31, 2019, there were no 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. Except as discussed in *Notes 36 - Events After the Report Date* of the 2019 Financial Statements on the potential impact of the COVID-19 pandemic.

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, 2019 vs. December 31, 2018

Total assets as of December 31, 2019 were ₱272,538.6 compared to ₱238,262.0 million as of December 31, 2018, or a 14% 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 was flat from ₱47,645.2 million as of December 31, 2018 to ₱47,948.2 as of December 31, 2019.

- Investments at fair value through other comprehensive income increased by 10% from ₱106.5 million as of December 31, 2018 to ₱117.5 as of December 31, 2019 due to the recognition of the unrealized fair value gain during the year.

- Receivables including non-current portion thereof increased by 8% from ₱53,641.0 million as of December 31, 2018 to ₱57,833.6 as of December 31, 2019 due to an increase in the various receivables of the company such as installment contracts receivable, advances to contractors and accrued rental receivables as part of the adjustment in compliance with PAS 17.

- Receivables from related parties increased by 10% from ₱4,706.9 million as of December 31, 2018 to ₱5,155.6 million as of December 31, 2019 due to advances made to the affiliates during the year.

- Project development costs decreased by 7% from ₱4,465.3 million as of December 31, 2018 to ₱4,150.6 as of December 31, 2019 due settlement for the year.

- Property and equipment increased by 58% from ₱1,613.9 million as of December 31, 2018 to ₱2,547.3 as of December 31, 2019 due primarily to acquisitions of property and equipment specifically construction equipment during the year.

- Investment properties increased by 37% from ₱73,930.6 million as of December 31, 2018 to ₱101,434.9 as of December 31, 2019 due primarily to the additions to commercial developments and acquisition of land for commercial development during the year.

- Pension assets increased by 26% to ₱267.9 as of December 31, 2019 from ₱213.3 million as of December 31, 2018 as a result of actuarial adjustment for the company's retirement program.

- Other assets, cost to obtain contract including current portions thereof increased by 23% from ₱8,998.5 million as of December 31, 2018 to ₱11,050.7 as of December 31, 2019 due primarily to the recognition of the cost to obtain contract

(commission due to sales agent) amounting to ₱1,565.9 million of as a result of the adoption of the PFRS 15, increase in input vat coming from mall constructions, increase in creditable withholding taxes and constructions materials as the company shifted to in-house constructions for its housing development.

Total liabilities as of December 31, 2019 were ₱172,586.0 compared to ₱146,355.4 million as of December 31, 2018, or a 18% increase. This was due to the following:

- Accounts and other payables decreased by 16% to ₱13,164.1 as of December 31, 2019 from ₱15,736.9 million as of December 31, 2018 due to the settlements made during the year.

- Customers' advances and deposit including contract liabilities increased by 9% to ₱3,959.7 as of December 31, 2019 from ₱3,622.7 million as of December 31, 2018 due to higher reservation sales for the year.

- Income tax payable increased by 51% from ₱44.4 million as of December 31, 2018 to ₱67.1 as of December 31, 2019 due primarily to higher tax payable for the year.

- Dividend payable increased by 106% million from ₱33.4 million as of December 31, 2018 to ₱68.9 as of December 31, 2019 due primarily to the dividend declared during the year.

- Notes payable including non-current portion increased by 25% from ₱74,287.0 million as of December 31, 2018 to ₱93,190.2 as of December 31, 2019 due primarily to the issuance of peso corporate notes and retail bond for the year.

- Bank loans including non-current portion increased by 6% from ₱44,476.1 million as of December 31, 2018 to ₱47,175.1 as of December 31, 2019 due primarily to the issuance of bilateral loans.

- Loans payable including non-current portion increased by 22% from ₱2,784.2 million as of December 31, 2018 to ₱3,405.0 as of December 31, 2019 due to increase in sold receivables during the year.

- Deferred tax liabilities – net increased by 15% from ₱3,073.6 million as of December 31, 2018 to ₱3,523.5 as of December 31, 2019 due to the additional deferred tax liabilities recognized for the year.

- Other noncurrent liabilities increased by 206% from ₱1,450.5 million as of December 31, 2018 to ₱4,434.2 million as of December 31, 2019 due primarily to the increase in the liabilities for purchased land as a result of additional land acquired during the year.

Total stockholder's equity increased by 9% from ₱91,906.6 million as of December 31, 2018 to ₱99,952.7 as of December 31, 2019 due to the net income recorded for the year ended December 31, 2019, increase in non-controlling interest with a reduction due to the acquisition of treasury shares for the year.

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

Notes:

Key Performance Indicators	12/31/2019	12/31/2018
Current ratio [(a)]	3.96:1	3.77:1
Liability-to-equity ratio [(b)]	1.73:1	1.59:1
Interest expense/Income before Interest expense [(c)]	20.8%	24.9%
Return on assets [(d)]	4.3%	4.4%
Return on equity [(e)]	11.6%	11.5%

(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, 2019 increased from that of December 31, 2018 due primarily to the increase in the current portion of Investments at amortized cost and the decrease in current liabilities.

Liability-to-equity ratio increased due to the increase in the total liabilities brought by the proceeds from loans payable and notes payable.

Interest expense as a percentage of income before interest expense decreased in the year ended December 31, 2019 compared to the ratio for the year ended December 31, 2018 due to the lower interest expense for the year which resulted from the increase in capitalization for the year.

Return on asset slightly decreased in the year ended December 31, 2019 compared to that on December 31, 2018 due to higher increase in total assets for the year compared to the growth in net income.

Return on equity increased due primarily to the higher net income reported for the year ended December 31, 2019.

Material Changes to the Company's Balance Sheet as of December 31, 2019 compared to December 31, 2018 (increase/decrease of 5% or more)

Investments at fair value through other comprehensive income increased by 10% from
₱106.5 million as of December 31, 2018 to ₱117.5 as of December 31, 2019 due to the recognition of the unrealized fair value gain during the year.

Receivables including non-current portion thereof increased by 8% from P53,641.0 million as of December 31, 2018 to P57,833.6 as of December 31, 2019 due to an increase in the various receivables of the company such as installment contracts receivable, advances to contractors and accrued rental receivables as part of the adjustment in compliance with PAS 17.

Receivables from related parties increased by 10% from P4,706.9 million as of December 31, 2018 to P5,155.6 million as of December 31, 2019 due to advances made to the affiliates during the year.

Project development costs decreased by 7% from P4,465.3 million as of December 31, 2018 to P4,150.6 as of December 31, 2019 due settlement for the year.

Property and equipment increased by 58% from P1,613.9 million as of December 31, 2018 to P2,547.3 as of December 31, 2019 due primarily to acquisitions of property and equipment specifically construction equipment during the year.

Investment properties increased by 37% from P73,930.6 million as of December 31, 2018 to P101,434.9 as of December 31, 2019 due primarily to the additions to commercial developments and acquisition of land for commercial development during the year.

Pension assets increased by 26% to ₱267.9 as of December 31, 2019 from ₱213.3 million as of December 31, 2018 as a result of actuarial adjustment for the company's retirement program.

Other assets, cost to obtain contract including current portions thereof increased by 23% from P8,998.5 million as of December 31, 2018 to P11,050.7 as of December 31, 2019 due primarily to the recognition of the cost to obtain contract

(commission due to sales agent) amounting to P1,565.9 million of as a result of the adoption of the PFRS 15, increase in input vat coming from mall constructions, increase in creditable withholding taxes and constructions materials as the company shifted to in-house constructions for its housing development.

Accounts and other payables decreased by 16% to ₱13,164.1 as of December 31, 2019 from ₱15,736.9 million as of December 31, 2018 due to the settlements made during the year.

Customers' advances and deposit including contract liabilities increased by 9% to ₱3,959.7 as of December 31, 2019 from ₱3,622.7 million as of December 31, 2018 due to higher reservation sales for the year.

Income tax payable increased by 51% from ₱44.4 million as of December 31, 2018 to ₱67.1 as of December 31, 2019 due primarily to higher tax payable for the year.

Dividend payable increased by 106% million from ₱33.4 million as of December 31, 2018 to ₱68.9 as of December 31, 2019 due primarily to the dividend declared during the year.

Notes payable including non-current portion increased by 25% from ₱74,287.0 million as of December 31, 2018 to ₱93,190.2 as of December 31, 2019 due primarily to the issuance of peso corporate notes and retail bond for the year.

Bank loans including non-current portion increased by 6% from ₱44,476.1 million as of December 31, 2018 to ₱47,175.1 as of December 31, 2019 due primarily to the issuance of bilateral loans.

Loans payable including non-current portion increased by 22% from ₱2,784.2 million as of December 31, 2018 to ₱3,405.0 as of December 31, 2019 due to increase in sold receivables during the year.

Deferred tax liabilities – net increased by 15% from P3,073.6 million as of December 31, 2018 to P3,523.5 as of December 31, 2019 due to the additional deferred tax liabilities recognized for the year.

Other noncurrent liabilities increased by 206% from ₱1,450.5 million as of December 31, 2018 to ₱4,434.2 million as of December 31, 2019 due primarily to the increase in the liabilities for purchased land as a result of additional land acquired during the year.

Total stockholder's equity increased by 9% from ₱91,906.6 million as of December 31, 2018 to ₱99,952.7 as of December 31, 2019 due to the net income recorded

for the year ended December 31, 2019, increase in non-controlling interest with a reduction due to the acquisition of treasury shares for the year.

Material Changes to the Company's Statement of Income for the year ended December 31, 2019 compared to the year ended December 31, 2018 (increase/decrease of 5%**or more)**

Rental income increased by 20% from ₱6,464.7 million for the year ended December 31, 2018 to ₱7,748.4 for the year ended December 31, 2019. The increase was primarily attributable to the increased in occupancy and additional space of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable and investments increased by 9% from ₱1,905.8 million for the year ended December 31, 2018 to ₱2,085.7 for the year ended December 31, 2019. The increase was primarily attributable to the increase in interest income from investments of 23% to ₱1,508.9 for the year ended December 31, 2019 offset by the decrease in the interest income from installment contract receivables of 15% to ₱576.8 million for the year ended December 31, 2019 as most of the Group's buyers are now taking mortgage financing.

Income from parking, hotel, mall administrative and processing fees and others increased by 38% from ₱1,260.5 million for the year ended December 31, 2018 to ₱1,744.1 for the year ended December 31, 2019. The increase was primarily attributable to the 337% increase from our income from hotel operations to ₱184.4 for the year ended December 31, 2019, a 22% increase from mall administrative and processing fees to ₱452.8, another 20% increase from parking fees from our malls to ₱193.2 for the year ended December 31, 2019 and the increase of 33% to ₱913.8 pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Cost of real estate sales increased by 4% from ₱15,177.2 million for the year ended December 31, 2018 to ₱15,768.5 for the year ended December 31, 2019 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 20% from ₱9,558.5 million for the year ended December 31, 2018 to ₱11,487.1 for the year ended December 31, 2019 primarily due to the following an increase in depreciation and amortization due to the increase in investment properties and additions to property and equipment for the year, as well as additional depreciation from Right of Use Assets as part of the adoption of PFRS 16 for the year, an increase in advertising and promotions resulting from increased advertising and promotions activities of the Company

during the year, and an increase in contracted services due to various professional fees paid during the year.

Interest and other financing charges decreased by 14% from ₱4,169.8 million for the year ended December 31, 2018 to ₱3,567.9 for the year ended December 31, 2019. The decrease was primarily attributable to the higher capitalization for the year.

Net income increased by 10% to ₱11,609.2 for the year ended December 31, 2019 from ₱10,534.5 million for the year ended December 31, 2018.

For the year ended December 31, 2019, there were no 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. Except as discussed in *Notes 36 - Events After the Report Date* of the 2019 Financial Statements on the potential impact of the COVID-19 pandemic.

REVIEW OF YEAR END 2018 VS YEAR END 2017

RESULTS OF OPERATIONS

Revenues

Real Estate

The Company recorded revenue from real estate sales amounting to ₱31,856.1 million for the year ended December 31, 2018, an increase of 15% from ₱27,594.4 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units. 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 from Vista Residences increased by 24% to ₱5,305.6 million for the year ended December 31, 2018 from ₱4,262.7 million for the year ended December 31, 2017. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the year. The Company is currently delivering a number of condominium projects launched from 2-3 years ago. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Camella Homes increased by 19% to ₱9,731.5 million for the year ended December 31, 2018 from ₱8,158.3 million for the year ended December 31, 2017. This was principally attributable to the higher number of sold homes completed or under construction in the Mega Manila area in the low-cost and affordable housing segment during the year.

- Real estate revenue of Communities Philippines increased by 17% to ₱15,358.1 million for the year ended December 31, 2018 from ₱13,090.7 million for the year ended December 31, 2017. This was principally attributable to the higher number of sold homes completed or under construction outside the Mega Manila area in the low-cost and affordable housing segment during the year.

- Real estate revenue of Crown Asia decreased by 17% to ₱979.5 million for the year ended December 31, 2018 from ₱1,178.7 million for the year ended December 31, 2017. 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.

- Real estate revenue of Brittany decreased by 47% to ₱481.4 million for the year ended December 31, 2018 from ₱904.0 million in the same period last year. The decrease was principally attributable to the decrease in the number of completed sold units for the year of projects in the Mega Manila area in the high-end housing segment.

Rental income

Rental income increased by 15% from ₱5,625.2 million for the year ended December 31, 2017 to ₱6,464.7 million for the year ended December 31, 2018. The increase was primarily attributable to the additional gross floor area leased out of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable and investments

Interest income from installment contract receivable and investments increased by 9% from ₱1,746.2 million for the year ended December 31, 2017 to ₱1,905.8 million for the year ended December 31, 2018. The increase was primarily attributable to the slight increase in interest income from investments of 2% to ₱1,225.8 million for the year ended December 31, 2018 and the increase in the interest income from receivables of 25% to ₱ 680.1 million for the year ended December 31, 2018 primarily due to the increase in the interest income from leasing related receivables.

Miscellaneous Income

Miscellaneous income increased by 17% from ₱1,076.6 million for the year ended December 31, 2017 to ₱1,260.5 million for the year ended December 31, 2018. The increase was primarily attributable to the 19% increase of the other operating income and parking fees from our malls to ₱453.1 million for the year ended December 31, 2018 and the increase of 17% to ₱807.4 million pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Costs and Expenses

Cost and expenses increased by 16% to ₱24,735.7 million for the year ended December 31, 2018 from ₱21,384.5 million for the year ended December 31, 2017.

- Cost of real estate sales increased by 14% from ₱13,303.6 million for the year ended December 31, 2017 to ₱15,177.2 million for the year ended December 31, 2018 primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 18% from ₱8,080.9 million for the year ended December 31, 2017 to ₱9,558.5 million for the year ended December 31, 2018 primarily due to the following:

    - an increase in commissions from ₱1,482.5 million for the year ended December 31, 2017 to ₱1,692.3 million for the year ended December 31, 2018 resulting from increase in sales of the Company during the year and the adoption of the new accounting standards on recording commission.

    - an increase in depreciation and amortization from ₱1,350.2 million for the year ended December 31, 2017 to ₱1,480.1 million in the year ended December 31, 2018 due to the increase in investment properties and additions to property and equipment for the year.

    - an occupancy costs from ₱898.3 million for the year ended December 31, 2017 to ₱1,173.1 million for the year ended December 31, 2018 due to increase in the number of malls as well as projects during the year,

Interest and other financing charges

Interest and other financing charges increased by 23% from ₱3,384.2 million for the year ended December 31, 2017 to ₱4,169.8 million for the year ended December 31, 2018. The increase was primarily attributable to the increase in the interest bearing debt of the Company for the year and reduced capitalization for qualifying assets that are already completed during the year.

Provision for Income Tax

Provision for income tax decreased by 7% from ₱2,210.8 million for the year ended December 31, 2017 to ₱2,047.3 million for the year ended December 31, 2018 primarily due to a lower taxable base for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 16% to ₱10,534.5 million for the year ended December 31, 2018 from ₱9,062.8 million for the year ended December 31, 2017.

For the year ended December 31, 2018, there were no 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, 2018 vs. December 31, 2017

Total assets as of December 31, 2018 were 199,934.7 million compared to ₱238,262 million as of December 31, 2017, or a 19% 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 increased by 19% from ₱40,158.8 million as of December 31, 2017 to ₱47,645.2 million as of December 31, 2018 primarily due to the higher internal cash generated and net proceeds from the debt issuance for the year.

- Available-for-sale financial assets (equity securities) in December 31, 2017 now classified as Investments at fair value through other comprehensive income decreased by 12% from ₱121.6 million as of December 31, 2017 to ₱106.5 million as of December 31, 2018 due to disposals during the year.

- Receivables and contract assets including non-current portion thereof increased by 21% from ₱44,182.5 million as of December 31, 2017 to ₱53,641.0 million as of December 31, 2018 due to an increase in the installment contracts receivables and contract assets from the current year sale, increase in other non-trade receivables and the a decrease in the receivable from tenants.

- Receivables from related parties decreased by 6% from ₱4,987.9 million as of December 31, 2017 to ₱4,706.9 million as of December 31, 2018 due to settlements made by affiliates during the year.

- Real estate inventories including raw land for residential development which was reclassified increased by 6% from ₱39,700.0 million as of December 31, 2017 to ₱41,946.9 million as of December 31, 2018 due primarily to the increase in the project launched and land acquired for housing development during the year.

- Project development costs increased by 11% from ₱4,043.3 million as of December 31, 2017 to ₱4,465.3 million as of December 31, 2018 due primarily to

the advances made during the year for to joint venture partners for land development.

- Property and equipment increased by 82% from ₱885.8 million as of December 31, 2017 to ₱1,613.9 million as of December 31, 2018 due primarily to acquisitions of equipment and furniture and the additions to building and improvements pertaining to the Mella hotel building the second hotel of the group.

- Investment properties including raw land for commercial development which was reclassified increased by 25% from ₱59,101.4 million as of December 31, 2017 to ₱73,930.6 million as of December 31, 2018 due primarily to the additions to commercial developments and acquisition of land for commercial development during the year.

- Pension assets increased by 143% to ₱213.3 million as of December 31, 2018 from ₱87.7 million as of December 31, 2017 as a result of actuarial adjustment for the company's retirement program.

- Other assets, cost to obtain contract including current portion thereof increased by 57% from ₱5,725.4 million as of December 31, 2017 to ₱8,998.5 million as of December 31, 2018 due primarily to the recognition of the cost to obtain contract (commission due to sales agent) ₱1,276.5 million of as a result of the adoption of the PFRS 15, increase in input vat coming from mall constructions, increase in creditable withholding taxes and constructions materials as the company shifted to in-house constructions for its housing development.

Total liabilities as of December 31, 2018 were ₱146,355.4 million compared to ₱ 115,926.8 million as of December 31, 2017, or a 26% increase. This was due to the following:

- Accounts and other payables increased by 19% to ₱15,736.9 million as of December 31, 2018 from ₱13,275.0 million as of December 31, 2017 due to the increase in trade payables and other payables specifically commission payable as a result of the adoption of PFRS 15.

- Customers' advances and deposit including contract liabilities was flat to ₱3,622.7 million as of December 31, 2018 from ₱3,617.9 million as of December 31, 2017.

- Income tax payable decreased by 17% from ₱53.2 million as of December 31, 2017 to ₱44.4 million as of December 31, 2018 due primarily to a settlements during the year.

- Dividend payable increased by 15% million from ₱29.0 million as of December 31, 2017 to

₱33.4 million as of December 31, 2018 due primarily to the dividend declared during the year.

- Notes payable including non-current portion increased by 36% from ₱54,501.0 million as of December 31, 2017 to ₱74,287.0 million as of December 31, 2018 due primarily to the issuance of peso corporate notes and retail bond for the year.

- Bank loans including non-current portion increased by 24% from ₱35,799.8 million as of December 31, 2017 to ₱44,476.1 million as of December 31, 2018 due primarily to the issuance of bilateral loans.

- Loans payable including non-current portion decreased by 26% from ₱3,760.5 million as of December 31, 2017 to ₱2,784.2 million as of December 31, 2018 due settlement for the year.

- Deferred tax liabilities – net increased by 27% from ₱2,414.2 million as of December 31, 2017 to ₱3,073.6 million as of December 31, 2018 due to the additional deferred liabilities recognized for the year.

- Other noncurrent liabilities decreased by 13% from ₱1,674.1 million as of December 31, 2017 to ₱1,450.5 million as of December 31, 2018 due to the settlements for the period.

Total stockholder's equity increased by 9% from ₱84,007.9 million as of December 31, 2017 to ₱91,906.6 million as of December 31, 2017 due to the net income recorded for the year ended December 31, 2018, increase in non-controlling interest with a reduction due to the acquisition of treasury shares for the year.

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

Key Performance Indicators	12/31/2018	12/31/2017
Current ratio [(a)]	3.77:1	5.19:1
Liability-to-equity ratio [(b)]	1.59:1	1.38:1
Interest expense/Income before Interest expense [(c)]	24.9%	23.1%
Return on assets [(d)]	4.4%	4.5%
Return on equity [(e)]	11.5%	10.8%

Notes:

(f) 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.

(g) 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.

(h) 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

(i) 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.

(j) 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, 2018 decreased from that of December 31, 2017 due primarily to the decrease in the current portion of AFS and HTM investments and the increase in current liabilities.

Liability-to-equity ratio increased due to the increase in the total liabilities brought by the proceeds from bank loans and notes payable and increase in accounts and other payables.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2018 compared to the ratio for the year ended December 31, 2017 due to the higher interest expense for the year.

Return on asset remained constant for December 31, 2018 compared to that on December 31, 2017.

Return on equity increased due primarily to the higher net income reported for the year ended December 31, 2018.

Material Changes to the Company's Balance Sheet as of December 31, 2018 compared to December 31, 2017 (increase/decrease of 5% or more)

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 increased by 19% from ₱40,158.8 million as of December 31, 2017 to ₱47,645.2 million as of December 31, 2018 primarily due to the higher internal cash generated and net proceeds from the debt issuance for the year.

Available-for-sale financial assets (equity securities) in December 31, 2017 now classified as Investments at fair value through other comprehensive income decreased by 12% from ₱121.6 million as of December 31, 2017 to ₱106.5 million as of December 31, 2018 due to disposals during the year.

Receivables and contract assets including non-current portion thereof increased by 21% from ₱44,182.5 million as of December 31, 2017 to ₱53,641.0 million as of December 31, 2018 due to an increase in the installment contracts receivables and contract assets from the current year sale, increase in other non-trade receivables and the a decrease in the receivable from tenants.

Receivables from related parties decreased by 6% from ₱4,987.9 million as of December 31, 2017 to ₱4,706.9 million as of December 31, 2018 due to settlements made by affiliates during the year.

Real estate inventories including raw land for residential development which was reclassified increased by 6% from ₱39,700.0 million as of December 31, 2017 to ₱41,946.9 million as of December 31, 2018 due primarily to the increase in the project launched and land acquired for housing developement during the year.

Project development costs increased by 11% from ₱4,043.3 million as of December 31, 2017 to ₱4,465.3 million as of December 31, 2018 due primarily to the advances made during the year for to joint venture partners for land development.

Property and equipment increased by 82% from ₱885.8 million as of December 31, 2017 to ₱1,613.9 million as of December 31, 2018 due primarily to acquisitions of equipment and furniture and the additions to building and improvements pertaining to the Mella hotel building the second hotel of the group.

Investment properties including raw land for commercial development which was reclassified increased by 25% from ₱59,101.4 million as of December 31, 2017 to ₱73,930.6 million as of December 31, 2018 due primarily to the additions to commercial developments and acquisition of land for commercial development during the year.

Pension assets increased by 143% to ₱213.3 million as of December 31, 2018 from ₱87.7 million as of December 31, 2017 as a result of actuarial adjustment for the company's retirement program.

- Other assets, cost to obtain contract including current portion thereof increased by 57% from ₱5,725.4 million as of December 31, 2017 to ₱8,998.5 million as of December 31, 2018 due primarily to the recognition of the cost to obtain contract (commission due to sales agent) ₱1,276.5 million of as a result of the adoption of the PFRS 15, increase in input vat coming from mall constructions, increase in

creditable withholding taxes and constructions materials as the company shifted to in-house constructions for its housing development.

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Accounts and other payables increased by 19% to ₱15,736.9 million as of December 31, 2018 from ₱13,275.0 million as of December 31, 2017 due to the increase in trade payables and other payables specifically commission payable as a result of the adoption of PFRS 15.

Customers' advances and deposit including contract liabilities was flat to ₱3,622.7 million as of December 31, 2018 from ₱3,617.9 million as of December 31, 2017.

- Income tax payable decreased by 17% from ₱53.2 million as of December 31, 2017 to ₱44.4 million as of December 31, 2018 due primarily to a settlements during the year.

  Dividend payable increased by 15% million from ₱29.0 million as of December 31, 2017 to ₱33.4 million as of December 31, 2018 due primarily to the dividend declared during the year.

  Notes payable including non-current portion increased by 36% from ₱54,501.0 million as of December 31, 2017 to ₱74,287.0 million as of December 31, 2018 due primarily to the issuance of peso corporate notes and retail bond for the year.

  Bank loans including non-current portion increased by 24% from ₱35,799.8 million as of December 31, 2017 to ₱44,476.1 million as of December 31, 2018 due primarily to the issuance of bilateral loans.

  Loans payable including non-current portion decreased by 26% from ₱3,760.5 million as of December 31, 2017 to ₱2,784.2 million as of December 31, 2018 due settlement for the year.

  Deferred tax liabilities – net increased by 27% from ₱2,414.2 million as of December 31, 2017 to ₱3,073.6 million as of December 31, 2018 due to the additional deferred liabilities recognized for the year.

  Other noncurrent liabilities decreased by 13% from ₱1,674.1 million as of December 31, 2017 to ₱1,450.5 million as of December 31, 2018 due to the settlements for the period.

  Total stockholder's equity increased by 9% from ₱84,007.9 million as of December 31, 2017 to ₱91,906.6 million as of December 31, 2017 due to the net income recorded for the year ended December 31, 2018, increase in non-controlling interest with a reduction due to the acquisition of treasury shares for the year.

Material Changes to the Company's Statement of Income for the year ended December 31, 2018 compared to the year ended December 31, 2017 (increase/decrease of 5% or more)

Real estate sales amounting to ₱31,856.1 million for the year ended December 31, 2018, an increase of 15% from ₱27,594.4 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units.

Rental income increased by 15% from ₱5,625.2 million for the year ended December 31, 2017 to ₱6,464.7 million for the year ended December 31, 2018. The increase was primarily attributable to the additional gross floor area leased out of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable and investments increased by 9% from ₱1,746.2 million for the year ended December 31, 2017 to ₱1,905.8 million for the year ended December 31, 2018. The increase was primarily attributable to the slight increase in interest income from investments of 2% to ₱ 1,225.8 million for the year ended December 31, 2018 and the increase in the interest income from receivables of 25% to ₱680.1 million for the year ended December 31, 2018 primarily due to the increase in the interest income from leasing related receivables.

Miscellaneous income increased by 17% from ₱1,076.6 million for the year ended December 31, 2017 to ₱1,260.5 million for the year ended December 31, 2018. The increase was primarily attributable to the 19% increase of the other operating income and parking fees from our malls to ₱453.1 million for the year ended December 31, 2018 and the increase of 17% to ₱807.4 million pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Cost of real estate sales increased by 14% from ₱13,303.6 million for the year ended December 31, 2017 to ₱15,177.2 million for the year ended December 31, 2018 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 18% from ₱8,080.9 million for the year ended December 31, 2017 to ₱9,558.5 million for the year ended December 31, 2018 primarily due to the following an increase in commissions from ₱1,482.5 million for the year ended December 31, 2017 to ₱1,692.3 million for the year ended December 31, 2018 resulting from increase in sales of the Company during the year and the adoption of the new accounting standards on recording commission, an increase in depreciation and amortization from ₱1,350.2 million for the year ended December 31, 2017 to ₱1,480.1 million in the year ended December 31, 2018 due to the increase in investment properties and additions to property and equipment for the year and an occupancy costs from ₱898.3 million for the year ended December 31, 2017 to

₱1,173.1 million for the year ended December 31, 2018 due to increase in the number of malls as well as projects during the year,

Interest and other financing charges increased by 23% from ₱3,384.2 million for the year ended December 31, 2017 to ₱4,169.8 million for the year ended December 31, 2018. The increase was primarily attributable to the increase in the interest bearing debt of the Company for the year and reduced capitalization for qualifying assets that are already completed during the year.

Provision for income tax decreased by 7% from ₱2,210.8 million for the year ended December 31, 2017 to ₱2,047.3 million for the year ended December 31, 2018 primarily due to a lower taxable base for the year.

As a result of the foregoing, the Company's net income increased by 16% to ₱ 10,534.5 million for the year ended December 31, 2018 from ₱9,062.8 million for the year ended December 31, 2017.

For the year ended December 31, 2018, there were no 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 2017 VS YEAR END 2016

RESULTS OF OPERATIONS

Revenues

Real Estate

The Company recorded revenue from real estate sales amounting to ₱27,594.4 million for the year ended December 31, 2017, an increase of 10% from ₱25,025.2 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units. 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 from Vista Residences increased by 103% to ₱4,262.7 million for the year ended December 31, 2017 from ₱2,102.1 million for the year ended December 31, 2016. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the year. The Company is currently delivering a number of condominium projects

launched from 2-3 years ago. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Brittany increased by 40% to ₱904.0 million for the year ended December 31, 2017 from ₱645.4 million in the same period last year. The increase was principally attributable to the increase in the number of completed sold units in the 4th quarter for projects in the Mega Manila area in the high-end housing segment.

- Real estate revenue of Crown Asia increased to ₱1,178.7 million for the year ended December 31, 2017 from ₱985.1 million for the year ended December 31, 2016. The increase was principally attributable to the increase in the number of completed units sold specifically in the 4th quarter for projects in the Mega Manila area in the middle-income housing segment.

- Real estate revenue of Camella Homes was flat at ₱8,158.3 million for the year ended December 31, 2017 from ₱8,199.8 million for the year ended December 31, 2016. This was principally attributable to the same number of sold homes completed or under construction in the Mega Manila area in the low-cost and affordable housing segment during the year.

- Real estate revenue of Communities Philippines was also flat to ₱13,090.7 million for the year ended December 31, 2017 from ₱13,092.7 million for the year ended December 31, 2016. This was principally attributable to the same level in the number of sold homes completed or under construction outside the Mega Manila area in the low-cost and affordable housing segment during the year.

Rental income

Rental income increased by 29% from ₱4,375.3 million for the year ended December 31, 2016 to ₱5,625.2 million for the year ended December 31, 2017. The increase was primarily attributable to the additional gross floor area leased out of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable and investments

Interest income from installment contract receivable and investments increased by 16% from ₱1,507.0 million for the year ended December 31, 2016 to ₱1,746.2 million for the year ended December 31, 2017. The increase was primarily attributable to the increase in interest income from investments of 39% to ₱1,202.6 million for the year ended December 31, 2017 due to the recycling of comprehensive income accumulated from AFS investments disposed during the year and the decrease in the interest income from installment contracts receivable of 15% to ₱543.5 million for the year ended December 31, 2017 as most of the Group's buyers are now taking mortgage financing.

Miscellaneous Income
Miscellaneous income increased by 13% from ₱952.5 million for the year ended December 31, 2016 to ₱1,076.6 million for the year ended December 31, 2017. The increase was primarily attributable to the 28% increase of the other operating income and parking fees from our malls to ₱378.0 million for the year ended December 31, 2017 and the slight increase of 6% to ₱698.6 million pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Other income (expenses)
There was no foreign exchange losses incurred for the year 2017 as the unrealized loss on the Group's dollar liabilities were offset by the unrealized gain from the Group dollar denominated investments.

Costs and Expenses

Cost and expenses increased by 7% to ₱21,384.5 million for the year ended December 31, 2017 from ₱19,915.5 million for the year ended December 31, 2016.

- Cost of real estate sales increased by 8% from ₱12,321.0 million for the year ended December 31, 2016 to ₱13,303.6 million for the year ended December 31, 2017 primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 6% from ₱7,594.5 million for the year ended December 31, 2016 to ₱8,080.9 million for the year ended December 31, 2017 primarily due to the following:

    - an increase in depreciation and amortization from ₱1,030.0 million for the year ended December 31, 2016 to ₱1,350.2 million in the year ended December 31, 2017 due to the increase in investment properties and additions to property and equipment for the year.

    - an increase in commissions from ₱1,376.4 million for the year ended December 31, 2016 to ₱1,482.5 million for the year ended December 31, 2017 resulting from increase in sales of the Company during the year.

    - an occupancy costs from ₱715.4 million for the year ended December 31, 2016 to ₱898.3 million for the year ended December 31, 2017 due to increase in the number of malls as well as projects during the year,

Interest and other financing charges
Interest and other financing charges increased by 51% from ₱2,263.3 million for the year ended December 31, 2016 to ₱3,384.2 million for the year ended December 31, 2017.

The increase was primarily attributable to the increase in the interest bearing debt of the Company for the year and reduced capitalization for qualifying assets that are already completed during the year.

Provision for Income Tax

Provision for income tax increased by 40% from ₱1,582.2 million for the year ended December 31, 2016 to ₱2,210.8 million for the year ended December 31, 2017 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 12% to ₱9,062.8 million for the year ended December 31, 2017 from ₱8,100.4 million for the year ended December 31, 2016.

For the year ended December 31, 2017, there were no 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, 2017 vs. December 31, 2016

Total assets as of December 31, 2017 were 199,934.7 million compared to ₱174,768.2 million as of December 31, 2016, or a 14% 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) and held-to-maturity investments increased by 6% from ₱37,933.4 million as of December 31, 2016 to ₱40,158.8 million as of December 31, 2017 primarily due to the higher internal cash generated and net proceeds from the debt issuance for the year.

- Receivables including non-current portion increased by 18% from ₱37,541.7 million as of December 31, 2016 to ₱44,182.5 million as of December 31, 2017due to an increase in the installment contracts receivables from the current year sale and increase in other non-trade receivables.

- Receivables from related parties increased by 27% from ₱3,916.7 million as of December 31, 2016 to ₱4,987.9 million as of December 31, 2017 due to advances made to the affiliates during the year.

- Real estate inventories increased by 15% from ₱22,954.7 million as of December 31, 2016 to ₱26,333.9 million as of December 31, 2017 due primarily to the increase in the project launched during the year.

- Investment properties increased by 17% from ₱32,065.5 million as of December 31, 2016 to ₱37,437.7 million as of December 31, 2017 due primarily to the additions to commercial developments of both the Company and its newly acquired subsidiary Starmalls.

- Land and improvements increased by 15% from ₱30,486.6 million as of December 31, 2016 to ₱35,029.9as of December 31, 2017 million due primarily to the acquisitions of land made during the year.

- Property and equipment increased by 8% from ₱822.3 million as of December 31, 2016 to ₱855.8 million as of December 31, 2017 due primarily to the additions of property and equipment for the year.

- Investments and advances in project development costs increased by 25% from ₱ 3,232.3 million as of December 31, 2016 to ₱4,034.3 million as of December 31, 2017 due primarily to the advances to land owners for joint venture projects during the year.

- Pension assets was recorded at ₱87.7 million as of December 31, 2017 from a pension liabilities of ₱98.1 million as of December 31, 2016 as a result of actuarial adjustment for the company's retirement program.

- Other assets including current portion increased by 13% from ₱5,064.8 million as of December 31, 2016 to ₱5,725.4 million as of December 31, 2017 due primarily to the increase in various deposits and input vat.

Total liabilities as of December 31, 2017 were ₱115,926.8 million compared to ₱98,272.9 million as of December 31, 2016, or a 18% increase. This was due to the following:

- Accounts and other payables increased by 16% to ₱13,274.9 million as of December 31, 2017 from ₱11,400.4 million as of December 31, 2016 due to the increase in trade payables and other payables.

- Customers' advances and deposit increased by 35% to ₱3,617.9 million as of December 31, 2017 from ₱2,671.7 million as of December 31, 2016 due to a higher reservations sales for the year.

- Income tax payable decreased by 15% from ₱134.0 million as of December 31, 2016 to ₱53.2 million as of December 31, 2017 due primarily to the settlements for the year.

- Dividend payable increased by 16% million from ₱25.0 million as of December 31, 2016 to ₱28.9 million as of December 31, 2017 due primarily to the dividend declared during the year..

- Notes payable including non-current portion increased by 38% from ₱39,525.1 million as of December 31, 2016 to ₱54,501.0 million as of December 31, 2017 due primarily to the issuance of dollar notes, peso corporate notes and retail bond for the year.

- Deferred tax liabilities – net increased by 48% from ₱1,628.5 million as of December 31, 2016 to ₱2,414.2 million as of December 31, 2017 due to the additional deferred liabilities recognized for the year.

- Other noncurrent liabilities decreased by 30% from ₱2,378.5 million as of December 31, 2016 to ₱1,674.1 million as of December 31, 2017 due to the settlements for the period.

Total stockholder's equity increased by 10% from ₱76,495.3 million as of December 31, 2016 to ₱84,007.9 million as of December 31, 2017 due to the net income recorded for the year ended December 31, 2017, increase in other comprehensive income and non-controlling interest.

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

Key Performance Indicators	12/31/2017	12/31/2016
Current ratio [(a)]	4.67:1	3.28:1
Liability-to-equity ratio [(b)]	1.38:1	1.28:1
Interest expense/Income before Interest expense [(c)]	23.1%	18.8%
Return on assets [(d)]	4.5%	4.6%
Return on equity [(e)]	10.8%	10.6%

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, 2017 increased from that of December 31, 2016 due primarily to the increase in the current portion of AFS and HTM investments.

Liability-to-equity ratio increased due to the increase in the total liabilities brought by the proceeds from accounts and other payables, customer's advances and deposits as well as notes payable.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2017 compared to the ratio for the year ended December 31, 2016 due to the higher interest expense for the year.

Return on asset remained constant for December 31, 2017 compared to that on December 31, 2016.

Return on equity slightly increased due primarily to the higher net income reported for the year ended December 31, 2017.

Material Changes to the Company's Balance Sheet as of December 31, 2017 compared to December 31, 2016 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term cash investments, available-for-sale financial assets (excluding equity securities) and held-to-maturity investments increased by 6% from ₱37,933.4 million as of December 31, 2016 to ₱ 40,158.8 million as of December 31, 2017 primarily due to the higher internal cash generated and net proceeds from the debt issuance for the year.

Receivables including non-current portion increased by 18% from ₱37,541.7 million as of December 31, 2016 to ₱44,182.5 million as of December 31, 2017 due to an increase in the installment contracts receivables from the current year sale and increase in other non-trade receivables.

Receivables from related parties increased by 27% from ₱3,916.7 million as of December 31, 2016 to ₱4,987.9 million as of December 31, 2017 due to advances made to the affiliates during the year.

Real estate inventories increased by 15% from ₱22,954.7 million as of December 31, 2016 to ₱26,333.9 million as of December 31, 2017 due primarily to the increase in the project launched during the year.

Investment properties increased by 17% from ₱32,065.5 million as of December 31, 2016 to ₱37,437.7 million as of December 31, 2017 due primarily to the additions to commercial developments of both the Company and its newly acquired subsidiary Starmalls.

Land and improvements increased by 15% from ₱30,486.6 million as of December 31, 2016 to ₱35,029.9as of December 31, 2017 million due primarily to the acquisitions of land made during the year.

Property and equipment increased by 8% from ₱822.3 million as of December 31, 2016 to ₱855.8 million as of December 31, 2017 due primarily to the additions of property and equipment for the year.

Investments and advances in project development costs increased by 25% from ₱ 3,232.3 million as of December 31, 2016 to ₱4,034.3 million as of December 31, 2017 due primarily to the advances to land owners for joint venture projects during the year.

Pension assets was recorded at ₱87.7 million as of December 31, 2017 from a pension liabilities of ₱98.1 million as of December 31, 2016 as a result of actuarial adjustment for the company's retirement program.

Other assets including current portion increased by 13% from ₱5,064.8 million as of December 31, 2016 to ₱5,725.4 million as of December 31, 2017 due primarily to the increase in various deposits and input vat.

Accounts and other payables increased by 16% to ₱13,274.9 million as of December 31, 2017 from ₱11,400.4 million as of December 31, 2016 due to the increase in trade payables and other payables.

Customers' advances and deposit increased by 35% to ₱3,617.9 million as of December 31, 2017 from ₱2,671.7 million as of December 31, 2016 due to a higher reservations sales for the year.

Income tax payable decreased by 15% from ₱134.0 million as of December 31, 2016 to ₱53.2 million as of December 31, 2017 due primarily to the settlements for the year.

Dividend payable increased by 16% million from ₱25.0 million as of December 31, 2016 to ₱28.9 million as of December 31, 2017 due primarily to the dividend declared during the year..

Notes payable including non-current portion increased by 38% from ₱39,525.1 million as of December 31, 2016 to ₱54,501.0 million as of December 31, 2017 due primarily to the issuance of dollar notes, peso corporate notes and retail bond for the year.

Deferred tax liabilities – net increased by 48% from ₱1,628.5 million as of December 31, 2016 to ₱2,414.2 million as of December 31, 2017 due to the additional deferred liabilities recognized for the year.

Other noncurrent liabilities decreased by 30% from ₱2,378.5 million as of December 31, 2016 to ₱1,674.1 million as of December 31, 2017 due to the settlements for the period.

Total stockholder's equity increased by 10% from ₱76,495.3 million as of December 31, 2016 to ₱84,007.9 million as of December 31, 2017 due to the net income recorded for the year ended December 31, 2017, increase in other comprehensive income and non-controlling interest.

Material Changes to the Company's Statement of Income for the year ended December 31, 2017compared to the year ended December 31, 2016 (increase/decrease of 5% or more)

Real estate sales amounting to ₱27,594.4 million for the year ended December 31, 2017, an increase of 10% from ₱25,025.2 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units.

Rental income increased by 29% from ₱4,375.3 million for the year ended December 31, 2016 to ₱5,625.2 million for the year ended December 31, 2017. The increase was primarily attributable to the additional gross floor area leased out of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable and investments increased by 16% from ₱1,507.0 million for the year ended December 31, 2016 to ₱1,746.2 million for the year ended December 31, 2017. The increase was primarily attributable to the

increase in interest income from investments of 39% to ₱1,202.6 million for the year ended December 31, 2017 d ue to the recycling of comprehensive income accumulated from AFS investments disposed during the year and the decrease in the interest income from installment contracts receivable of 15% to ₱543.5 million for the year ended December 31, 2017 as most of the Group's buyers are now taking mortgage financing.

Miscellaneous income increased by 13% from ₱952.5 million for the year ended December 31, 2016 to ₱1,076.6 million for the year ended December 31, 2017. The increase was primarily attributable to the 28% increase of the other operating income and parking fees from our malls to ₱378.0 million for the year ended December 31, 2017 and the slight increase of 6% to ₱698.6 million pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

There was no foreign exchange losses incurred for the year 2017 as the unrealized loss on the Group's dollar liabilities were offset by the unrealized gain from the Group dollar denominated investments.

Cost of real estate sales increased by 8% from ₱12,321.0 million for the year ended December 31, 2016 to ₱13,303.6 million for the year ended December 31, 2017 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 6% from ₱7,594.5 million for the year ended December 31, 2016 to ₱8,080.9 million for the year ended December 31, 2017 primarily due to the increase in depreciation and amortization resulting from the increase in investment properties and additions to property and equipment for the year, increase in commissions resulting from increase in sales, increase in occupancy cost due to increase in the number of malls as well as projects during the year.

Interest and other financing charges increased by 51% from ₱2,263.3 million for the year ended December 31, 2016 to ₱3,384.2 million for the year ended December 31, 2017. The increase was primarily attributable to the increase in the interest bearing debt of the Company for the year and reduced capitalization for qualifying assets that are already completed during the year.

Provision for income tax increased by 40% from ₱1,582.2 million for the year ended December 31, 2016 to ₱2,210.8 million for the year ended December 31, 2017 primarily due to a higher taxable base for the year.

The Company's net income increased by 12% to ₱9,062.8 million for the year ended December 31, 2017 from ₱8,100.4 million for the year ended December 31, 2016.
There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion, Further, there

are no material events and uncertainties known to management that would impact or change reported financial information and condition of the Company.

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 are focused on the mass market. The Company operates its residential property development business and commercial property development business through six distinct business units. Brittany, Crown Asia, Camella Homes, Communities Philippines 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:

- ***Brittany*****.** Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱12.0 million and above;

- ***Crown Asia****.* Crown Asia caters to the upper mid-cost housing segment in Mega Manila, primarily offering houses priced between ₱5.0 million and ₱12.0 million;

- ***Camella Homes****.* For 40 years, Camella Homes has serviced the affordable housing segment (houses priced below ₱5.0 million) in the Mega Manila area. Camella Homes markets its houses primarily under the "Camella" brand. According to the July 2018 Philippine Survey and Research Center ("PSRC") "MANA 2018" Study, Camella was acknowledged as the most preferred brand overall in the Philippine housing market, with a brand awareness rate of 98%; ***Communities Philippines****.* Communities Philippines and its subsidiaries offer residential properties outside the Mega Manila area under the "Camella" and "Crown Asia" brands. The Company believes that Communities Philippines and its subsidiaries have the widest coverage of developments in the regions outside Mega Manila of any homebuilder in the Philippines and utilizes Camella Homes' and Crown Asia's expertise and designs to offer houses in areas outside of the Mega Manila area that it believes are at par, in terms of quality, with the developments in the Mega Manila area;

- ***Vista Residences, Inc.*** 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; and

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

The Company has no sale or revenues and net income contributed by foreign sales for 2019, 2018, and 2017.

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

Market Information

The Company's common shares are listed with the Philippine Stock Exchange. The Company was listed on June 25, 2007.

	2020			2019			2018			2017		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	7.60	3.07	4.08	8.00	5.41	7.23	6.99	5.85	6.50	5.10	4.65	5.08
2nd				7.40	7.02	7.13	6.96	6.14	6.14	6.10	5.08	5.81
3rd				7.84	7.14	7.72	6.41	5.95	6.09	6.40	5.60	6.36
4th				7.74	7.10	7.73	6.05	5.10	5.41	6.40	5.55	5.99

The market capitalization of VLL as of December 31, 2019 based on the closing price of ₱7.73/share on December 27, 2019, the last trading date for the fourth quarter of 2019, was approximately ₱98.2 billion.

As of June 19, 2020, VLL's market capitalization stood at ₱49.5 billion based on the ₱3.90/share closing price.

Common

There are approximately 946 holders of common equity security of the Company as of April 30, 2020 (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]	7,098,730,965	55.90%
2	PCD NOMINEE CORPORATION (FILIPINO)	1,807,354,759	14.23%
3	PCD NOMINEE CORPORATION (FOREIGN)	1,670,276,213	13.15%
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	BESTIMES INVESTMENT LIMITED	26,814,493	0.21%
9	JOHN T. LAO	2,853,000	0.02%
10	SULFICIO TAGUD JR. &/OR ESTER TAGUD	401,000	0.00%
11	FEDERAL HOMES, INC.	324,850	0.00%
12	ACRIS CORPORATION	300,000	0.00%
13	CHRISTIAN A. AGUILAR	290,617	0.00%
14	BENJAMARIE THERESE N. SERRANO	200,000	0.00%
15	MARIBETH TOLENTINO	200,000	0.00%
16	CHERYL JOYCE YOUNG	200,000	0.00%
17	LUCIO W. YAN &/OR CLARA Y. YAN	150,000	0.00%
18	FRANCISCO A. UY	120,000	0.00%

19	MAXIMO S. UY &/OR LIM HUE HUA	120,000	0.00%
20	LUCIO WONG YAN	100,000	0.00%
	TOTAL	**13,112,702,891**	**103.27%**
	OTHER STOCKHOLDERS	1433,485	0.01%
	TREASURY SHARES – AS OF APRIL 30, 2020	(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, 2020*
[2] *Includes 3,636,683,804 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)*

Preferred

	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

₱0.2646 per share Regular Cash Dividend
Declaration Date: September 30, 2019
Record date: October 16, 2019
Payment date: October 31, 2019

₱0.2252 per share Regular Cash Dividend
Declaration Date: September 28, 2018
Record date: October 15, 2018
Payment date: October 29, 2018

₱0.1342 per share Regular Cash Dividend
Declaration Date: September 29, 2017
Record date: October 16, 2017
Payment date: December 31, 2017

₱0.1185 per share Regular Cash Dividend
Declaration Date: September 28, 2016
Record date: October 13, 2016
Payment date: October 28, 2016

₱0.1357 per share Regular Cash Dividend
Declaration Date: September 15, 2015

Record date: September 30, 2015
Payment date: October 15, 2015

₱0.11858 per share Regular Cash Dividend
Declaration Date: September 15, 2014
Record date: September 30, 2014
Payment date: October 24, 2014

₱0.102 per share Regular Cash Dividend
Declaration Date: September 11, 2013
Record date: September 26, 2013
Payment date: October 22, 2013

₱0.0839 per share Regular Cash Dividend
Declaration Date: September 17, 2012
Record date: October 02, 2012
Payment date: October 26, 2012

₱0.04 per share Special Cash Dividend
Declaration Date: June 15, 2012
Record date: July 02, 2012
Payment date: July 26, 2012

₱0.07 per share Regular Cash Dividend
Declaration Date: September 13, 2011
Record date: September 28, 2011
Payment date: October 24, 2011

₱0.035 per share Special Cash Dividend
Declaration Date: May 17, 2011
Record date: June 01, 2011
Payment date: June 28, 2011

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 Banko 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 July 15, 2019, the Parent Company 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.

On July 11, 2018, the Parent Company 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 and Ten-Year Corporate Notes due 2028 amounting to ₱6,000.00 million at a fixed rate of 7.7083% per annum. 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.

On December 28, 2016, the Company entered into a Corporate Notes Facility Agreement with certain financial institutions and China Bank Capital Corporation as Mandated Lead Arranger and Bookrunner, for the issuance by the Company of long-term corporate notes

with a principal amount of up to Php8,000.0 million (the "Corporate Notes"). The proceeds from the issuance of the Corporate Notes will be utilized for the purpose of pre-funding the 2017 capital expenditures, refinancing of existing indebtedness and to fund other general corporate expenses. On 29 December 2016, the Company made an initial drawdown in the amount of Php5,150,000,000.00. The interest at 6.19% per annum is payable quarterly in arrears while the principal amount is payable in 2% annual amortizations on each principal repayment date with the balance to be repaid on maturity date. The Corporate Notes are guaranteed by the Company's subsidiaries. On May 3, 2017, the Company issued additional corporate notes in the amount of Php4,850.0 million due 2026, at a fixed interest of 6.2255% per annum. The proceeds of the Additional Notes will be used to fund VLL's 2017 capital expenditures and refinance its existing indebtedness, and for other general corporate purposes.

Pursuant to the terms and conditions relating to the acquisition by the Company of 88.3% ownership in STR (the "STR Acquisition"), the Company issued a total of 4,575,395,762 common shares to Fine Properties, Inc., Althorp Holdings, Inc., Manuela Corporation, Mr. Manuel B. Villar, Jr. and Mr. Manuel Paolo A. Villar in November 2015 and February 2016, respectively. The issuance of such shares is an exempt transaction under Section 10.1(k) of the SRC. On 23 February 2016, Fine Properties. Inc. sold a total of 2,119,227 listed common shares of VLL to certain minority shareholders of Starmalls which availed of the reinvestment option, as part of the terms and conditions of the tender offer conducted by the Company in relation to the STR Acquisition. The foregoing sale of shares by Fine is exempt from registration requirements pursuant to Section 10.2 of the SRC, as confirmed by the SEC in a letter dated 16 December 2015.

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

SIGNATURES

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 24nd day of June 2020.

VISTA LAND & LIFESCAPES, INC.

By:

BRIAN N. EDANG
CFO & Head Investor Relations

Date: **24 June 2020**

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, 2019, 2018, and 2017 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 or members.

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 or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this _____ day of _____ 2020.

MAY 2 6 2020

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 MAY 2 6 2020 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Manuel B Villar, Jr.	P2529752B	12 JUL 2019 / DFA MANILA
Manuel Paolo A. Villar	P3900440A	02 AUG 2017 / DFA MANILA
Brian N. Edang	P9937644A	14 DEC 2018 / DFA NCR EAST

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. 226
Page No. 47
Book No. XXVI
Series of 2020.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
ROLL No. 57146
IBP Lifetime Member No. 018537
PTR No. 4334284 / 06 Jan. 2020 / Mandaluyong City
MCLE Compliance No. VI-0025341 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-19
Vista Corporate Center, Upper Ground Floor,
Wenthalia Street, Corinthian Gardens

COVER SHEET

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)
955	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.*

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc. and Subsidiaries
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, 2019 and 2018, 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, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

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.

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.

Adoption of PFRS 16, Leases

Effective January 1, 2019, the Group adopted PFRS 16, *Leases*, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases, specifically those formerly classified as operating lease arrangements where the Group is the lessee. The Group's adoption of PFRS 16 is significant to our audit because the Group has lease agreements with recorded amounts that are material to the consolidated financial statements; and the adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the extension option is enforceable, and whether the Group is reasonably certain to exercise option to extend or terminate the lease, and in determining the incremental borrowing rate. This resulted in the recognition of right of use assets and lease liabilities amounting to ₱2,387.97 million and ₱2,757.50 million, respectively, as of January 1, 2019, and the recognition of depreciation expense and interest expense of ₱163.98 million and ₱268.91 million, respectively, for the year ended December 31, 2019.

The disclosures related to the adoption of PFRS 16 are included in Notes 2 and 28 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the determination of incremental borrowing rate and the lease term, the application of the short-term and low value assets exemptions, the selection of the transition approach and any election of available practical expedients.

We tested the completeness of the population of lease agreements by comparing the number of leases per management report against the lease database. On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments.

For selected lease contracts with renewal and/or termination option, we reviewed the enforceability of the extension and/or termination option. We also reviewed the management's assessment of whether it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

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: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the input method as the measure of progress (percentage of completion or POC) in determining real estate revenue; (4) determination of the actual costs incurred as cost of sales; and (5) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

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 on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses percentage of completion method in amortizing sales commission consistent with the Group's revenue recognition policy.

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

For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we agreed the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the input method in determining real estate revenue and for determining cost of sales, we obtained an understanding of the Group's processes for determining the 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 and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents such as construction contracts, subsequent billings, and other documents evidencing receipt of materials and services from contractors. We visited selected project sites and made relevant inquiries with project engineers. We performed test computation of the percentage of completion calculation of management. For selected projects, we obtained the approved total estimated costs and any revisions thereto and the supporting details such as opening fact sheet and addendum thereof for revisions. We likewise performed inquiries with the project engineers for the revisions.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and portion recognized in profit or loss, particularly (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Provision for Expected Credit Losses

The Group's recognition of loss allowance using expected credit loss (ECL) model is significant to our audit as it involves the exercise of significant management judgment. 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 incorporating forward-looking information (called overlays) in calculating ECL.

The disclosures related to the allowance for credit loss using ECL 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) compared the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) checked the methodology used in applying the ECL model by evaluating the key inputs, assumption and formula used, (d) tested historical loss rates by inspecting historical recoveries including the timing, related direct costs and write-offs; (e) checked the classification of outstanding exposures to their corresponding aging buckets; (f) checked 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 industry practices, and; (g) tested the effective interest rate, or an approximation thereof, used in discounting the expected loss.

Further, we checked the data used in the ECL models, such as the historical aging analysis and default and recovery data, by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis and evaluated the disclosures made in the 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, 2019 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, 2019 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 and fair presentation of the consolidated financial statements in accordance with PFRSs, 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 a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may 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
SEC Accreditation No. 1737-A (Group A),
January 24, 2019, valid until January 23, 2022
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125312, January 7, 2020, Makati City

May 26, 2020

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

	December 31	
	2019	2018 (Note 3)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 9, 31 and 32)	**₱13,945,179,217**	₱20,022,186,387
Short-term cash investments (Notes 10, 31 and 32)	**210,815,745**	139,942,752
Current portion of:		
Receivables (Notes 11, 31 and 32)	**38,438,297,623**	36,306,202,717
Cost to obtain contract (Note 7)	**1,033,806,908**	747,489,877
Receivables from related parties (Notes 29, 31 and 32)	**5,155,590,468**	4,706,908,266
Current portion of investments at amortized cost (Notes 10, 31, 32)	**2,103,609,760**	–
Real estate inventories (Note 12)	**41,400,804,728**	41,946,866,699
Other current assets (Note 13)	**8,026,856,840**	6,012,527,034
Total Current Assets	**110,314,961,289**	109,882,123,732
Noncurrent Assets		
Investments at amortized cost - net of current portion (Notes 10, 31 and 32)	**31,688,609,333**	27,483,090,564
Investments at fair value through other comprehensive income (Notes 10, 31 and 32)	**117,499,183**	106,499,183
Receivables - net of current portion (Notes 11, 31 and 32)	**19,395,345,908**	17,334,809,564
Cost to obtain contract - net of current portion (Note 7)	**532,142,130**	529,024,635
Project development costs (Note 16)	**4,150,613,444**	4,465,254,164
Property and equipment (Note 15)	**2,547,288,193**	1,613,945,660
Investment properties (Note 14)	**101,434,876,870**	73,930,638,958
Goodwill (Note 8)	**147,272,020**	147,272,020
Pension assets (Note 26)	**267,877,592**	213,261,296
Deferred tax assets - net (Notes 6 and 27)	**484,269,708**	846,680,663
Other noncurrent assets (Note 17)	**1,457,887,929**	1,709,437,975
Total Noncurrent Assets	**162,223,682,310**	128,379,914,682
	₱272,538,643,599	₱238,262,038,414
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 18, 31 and 32)	**₱13,164,058,866**	₱15,736,890,359
Security deposits and advance rent (Note 19)	**1,469,498,981**	1,297,839,418
Income tax payable	**67,148,833**	44,362,283
Dividends payable (Notes 23 and 29)	**68,872,166**	33,368,139
Current portion of:		
Contract liabilities (Note 7)	**1,726,139,479**	1,617,322,395
Notes payable (Notes 21, 31 and 32)	**2,440,675,895**	4,760,986,563
Bank loans (Notes 20, 31 and 32)	**5,731,434,292**	5,332,822,509
Loans payables (Notes 20, 31 and 32)	**3,131,443,081**	336,726,340
Lease liabilities (Notes 3, 28 and 32)	**32,713,127**	–
Total Current Liabilities	**₱27,831,984,720**	₱29,160,318,006

(Forward)

	December 31	
	2019	2018 (Note 3)
Noncurrent Liabilities		
Contract liabilities - net of current portion (Note 7)	**₱764,099,103**	₱707,564,686
Notes payable - net of current portion (Notes 21, 31 and 32)	**90,749,481,990**	69,526,008,960
Bank loans - net of current portion (Notes 20, 31 and 32)	**41,443,710,873**	39,143,230,006
Loans payable - net of current portion (Notes 20, 31 and 32)	**273,537,739**	2,447,444,225
Lease liabilities - net of current portion (Notes 3, 28 and 32)	**3,081,221,025**	–
Deferred tax liabilities - net (Notes 6 and 27)	**4,007,773,052**	3,920,324,321
Other noncurrent liabilities (Notes 22 and 31)	**4,434,161,412**	1,450,547,615
Total Noncurrent Liabilities	**144,753,985,194**	117,195,119,813
Total Liabilities	**172,585,969,914**	146,355,437,819
Equity (Note 23)		
Attributable to equity holders of the Parent Company		
Common stock	**13,114,136,376**	13,114,136,376
Preferred stock	**33,000,000**	33,000,000
Additional paid-in capital	**30,655,429,349**	30,655,429,349
Treasury shares (Note 8)	**(7,740,264,387)**	(7,184,331,182)
Retained earnings	**60,952,947,290**	52,736,780,731
Other comprehensive income (Notes 10 and 26)	**633,485,331**	534,538,519
	97,648,733,959	89,889,553,793
Noncontrolling interest (Note 30)	**2,303,939,726**	2,017,046,802
Total Equity	**99,952,673,685**	91,906,600,595
	₱272,538,643,599	₱238,262,038,414

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2019	2018	2017
REVENUE			
Real estate (Notes 6 and 7)	**₱32,827,933,784**	₱31,856,087,078	₱27,594,357,784
Rental income (Notes 6, 14 and 34)	**7,748,420,255**	6,464,740,183	5,625,226,916
Interest income from installment contracts receivable (Notes 6, 11 and 25)	**576,777,088**	680,058,436	543,523,766
Parking, hotel, mall administrative and processing fees, and others (Notes 6 and 25)	**1,744,139,138**	1,260,519,593	1,076,585,595
	42,897,270,265	40,261,405,290	34,839,694,061
COSTS AND EXPENSES			
Costs of real estate sales (Notes 6, 12, and 24)	**15,768,508,901**	15,177,160,125	13,303,578,388
Operating expenses (Notes 6 and 24)	**11,487,124,921**	9,558,527,842	8,080,888,177
	27,255,633,822	24,735,687,967	21,384,466,565
OTHER INCOME (EXPENSES)			
Interest income from investments and other income (Notes 9, 10, 13 and 25)	**1,508,880,630**	1,225,783,467	1,202,632,812
Interest and other financing charges (Notes 20, 21, 25 and 28)	**(3,567,882,228)**	(4,169,762,915)	(3,384,244,575)
	(2,059,001,598)	(2,943,979,448)	(2,181,611,763)
INCOME BEFORE INCOME TAX	**13,582,634,845**	12,581,737,875	11,273,615,733
PROVISION FOR INCOME TAX (Note 27)	**1,973,422,333**	2,047,274,160	2,210,845,245
NET INCOME	**₱11,609,212,512**	₱10,534,463,715	₱9,062,770,488
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱11,266,164,165**	₱10,238,356,840	₱8,803,658,211
Noncontrolling interest	**343,048,347**	296,106,875	259,112,277
NET INCOME	**₱11,609,212,512**	₱10,534,463,715	₱9,062,770,488
BASIC/DILUTED EARNINGS PER SHARE (Note 30)	**₱0.889**	₱0.798	₱0.686

	Years Ended December 31		
	2019	2018	2017
NET INCOME	**₱11,609,212,512**	₱10,534,463,715	₱9,062,770,488
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive gain (loss) to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments (Note 32)	**71,480,611**	(145,712,074)	(227,817,585)
Changes in fair value of available-for-sale financial assets	**–**	–	250,341,800
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on defined benefit obligation - net of tax (Note 26)	**16,409,781**	80,423,397	147,240,947
Changes in fair value on equity investments at fair value through other comprehensive income (Note 10)	**11,000,000**	23,000,000	–
	98,890,392	(42,288,677)	169,765,162
TOTAL COMPREHENSIVE INCOME	**₱11,708,102,904**	₱10,492,175,038	₱9,232,535,650
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱11,365,110,977**	₱10,194,965,582	₱8,973,612,240
Noncontrolling interest	**342,991,927**	297,209,456	258,923,410
	₱11,708,102,904	₱10,492,175,038	₱9,232,535,650

See accompanying Notes to Consolidated Financial Statements.

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

	Capital Stock (Note 23)		Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income			Treasury Shares	Noncontrolling Interest	Total
	Common Stock	Preferred Stock	(Note 23)	(Notes 3 and 23)	Remeasurement Gains on Retirement Obligation (Note 26)	Cumulative Translation Adjustments (Note 32)	Other Comprehensive Income (Notes 10 and 23)	(Notes 8 and 23)	(Notes 8, 23 and 30)	
Balances as at January 1, 2019, as previously presented	**₱13,114,136,376**	**₱33,000,000**	**₱30,655,429,349**	**₱52,736,780,731**	**₱514,927,415**	**(₱374,126,461)**	**₱393,737,565**	**(₱7,184,331,182)**	**₱2,017,046,802**	**₱91,906,600,595**
Effect of adoption of PFRS 16 (Note 3)	–	–	–	**110,860,931**	–	–	–	–	–	**110,860,931**
Balances as at January 1, 2019, as restated	**13,114,136,376**	**33,000,000**	**30,655,429,349**	**52,847,641,662**	**514,927,415**	**(374,126,461)**	**393,737,565**	**(7,184,331,182)**	**2,017,046,802**	**92,017,461,526**
Net income	–	–	–	**11,266,164,165**	–	–	–	–	**343,048,347**	**11,609,212,512**
Other comprehensive income	–	–	–	–	**16,466,201**	–	**11,000,000**	–	**(56,420)**	**27,409,781**
Cumulative translation adjustments	–	–	–	–	–	**71,480,611**	–	–	–	**71,480,611**
Total comprehensive income (loss) for the year	–	–	–	**11,266,164,165**	**16,466,201**	**71,480,611**	**11,000,000**	–	**342,991,927**	**11,708,102,904**
Acquisitions of treasury shares	–	–	–	–	–	–	–	**(555,933,205)**	–	**(555,933,205)**
Cash dividend declared	–	–	–	**(3,160,858,537)**	–	–	–	–	**(56,099,003)**	**(3,216,957,540)**
Balances as at December 31, 2019	**₱13,114,136,376**	**₱33,000,000**	**₱30,655,429,349**	**₱60,952,947,290**	**₱531,393,616**	**(₱302,645,850)**	**₱404,737,565**	**(₱7,740,264,387)**	**₱2,303,939,726**	**₱99,952,673,685**
Balances as at January 1, 2018, as previously presented	₱13,114,136,376	₱33,000,000	₱30,655,429,349	₱44,136,812,797	₱435,606,599	(₱228,414,387)	₱1,073,768,146	(₱6,980,294,580)	₱ 1,767,898,281	₱84,007,942,581
Effect of adoption of PFRS 9 and 15	–	–	–	1,080,837,556	–	–	(703,030,581)	–	–	377,806,975
Balances as at January 1, 2018, as restated	13,114,136,376	33,000,000	30,655,429,349	45,217,650,353	435,606,599	(228,414,387)	370,737,565	(6,980,294,580)	1,767,898,281	84,385,749,556
Net income	–	–	–	10,238,356,840	–	–	–	–	296,106,875	10,534,463,715
Other comprehensive income	–	–	–	–	79,320,816	–	23,000,000	–	1,102,581	103,423,397
Cumulative translation adjustments	–	–	–	–	–	(145,712,074)	–	–	–	(145,712,074)
Total comprehensive income (loss) for the year	–	–	–	10,238,356,840	79,320,816	(145,712,074)	23,000,000	–	297,209,456	10,492,175,038
Acquisitions of treasury shares	–	–	–	–	–	–	–	(204,036,602)	–	(204,036,602)
Cash dividend declared	–	–	–	(2,719,226,462)	–	–	–	–	(48,060,935)	(2,767,287,397)
Balances as at December 31, 2018	₱13,114,136,376	₱33,000,000	₱30,655,429,349	₱52,736,780,731	₱514,927,415	(₱374,126,461)	₱393,737,565	(₱7,184,331,182)	₱2,017,046,802	₱91,906,600,595
Balances as at January 1, 2017	₱13,114,136,376	₱33,000,000	₱30,655,429,349	₱36,953,581,723	₱288,176,785	(₱596,802)	₱823,426,346	(₱6,917,014,956)	₱1,545,167,378	₱76,495,306,199
Net income	–	–	–	8,803,658,211	–	–	–	–	259,112,277	9,062,770,488
Other comprehensive income	–	–	–	–	147,429,814	–	250,341,800	–	(188,867)	397,582,747
Cumulative translation adjustments	–	–	–	–	–	(227,817,585)	–	–	–	(227,817,585)
Total comprehensive income (loss) for the year	–	–	–	8,803,658,211	147,429,814	(227,817,585)	250,341,800	–	258,923,410	9,232,535,650
Treasury shares	–	–	–	–	–	–	–	(63,279,624)	–	(63,279,624)
Cash dividend declared	–	–	–	(1,620,427,137)	–	–	–	–	(36,192,507)	(1,656,619,644)
Balances as at December 31, 2017	₱13,114,136,376	₱33,000,000	₱30,655,429,349	₱44,136,812,797	₱435,606,599	(₱228,414,387)	₱1,073,768,146	(₱6,980,294,580)	₱1,767,898,281	₱84,007,942,581

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱13,582,634,845**	₱12,581,737,875	₱11,273,615,733
Adjustments for:			
Interest and other financing charges (Note 25)	**3,567,882,228**	4,169,762,915	3,384,244,575
Depreciation and amortization (Notes 14, 15, 17 and 24)	**2,292,144,027**	1,480,129,055	1,305,156,158
Retirement expense (Note 26)	**15,194,370**	42,072,681	76,494,102
Unrealized foreign exchange loss (gain)	**5,188,263**	(5,206,818)	(397,643)
Interest income and other income from investments (Note 25)	**(1,508,880,630)**	(1,358,283,045)	(1,202,632,812)
Operating income before working capital changes	**17,954,163,103**	16,910,212,663	14,836,480,113
Increase (decrease) in:			
Receivables	**(4,105,382,895)**	(11,391,220,541)	(7,092,655,274)
Real estate inventories (excluding capitalized borrowing costs)	**(4,443,525,021)**	(679,224,356)	(3,836,302,453)
Other current assets and cost to obtain contract	**(1,893,858,691)**	(3,919,745,252)	(1,295,943,803)
Increase (decrease) in:			
Accounts and other payables	**(6,251,354,999)**	2,983,828,071	(1,385,654,543)
Contract liabilities	**165,351,501**	(144,735,898)	–
Security deposits and advance rent (including noncurrent portion)	**855,907,736**	83,303,469	946,143,256
Other noncurrent liabilities	**3,785,477,855**	(223,534,700)	286,041,944
Plan assets contributions paid (Note 26)	**(60,652,837)**	(52,782,529)	(51,624,792)
Net cash flows generated from operations	**6,006,125,752**	3,566,100,927	2,406,484,448
Income tax paid	**(1,547,813,658)**	(499,506,046)	(420,419,468)
Net cash flows provided by operating activities	**4,458,312,094**	3,066,594,881	1,986,064,980
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Maturity of investments at amortized cost (Note 10)	**1,156,241,549**	9,260,928,462	3,061,266,532
Short-term cash investments	**135,942,753**	205,696,807	–
Disposal of investments in FVTPL (Note 10)	**–**	6,623,861,354	–
Disposal of investments in FVOCI (Note 10)	**–**	38,081,160	–
Disposal of investment in AFS	**–**	–	2,211,910,556
Interest received	**1,637,401,724**	1,970,178,086	1,486,957,249
Acquisitions of:			
Investment properties (excluding capitalized borrowing costs) (Note 14)	**(13,599,382,405)**	(12,270,155,313)	(6,051,285,636)
Investments at amortized cost (Note 10)	**(8,916,331,577)**	(13,825,193,654)	–
Property and equipment (excluding capitalized borrowing costs) (Note 15)	**(1,110,906,992)**	(817,353,180)	(115,872,259)
Short-term cash investments (Note 10)	**(206,815,746)**	–	(245,640,997)
AFS financial assets (Note 10)	**–**	–	(7,288,847)
HTM investments	**–**	–	(4,127,777,173)
System development costs (Note 17)	**–**	(67,917,997)	(43,315,656)

(Forward)

	Years Ended December 31		
	2019	2018	2017
Deductions from (Additions to):			
Project development costs	**₱314,640,720**	(₱430,971,298)	(₱801,971,626)
Receivables from related parties	**(448,682,202)**	(1,070,156,204)	(1,071,261,031)
Restricted cash	**20,942,736**	–	–
Other noncurrent assets	**(82,650,388)**	35,141,452	(445,466,574)
Net cash flows used in investing activities	**(21,099,599,828)**	(10,347,860,325)	(6,149,745,462)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Notes payable (Note 21)	**25,000,000,000**	18,069,798,418	15,844,753,409
Loans payable (Note 20)	**3,333,732,526**	1,727,577,197	2,318,488,025
Bank loans (Note 20)	**7,469,971,167**	11,880,116,880	6,618,873,486
Payments of:			
Lease liabilities (Note 28)	**(212,813,304)**	–	–
Dividends (Note 23)	**(3,181,453,513)**	(2,762,878,873)	(1,652,811,607)
Notes payable (Note 21)	**(4,784,605,401)**	(193,056,183)	(777,150,342)
Bank loans (Note 20)	**(4,826,906,268)**	(3,203,876,393)	(6,906,303,750)
Loans payable (Note 20)	**(2,712,922,271)**	(2,703,872,615)	(2,445,274,649)
Interest and other financing charges (including capitalized borrowing cost) (Notes 12 and 14)	**(8,883,071,125)**	(6,882,568,034)	(6,182,038,605)
Acquisitions of treasury shares (Note 23)	**(632,462,984)**	(127,506,826)	(63,279,624)
Net cash flows provided by financing activities	**10,569,468,827**	15,803,733,571	6,755,256,343
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(5,188,263)**	5,206,818	397,643
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(6,077,007,170)**	8,527,674,945	2,591,973,504
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**20,022,186,387**	11,494,511,442	8,902,537,938
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 9)	**₱13,945,179,217**	₱20,022,186,387	₱11,494,511,442

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007 with a corporate life of 50 years. 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 65.00% owned by Fine Properties, Inc., (Ultimate Parent Company), 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 (Brittany), 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 on 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.

2. 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 (FVOCI) 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.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019 for the following implementation issues of PFRS 15, Revenue from Contracts with Customers, affecting the real estate industry.

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; and
c. Adoption of PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales

The Group also availed of the relief granted under SEC Memorandum Circular 4-2020 which is on the Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, Borrowing Cost) for the Real Estate Industry.

PFRSs 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, 2019 and 2018, and for each of the three years in the period ended December 31, 2019.

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 using uniform accounting policies for like transactions and other similar events. 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 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		
	2019	2018	2017
Brittany	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
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	–
Malay Resorts Holdings, Inc. (MRHI)	100.00	100.00	100.00
Mella Hotel, Inc.	100.00	100.00	–

(Forward)

	Percentage of Ownership		
	2019	2018	2017
Vista Taft Ventures, Inc.	100.00	–	–
Balmoral Resources Corporation*	37.22	37.22	37.22
CHI			
Household Development Corporation (HDC)	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
Brittany Estates Corporation	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
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
Communities Palawan, Inc.	100.00	100.00	100.00
Communities Panay, Inc.	100.00	100.00	100.00
VII	100.00	100.00	100.00
Vistamalls, Inc. (formerly Starmalls, Inc.)	88.34	88.34	88.34
Manuela Corporation	98.40	98.40	98.40
Masterpiece Asia Properties, Inc.	100.00	100.00	100.00

**The Group effectively owns 100% of Balmoral Resources Corporation through Brittany, CAPI, VRI and HDC.*

On July 23, 2019, Vista Taft Ventures, Inc., a wholly owned subsidiary of the Group was incorporated primarily to engage in real estate activities.

On November 20, 2018, Vista Hospitality Management Corp., a wholly owned subsidiary of the Group was incorporated primarily to engage in the hospitality activities.

On May 23, 2018, Mella Hotel, Inc., a wholly owned subsidiary of the Group was incorporated primarily to engage in the hospitality activities.

Noncontrolling Interests

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

Noncontrolling interests are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. 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.

As at December 31, 2019 and 2018, percentage of noncontrolling interests pertaining to Vistamalls, Inc. (formerly Starmalls, Inc.) and its subsidiaries amounted to 11.66%. The voting rights held by the noncontrolling interests are in proportion of their ownership interest.

Vistamalls, Inc. (formerly Starmalls, Inc.) was incorporated in the Republic of the Philippines and duly registered with the Securities and Exchange Commission (SEC) on October 16, 1969, originally to pursue mineral exploration. After obtaining SEC approval on November 10, 2004, it later changed its primary business and is now presently engaged in holding investments in shares of stock and real estate business. On September 17, 2019, SEC approved the amended articles of incorporation for the change in name to Vistamalls, Inc. as amended and approved by the Board of Directors during its meeting held on May 2, 2019 and by the stockholders during its meeting held on June 24, 2019.

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.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019:

- PFRS 16, *Leases*

  PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

  Lessor accounting under PFRS 16 is substantially unchanged from PAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

  The Group adopted PFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at January 1, 2019. Instead, the Group applied the

standard only to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC 4 at the date of initial application.

The effect of adoption PFRS 16 as at January 1, 2019 is as follows:

	Increase (decrease)
Assets	
Investment properties	₱2,387,967,718
Other current assets	(5,325,508)
Deferred tax assets	110,860,931
Liabilities	
Accounts and other payables	(374,861,946)
Lease liabilities	2,757,504,156
Total adjustment on equity:	
Retained earnings	110,860,931

The Group has various lease agreements in respect of parcels of land. Prior to the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets.

The Group has various commercial centers located in leased land. Prior to the adoption of PFRS 16, the Group included renewal options in the determination of lease term, even though option to renew is not solely up to the Group and will require agreement of the lessor. Upon the adoption of PFRS 16, the lease term excludes renewal option which resulted to in a lower amortization period of the related leasehold improvements constructed in the leased parcels of land.

Leases previously accounted for as operating leases
The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group applied the following practical expedients for leases previously classified as operating leases, on a lease-by lease basis:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at January 1, 2019:

- Investment properties were recognized amounting to ₱2,387.97 million representing the amount of right-of-use assets set up on transition date.
- Lease liabilities of ₱2,757.50 million were recognized.
- Other current assets of ₱5.33 million and accounts and other payables of ₱374.86 million related to previous operating leases arising from straight lining under PAS 17 were derecognized and adjusted to right-of-use assets.
- Deferred tax assets increased by ₱110.86 million because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings by ₱110.86 million.

The lease liabilities at as January 1, 2019 as can be reconciled to the operating lease commitments as of December 31, 2018 follows:

Operating lease commitments as at December 31, 2018	₱6,006,181,971
Less: Commitments relating to short-term and low value leases	862,493,772
	5,143,688,199
Weighted average incremental borrowing rate as at January 1, 2019	5.26%
Discounted operating lease commitments as at January 1, 2019	₱2,757,504,156

Due to the adoption of PFRS 16, the Group's operating profit in 2019 improved due to lower amortization of right-of-use asset against the previously recognized rent expense, while its interest expense increased due to the accretion of lease liabilities. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

  These amendments had no impact on the consolidated financial statements of the Group.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the year.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

  These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in associate and joint venture.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The Interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance and assessment, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

- *Annual Improvements to PFRSs 2015 - 2017 Cycle*

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. The amendments are currently not applicable to the Group but may apply to future transactions.

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. The amendments had no impact to the consolidated financial statements of the Group since the Group's current practice is in line with the amendments.

Reclassifications

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to recognize the difference between the consideration received from the customer and the transferred goods to the customer as installment contracts receivable. This resulted to the reclassification of contract asset to installment contracts receivable as of December 31, 2018 as presented below:

	December 31, 2018 As previously reported	Reclassification	December 31, 2018 As adjusted
Current Assets			
Current portion of receivables	₱21,849,774,501	₱14,456,428,216	₱36,306,202,717
Current portion of contract assets	14,456,428,216	(14,456,428,216)	–
Noncurrent Assets			
Receivables - net of current portion	8,481,261,708	8,853,547,856	17,334,809,564
Contract assets - net of current portion	8,853,547,856	(8,853,547,856)	–
	₱53,641,012,281	₱–	₱53,641,012,281

Management believes that the presentation of the consolidated statement of financial position as at the beginning of the earliest period presented is not necessary as the reclassifications have no significant impact on the Group's total assets and total equity as of January 1, 2018.

The reclassifications did not impact the consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended December 31, 2018.

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, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process

is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  The amendments will apply on future disclosures of the Group.

Effective beginning on or after January 1, 2021

- 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 PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

  The Group is not engaged in the business of insurance; hence, this standard is not applicable to the Group.

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, *Business Combinations*. 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, 2017, the Financial Reporting Standards Council deferred the original effective date of January 1, 2017 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

- Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) for the Real Estate Industry

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC agenda decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply fully with the requirements of the IFRIC agenda decision. For real estate companies that avail of the deferral, the SEC requires disclosure in the notes to the consolidated financial statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the consolidated financial statements had the IFRIC agenda decision been adopted.

  The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year consolidated financial statements. A restatement would have impacted interest and other financing charges, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liabilities and opening balance of retained earnings.

4. Summary of Significant Accounting Policies

Current and Noncurrent Classification
The Group presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

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 by 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 non-financial 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.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. 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.

Short-term Cash Investments
Short-term cash investments consist of money market placements made for varying periods of more than three (3) months and up to twelve (12) months. These investments earn interest at the respective short-term rates.

Financial Instruments
For all periods up to and including the year ended December 31, 2017, the Group accounted for financial instruments under PAS 39, *Financial Instruments: Recognition and Measurement*. For the years ended December 31, 2019 and 2018, the Group accounted for financial instruments in accordance with PFRS 9, *Financial Instruments*.

Financial Instruments effective January 1, 2018

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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
- 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), receivables from related parties, 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 FVOCI includes investments in golf club shares and preferred shares of utility companies.

Impairment of Financial Assets
PFRS 9 introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes expected credit losses (ECL) for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at amortized cost and FVOCI;
- 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.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

<u>Loss Allowance</u>
Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 and 3 due to the financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and lifetime ECL.
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;

- Impact on the measurement of ECL due to changes in PDs, LGDs and EADs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

General Approach
Under the general approach, at each reporting date, 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. This approach was applied to the ECL calculation of cash and cash equivalents, short term cash investments, restricted cash, accounts receivable, investments at amortized cost and receivables from related parties.

Simplified Approach
The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, 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 specific to the debtors and the 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 and other statutory liabilities).

Financial Instruments prior to January 1, 2018

Initial recognition of financial instruments
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities include transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss under "Interest income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as AFS or as financial assets at FVPL. Receivables are recognized initially at fair value. After initial measurement, loans and receivables are subsequently measured at cost or at amortized cost using the effective interest method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization, if any, is included in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss.

HTM investments
HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Group sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair value as AFS financial assets. After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included as part of interest and other income from investments in the consolidated statement of comprehensive income. Gains and losses are recognized in profit or loss in the consolidated statement of comprehensive income when the HTM investments are derecognized. Any impairment losses are charged to current operations.

AFS financial assets
AFS financial assets are non-derivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited to the OCI until the investment is derecognized, at which time, the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the OCI to the consolidated statement of comprehensive income in interest and other financing charges. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as gain or loss on disposal in profit or loss. Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS financial assets are reported as interest and other income from investments using the EIR. Dividends earned on holding AFS financial assets are recognized in profit or loss as part of miscellaneous income when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as provisions for impairment losses in profit or loss.

When the fair value of AFS equity financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

As of December 31, 2017, AFS financial assets comprise of quoted and unquoted equity securities and quoted debt instruments. The quoted and unquoted equity securities are reclassified as FVOCI as at January 1, 2018. The quoted debt securities are reclassified as FVTPL as at January 1, 2018.

Other financial liabilities
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized (redemption is a form of derecognition), as well as through the amortization process. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

The financial liabilities measured at cost are accounts and other payables and other noncurrent liabilities. The financial liabilities measured at amortized cost are notes payable, bank loans and loans payable (except for deferred output tax and other statutory liabilities).

Impairment of Financial Assets
The Group assesses at each financial reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The fact that title of the real estate properties are transferred only to the buyer upon full payment of the contract price is considered in the evaluation of impairment. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss on a financial asset carried at amortized cost (i.e., loans and receivables or HTM investments) has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the assets original EIR (excluding future credit losses that have not been incurred). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset, together with the other assets that are not individually significant and were thus not individually assessed for impairment, is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as selling price of the lots and residential houses, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Financial assets carried at amortized costs, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS financial assets carried at fair value
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of comprehensive income is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the

amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

AFS financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Subsequent measurement
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. 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 measurement of financial liabilities depends on their classification, as described below:

Derecognition of Financial Assets and Financial Liabilities under PFRS 9 and PAS 39
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (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.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 under PFRS 9
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.

Real Estate Inventories
Real estate inventories consist of subdivision land, residential houses and lots 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 overheads and other related costs.

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

The cost of inventory recognized in profit or loss on disposal 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.

Value-Added Tax
Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Group can claim against any future liability to the BIR for output VAT on sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit under certain circumstances against future income tax liability of the Group upon approval of the BIR and/or Bureau of Customs. Input tax is stated at its estimated net realizable values. A valuation allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability. Input tax is recorded under current assets in the consolidated statement of financial position.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

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

Construction Materials and Others
Construction materials are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

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

Project Development Costs
Project development costs pertain to costs incurred on various on-going projects under a Land Development Agreements (LDAs) entered into by the Group with individuals, private companies and entities under common control as well as advances for purchase of housing credits.

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. Investment properties also include right-of-use assets involving real properties.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of investment properties. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. 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 estimated useful lives 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
Land developments	10 to 40 years or lease term, whichever is shorter
Buildings and building improvements	10 to 40 years or lease term, whichever is shorter
Right-of-use assets	11 to 27 years

Investment properties are derecognized when either they 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 they do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value. 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.

Depreciation of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

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

Building and building improvements are amortized on a straight-line basis over the term of the lease or the EUL of the asset, whichever is shorter.

The useful lives 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.

Systems Development Costs
Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any.

System development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

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.

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. These also include deposits of homeowners for their extension, fence construction and landscaping works which will be refunded after considering any charges.

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.

Equity

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds at 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 Effective January 1, 2018

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 judgements, estimates and assumptions 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 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 methods recognize 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 exclude 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 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.

Cost 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 give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

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 "Real estate costs and 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, judgement 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, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Revenue Recognition for Real Estate Sales Prior to January 1, 2018
Revenue is recognized to the extent that it is probable that the economic benefits will flow and the amount of revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in certain revenue arrangements and as agent in certain transactions.

Real estate revenue
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee, Q&A 2006-01, the percentage-of-completion (POC) method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished, and the costs incurred or to be incurred can be measured reliably). Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included in the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized, and the receivable from the buyer is not recorded. The real estate inventories continue to be reported on the consolidated statement of financial position as "Real estate inventories" and the related liability as deposits under "Customers' advances and deposits".

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

Income from forfeited reservations and collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, Realty Installment Buyer Act, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Rental income
The Groups earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property 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 receivables" 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 statement of comprehensive income when the right to received them arises.

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of PFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning and security of common areas). The consideration charged to tenants for these services includes fees charged based on a fixed rate and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

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.

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 by 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 using the liability method on temporary differences, 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 and unused net operating loss carryover (NOLCO), to the extent that it is probable that 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 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 outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Borrowing Costs
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 they 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.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance 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 constitute costs of administering the business. These are recognized as expenses when incurred.

Leases Effective January 1, 2019
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.

Leases Prior to January 1, 2019
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement; a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(b) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(c) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for any of the scenarios above, and at the date of renewal or extension period for the second scenario.

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same bases as the lease income. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based on the terms of the lease contract.

Group as a Lessor under PFRS 16 and PAS 17
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.

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, 2019, 2018 and 2017, the Group has no potential dilutive common shares (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 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. Significant Accounting Judgments and Estimates

The preparation of accompanying consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions 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 contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with 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 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.

Determining performance obligation

With respect to real estate sales, the Group concluded the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, Group accounts for them as a single performance obligation because they are not distinct in the context contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output.

In relation to the services provided to tenants of investment property (such as cleaning, security, utilities, maintenance) as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day.

Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Group.

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.

Principal versus agent considerations
The contract for the commercial spaces leased out by the Group to its tenants includes the right 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 company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the connection to air conditioning system and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning 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.

Determination of the lease term
The Group determines the lease term as the non-cancellable 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 incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. To do this, the Group considers a range of relevant forward-looking macro-economic assumptions 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 cost 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. For the Group's accounts receivable and receivables from related parties, the Group performs an assessment, at the end of each reporting period, of whether the receivables' credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the receivables. 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 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.

Property lease classification – the Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases

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. Expected 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.

Provision for expected credit losses of financial assets
Cash and cash equivalents, short term cash investments, accounts receivable, investments at amortized cost, receivables from related parties 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, accounts receivable, receivables from related parties 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. This information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Further details are provided in Note 32.

Installment contracts receivables:
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 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.

Further details are provided in Note 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 32.

Evaluation of net realizable value of real estate inventories
Real estate inventories are valued at the lower of cost or 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. Management would also obtain the services of an independent appraiser to determine the fair value of undeveloped land based on the latest selling prices of the properties of the same characteristics of the subdivision land for development.

Further details are provided in Note 12.

Evaluation of impairment of nonfinancial assets
The Group reviews project development cost, 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 negative 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 cost, 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 Note 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 engaged independent valuation specialists to assess fair value as at December 31, 2019 and 2018. The Group's investment properties consist of land and land developments and building and building improvements. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Further details are provided in Note 14.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Useful lives of property and equipment and investment properties
The Group estimated the useful lives of its property and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. For investment properties located in parcels of land that the Group leases, the Group also considers the non-cancellable term of the lease in determining the useful lives of the leasehold improvements.

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). Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating income or loss. 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 on an arm's length basis in a manner similar to transactions with third 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 receivables from related parties, investments at FVOCI, investments at amortized cost and deferred taxes. Segment liability are presented separately from the deferred tax liabilities.

The financial information about the operations of these operating segments is summarized below:

	December 31, 2019				
	Horizontal	**Vertical**	**Commercial and Others**	**Intersegment Adjustments**	**Consolidated**
	(Amounts in thousands)				
Real estate revenue	**₱28,432,942**	**₱4,394,992**	**₱–**	**₱–**	**₱32,827,934**
Rental income	**–**	**–**	**7,842,945**	**(94,525)**	**7,748,420**
Parking, hotel, tenant fees, and others	**769,065**	**158,606**	**1,044,867**	**(228,399)**	**1,744,139**
	29,202,007	**4,553,598**	**8,887,812**	**(322,924)**	**42,320,493**
Costs and operating expenses	**18,791,595**	**2,984,107**	**3,510,712**	**(322,924)**	**24,963,490**
Segment income (loss) before income tax	**10,410,412**	**1,569,491**	**5,377,100**	**–**	**17,357,003**
Interest income and other income from investments (Note 25)	**549,278**	**27,500**	**1,481,381**	**–**	**2,085,658**
Interest and other financing charges (Note 25)	**(49,494)**	**(26,785)**	**(3,491,603)**	**–**	**(3,567,882)**
Depreciation and amortization (Notes 14, 15, 17 and 24)	**(230,503)**	**(21,129)**	**(2,040,512)**	**–**	**(2,292,144)**
Income before income tax	**10,679,693**	**1,549,077**	**1,326,366**	**–**	**13,582,635**
Provision for income tax (Note 27)	**1,354,316**	**143,209**	**475,897**	**–**	**1,973,422**
Net income	**₱9,325,377**	**₱1,405,868**	**₱850,469**	**₱–**	**₱11,609,213**
Other Information					
Segment assets	**₱90,577,519**	**₱23,820,733**	**₱118,779,272**	**(₱188,458)**	**₱232,989,066**
Receivables from related parties (Notes 29, 31 and 32)	**310,638**	**–**	**4,844,952**	**–**	**5,155,590**
Investments at FVOCI (Note 10)	**–**	**–**	**117,499**	**–**	**117,499**
Investments at amortized cost (Note 10)	**–**	**–**	**33,792,219**	**–**	**33,792,219**
Deferred tax assets - net (Note 27)	**484,270**	**–**	**–**	**–**	**484,270**
Total Assets	**₱91,372,427**	**₱23,820,733**	**₱157,533,942**	**(₱188,458)**	**₱272,538,644**
Segment liabilities	**₱14,450,732**	**₱5,856,540**	**₱148,459,383**	**(₱188,458)**	**₱168,578,197**
Deferred tax liabilities - net (Note 27)	**1,487,767**	**214,263**	**2,305,743**	**–**	**4,007,773**
Total Liabilities	**₱15,938,499**	**₱6,070,803**	**₱150,765,126**	**(₱188,458)**	**₱172,585,970**
Capital expenditures	**₱20,222,919**	**₱3,899,800**	**₱14,162,489**	**₱–**	**₱38,285,208**

	December 31, 2018				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real estate revenue	₱25,946,584	₱5,909,503	₱–	₱–	₱31,856,087
Rental income	–	–	6,511,882	(47,142)	6,464,740
Parking, hotel, tenant fees, and others	235,129	47,909	977,482	–	1,260,520
	26,181,713	5,957,412	7,489,364	(47,142)	39,581,347
Costs and operating expenses	16,181,477	4,118,920	3,002,304	(47,142)	23,255,559
Segment income (loss) before income tax	10,000,236	1,838,492	4,487,060	–	16,325,788
Interest income and other income from investments (Note 25)	660,056	32,935	1,212,850	–	1,905,841
Interest and other financing charges (Note 25)	(46,398)	(27,658)	(4,095,707)	–	(4,169,763)
Depreciation and amortization (Notes 14, 15, 17 and 24)	(129,558)	(13,786)	(1,336,785)	–	(1,480,129)
Income before income tax	10,484,336	1,829,983	267,418	–	12,581,737
Provision for income tax (Note 27)	1,809,577	122,472	115,225	–	2,047,274
Net income	₱8,674,759	₱1,707,511	₱152,193	₱–	₱10,534,463
Other Information					
Segment assets	₱98,130,017	₱20,553,705	₱86,487,493	(₱52,356)	₱205,118,859
Receivables from related parties (Notes 29, 31 and 32)	(16,469,743)	(8,327,542)	29,504,193	–	4,706,908
Investments at FVOCI (Note 10)	–	–	106,499	–	106,499
Investments at amortized cost (Note 10)	–	–	27,483,091	–	27,483,091
Deferred tax assets - net (Note 27)	613,613	–	233,068	–	846,681
Total Assets	₱82,273,887	₱12,226,163	₱143,814,344	(₱52,356)	₱238,262,038
Segment liabilities	₱17,868,400	₱5,908,655	₱118,710,414	(₱52,356)	₱142,435,113
Deferred tax liabilities - net (Note 27)	1,808,103	147,207	1,965,014	–	3,920,324
Total Liabilities	₱19,676,503	₱6,055,862	₱120,675,428	(₱52,356)	₱146,355,437
Capital expenditures	₱23,202,166	₱5,284,444	₱16,564,230	₱–	₱45,050,840

	December 31, 2017				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in Thousands)				
Real estate revenue	₱22,694,640	₱4,899,718	₱–	₱–	₱27,594,358
Rental income	–	189,619	5,511,922	(76,314)	5,625,227
Parking, hotel, tenant fees, and others	745,083	101,196	423,320	(193,014)	1,076,585
	23,439,723	5,190,533	5,935,242	(269,328)	34,296,170
Costs and operating expenses	15,011,849	3,539,109	1,660,692	(132,339)	20,079,311
Segment income (loss) before income tax	8,427,874	1,651,424	4,274,550	(136,989)	14,216,859
Interest income and other income from investments (Note 25)	983,334	26,814	1,227,779	(491,770)	1,746,157
Interest and other financing charges (Note 25)	(3,115,027)	(157,875)	(111,343)	–	(3,384,245)
Depreciation and amortization (Notes 14, 15, 17 and 24)	(138,434)	(43,169)	(1,123,553)	–	(1,305,156)
Income before income tax	6,157,747	1,477,194	4,267,433	(628,759)	11,273,615
Provision for income tax (Note 27)	947,229	386,448	877,168	–	2,210,845
Net income	₱5,210,518	₱1,090,746	₱3,390,265	(₱628,759)	₱9,062,770
Other Information					
Segment assets	₱98,032,243	₱21,125,737	₱60,004,261	(₱13,457,817)	₱165,704,424
Receivables from related parties (Notes 29, 31 and 32)	(25,710,011)	(6,991,721)	37,689,662	–	4,987,930
AFS financial assets (Note 10)	–	–	6,612,942	–	6,612,942
HTM investments (Note 10)	–	–	21,827,289	–	21,827,289
Deferred tax assets - net (Note 27)	349,669	39,124	413,353	–	802,146
Total Assets	₱72,671,901	₱14,173,140	₱126,547,507	(₱13,457,817)	₱199,934,731
Segment liabilities	₱94,725,639	₱6,422,508	₱12,979,064	(₱1,416,791)	₱112,710,420
Deferred tax liabilities - net (Note 27)	1,416,792	315,877	1,483,699	–	3,216,368
Total Liabilities	₱96,142,431	₱6,738,385	₱14,462,763	(₱1,416,791)	₱115,926,788
Capital expenditures	₱24,074,040	₱4,248,360	₱9,072,600	₱–	₱37,395,000
Provision for impairment losses (Note 24)	–	–	3,683	–	3,683

Capital expenditures consists of construction costs, land acquisition and land development costs.

Rent income amounting ₱4,431.52 million or 57.19%, ₱2,662.41 million or 41.18%, and ₱1,250.14 million or 22.22% of the commercial segment of the Group was generated from anchor tenants as defined in Note 29 for the years ended December 31, 2019, 2018 and 2017, 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 sources of revenue from contracts with customers are presented below:

	2019	**2018**	2017
	(Amounts in thousands)		
Type of Product			
Real estate sales			
Horizontal	**₱28,428,354**	₱25,946,584	₱22,694,640
Vertical	**4,399,580**	5,909,503	4,899,718
	32,827,934	31,856,087	27,594,358
Hotel operations	**184,357**	42,171	47,553
	₱33,012,291	₱31,898,258	₱27,641,911

All of the Group's real estate sales 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, as these are all sold to external customers as disclosed in the segment information in 2019, 2018 and 2017 (Note 6).

Contract Balances

	December 31, 2019	December 31, 2018
Installment contracts receivable (Note 11)	**₱38,835,172,544**	₱37,801,258,969
Cost to obtain contract	**1,565,949,038**	1,276,514,512
Contract liabilities	**2,490,238,582**	2,324,887,081

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 4.63% to 19.00% per annum, 4.35% to 19.00% per annum and 3.08% to 19.00% per annum in 2019, 2018 and 2017, 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 2019 and 2018 from amounts included in contract liabilities at the beginning of the year amounted to ₱1,712.51 million and ₱1,473.13 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% - 60% of the contract price to be paid over a maximum of 60 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 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, 2019 and 2018 are, as follows:

	2019	2018
Within one year	**₱21,068,238,922**	₱17,337,098,730
More than one year	**16,922,174,076**	13,001,812,877
	₱37,990,412,998	₱30,338,911,607

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. 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. The lease arrangement would typically require a tenant to pay advance rental equivalent to three months and a security deposit equivalent to three months rental to cover any breakages after the rental period, with the excess returned to the tenant.

c. Cost to Obtain Contract

The balances below pertain to the cost to obtain contract presented in consolidated statements of financial position:

	2019	2018
Balance at the beginning of the year	**₱1,276,514,512**	₱953,850,266
Additions	**2,123,639,958**	2,297,695,402
Amortization (Note 24)	**(1,697,451,898)**	(1,759,339,528)
Derecognition	**(136,753,534)**	(215,691,628)
	₱1,565,949,038	₱1,276,514,512

Cost to obtain contract are derecognized if sales are subsequently cancelled.

8. Treasury Shares and Goodwill

The treasury shares of ₱5,378.29 million is attributable to the 752.21 million shares issued by VLLI to Manuela Corporation (Manuela) during the VLLI acquisition of Vistamalls Group (formerly, Starmalls Group) in 2015. Manuela still holds the VLLI shares as of December 31, 2019 and 2018.

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.

9. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand	**₱17,620,683**	₱14,185,301
Cash in banks	**6,810,814,823**	4,886,166,662
Cash equivalents	**7,116,743,711**	15,121,834,424
	₱13,945,179,217	₱20,022,186,387

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest as follows:

	2019	2018	2017
Philippine Peso	**0.25% to 3.88%**	0.60% to 5.50%	0.10% to 2.75%
US Dollar	**0.13% to 1.33%**	0.13% to 1.33%	0.10% to 2.50%

Interest earned from cash in banks and cash equivalents for the years ended December 31, 2019, 2018 and 2017 amounted to ₱91.27 million, ₱249.21million and ₱50.23 million, respectively (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 months up to one year and earn annual interest at the respective short-term investment rates, as follows:

	2019	2018	2017
Philippine Peso	**3.00% to 3.25%**	2.50% to 3.00%	2.00% to 2.50%
US Dollar	**–**	1.50% to 2.50%	1.62% to 2.25%

As of December 31, 2019, and 2018, short-term cash investments amounted to ₱210.82 million and ₱139.94 million, respectively.

Interest earned from short-term cash investments for the years ended December 31, 2019, 2018 and 2017 amounted to ₱11.37 million, ₱8.57 million and ₱23.16 million, respectively (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 3.75% to 4.25% for the years ended December 31, 2019 and 2018.

In 2019, the Group made re-investments amounting to US$171.22 million (₱8,916.33 million), with effective interest ranging from 2.86% to 7.46%.

In 2018, the Group made re-investments and acquired additional investments amounting to US$263.98 million (₱13,825.19 million), with effective interest ranging from 2.69% to 5.56%.

Investments at amortized cost amounting to $490.61 million (₱24,844.51 million) and $432.61 million (₱22,768.26 million) are used to secure the bank loans of the Parent Company amounting to ₱21,527.92 million and ₱20,966.90 million as of December 31, 2019 and 2018, respectively.

The fair values of the investments used as collateral amounted to ₱25,944.69 million and ₱23,917.39 million as of December 31, 2019 and 2018 respectively (Note 20).

Interest income from these investments including amortization of premium amounted to ₱1,394.38 million, ₱827.86 million and ₱800.88 million in 2019, 2018 and 2017, respectively (Note 25).

In 2019, 2018, and 2017, no provision for expected credit loss was recognized on these investments.

The following presents the breakdown of investments by contractual maturity dates as of December 31, 2019 and 2018.

	2019	2018
Due in one (1) year or less	**₱2,103,609,760**	₱–
Due after one (1) year through five (5) years	**31,688,609,333**	27,483,090,564
	₱33,792,219,093	₱27,483,090,564

The rollforward analysis of investments at amortized cost follow:

	2019	2018
Balances at beginning of the year	**₱27,483,090,564**	₱21,827,289,447
Additions	**8,916,331,577**	13,825,193,654
Redemptions	**(1,156,241,549)**	(9,260,928,462)
Amortization of premium	**(215,769,449)**	(170,328,866)
Cumulative translation adjustment	**(1,235,192,050)**	1,261,864,791
Balances at end of the year	**₱33,792,219,093**	₱27,483,090,564

In 2018, the Group fully redeemed its investments at FVTPL at ₱6,623.86 million with realized fair value gain amounting to ₱132.45 million recorded in the profit or loss (Note 25).

Investment at fair value through FVOCI
The investment at fair value through FVOCI consists of quoted golf and country club shares carried at fair value which the Group irrevocably elected to measure at FVOCI.

	2019	2018
Balances at beginning of year	**₱106,499,183**	₱121,580,343
Disposals	**–**	(38,081,160)
Unrealized fair value gain during the year	**11,000,000**	23,000,000
Balances at end of year	**₱117,499,183**	₱106,499,183

11. Receivables

This account consists of:

	2019	2018
Installment contracts receivable (Notes 7 and 31)	**₱38,835,172,544**	₱37,801,258,969
Accounts receivable:		
Tenants (Note 29)	**2,774,434,575**	2,090,644,679
Buyers	**224,188,330**	310,210,593
Home Development Mutual Fund (HDMF)	**17,662,726**	107,269,705
Others	**47,848,058**	90,942,600
Advances to:		
Contractors	**8,861,433,847**	7,718,015,755
Suppliers	**1,461,872,557**	1,129,772,954
Private companies	**1,038,401,813**	936,235,521
Brokers	**243,819,890**	249,833,178
Accrued rental receivable (Note 29)	**4,064,359,858**	2,976,997,476
Accrued interest receivable	**381,664,057**	294,415,702
	57,950,858,255	53,705,597,132
Less allowance for impairment losses	**117,214,724**	64,584,851
	57,833,643,531	53,641,012,281
Less noncurrent portion	**19,395,345,908**	17,334,809,564
	₱38,438,297,623	₱36,306,202,717

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 interest rates on installment contracts receivables range from 12.00% to 19.00% in 2019 and 2018. Total interest income recognized amounted to ₱478.57 million, ₱574.07 million and ₱476.09 million in 2019, 2018 and 2017, respectively (Note 25).

In 2019 and 2018, installment contracts receivables with a total nominal amount of ₱1,732.11 million and ₱1,668.34 million, respectively, were recorded at amortized cost amounting to ₱1,630.82 million and ₱1,556.65 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 the discount rates ranging from 4.63% to 7.32% and 4.35% to 7.56% in 2019 and 2018, respectively.

Interest income recognized from these receivables amounted to ₱98.21 million, ₱105.99 million, and ₱67.43 million in 2019, 2018 and 2017, respectively (Note 25). The unamortized discount amounted to ₱79.35 million and ₱76.06 million as of December 31, 2019 and 2018, respectively.

Rollforward in unamortized discount arising from noninterest-bearing receivables is as follows:

	2019	2018
Balance at beginning of year	**₱76,064,405**	₱70,363,904
Additions	**101,497,098**	111,693,184
Accretion (Note 25)	**(98,207,930)**	(105,992,683)
Balance at end of year	**₱79,353,573**	₱76,064,405

In 2019 and 2018, 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 default. The Group still retains the sold receivables in the installment contracts receivables account and records the proceeds from these sales as loans payable (Note 20).

As of December 31, 2019, the carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱2,751.39 million and ₱3,404.98 million, respectively.

As of December 31, 2018, the carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱2,364.99 million and ₱2,784.17 million, respectively (Note 20).

Accounts Receivable:
The accounts receivables are noninterest-bearing and collectible within one year.

This consists of the following:

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. These are covered by security deposit of tenants' equivalent to three-month rental and three-month advance rental paid by the lessees. This includes both the fixed and contingent portion of lease.

Receivable from buyers
Receivables from buyers mainly consist of receivables from buyers of real estate arising from penalties for late payments. These are non-interest bearing and are due and demandable.

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.

Others
Other receivables are noninterest-bearing and are due and demandable.

Advances to contractors
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. Recoupment occur within one to five years from the date the advances were made.

Advances to suppliers
Advances to suppliers are advance payments for the purchase of construction materials. These will be applied to billings for deliveries made within one year from financial reporting date.

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 and accordingly will be charged to miscellaneous customer charges.

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.

Accrued interest receivable
Accrued interest receivable pertains to income earned from investments at amortized cost.

12. Real Estate Inventories

The rollforward of the account follows:

	2019	2018
Balance at beginning of year	**₱41,946,866,699**	₱39,700,029,385
Construction/development costs incurred	**17,535,519,202**	13,277,227,909
Additions to land	**3,805,022,259**	2,678,160,601
Borrowing costs capitalized (Note 25)	**2,728,684,896**	1,468,608,929
Transfers (Note 14)	**(8,846,779,427)**	–
Cost of real estate sales (Note 24)	**(15,768,508,901)**	(15,177,160,125)
	₱41,400,804,728	₱41,946,866,699

The real estate inventories are carried at cost. No inventory is recorded at amount lower than its cost in 2019 and 2018.

This account consists of:

	2019	2018
Subdivision land for sale	**₱19,861,654,690**	₱20,143,418,161
Subdivision land for development	**14,719,437,560**	16,044,330,569
Condominium units for sale and development	**6,040,917,705**	4,817,110,823
Residential house and lots for sale and development	**778,794,773**	942,007,146
	₱41,400,804,728	₱41,946,866,699

Subdivision land (e.g. lot only for sale) 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.

Real estate inventories recognized as cost of sales amounted to ₱15,768.51 million in 2019, ₱15,177.16 million in 2018 and ₱13,303.58 million in 2017, and are included as cost of real estate sales in the consolidated statements of comprehensive income (Note 24).

Borrowing cost capitalized to inventories amounted to ₱2,728.68 million, ₱1,468.61million and ₱2,035.75 million in 2019, 2018 and 2017, respectively (Note 25). The capitalization rate used to determine the borrowing costs eligible for capitalization is 7.04%, 6.48% and 6.15% in 2019, 2018 and 2017, respectively.

There are no inventories used to secure the borrowings of the Group.

13. Other Current Assets

This account consists of:

	2019	2018
Input value added tax (VAT)	**₱3,219,181,281**	₱2,261,887,759
Construction materials and others	**2,507,849,978**	1,277,003,318
Creditable withholding taxes	**1,310,904,058**	1,615,080,346
Prepaid expenses	**691,088,761**	823,074,410
Restricted cash	**282,537,375**	25,148,297
Others	**15,295,387**	10,332,904
	₱8,026,856,840	₱6,012,527,034

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 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, 2019, and 2018, creditable withholding taxes applied to income tax payable amounting to ₱870.50 million and ₱980.52 million, respectively.

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 to be utilized within one year and included in the cost of real estate inventories upon utilization.

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.

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 ₱11.86 million, ₱7.64 million and ₱6.20 million in 2019, 2018 and 2017, respectively (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, 2020 and bank loans maturing beyond December 31, 2020, respectively. The noncurrent portion of this account is presented as noncurrent restricted cash under "Other noncurrent assets" in the Group's statements of financial position (see Note 17).

14. Investment Properties

The rollforward of analysis of this account follows:

	2019				
	Land and Land Developments	**Building and Building Improvements**	**Construction in Progress**	**Right-of-use Assets**	**Total**
Cost					
Balances at beginning of year, as previously reported	**₱40,226,070,790**	**₱29,586,209,146**	**₱10,292,515,505**	**₱–**	**₱80,104,795,441**
Impact of PFRS 16 adoption (Note 3)	–	–	–	**2,387,967,718**	**2,387,967,718**
Balances at beginning of year, as restated	**40,226,070,790**	**29,586,209,146**	**10,292,515,505**	**2,387,967,718**	**82,492,763,159**
Additions	**3,754,256,284**	**55,093,935**	**14,162,489,238**	**318,103,518**	**18,289,942,975**
Transfers (Note 12)	**8,846,779,427**	–	–	–	**8,846,779,427**
Reclassifications	**187,500**	**4,770,053,744**	**(4,770,241,244)**	–	–
Balances at end of year	**52,827,294,001**	**34,411,356,825**	**19,684,763,499**	**2,706,071,236**	**109,629,485,561**
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	**6,174,156,483**	–	–	**6,174,156,483**
Depreciation and amortization (Note 24)	–	**1,856,472,065**	–	**163,980,143**	**2,020,452,208**
Balances at end of year	–	**8,030,628,548**	–	**163,980,143**	**8,194,608,691**
Net Book Value	**₱52,827,294,001**	**₱26,380,728,277**	**₱19,684,763,499**	**₱2,542,091,093**	**₱101,434,876,870**

	2018			
	Land	Building and Building Improvements	Construction in Progress	Total
Cost				
Balance at beginning of year	₱35,043,673,703	₱24,565,082,729	₱4,390,487,543	₱63,999,243,975
Additions	5,182,397,087	654,626,295	10,268,528,084	16,105,551,466
Reclassifications	–	4,366,500,122	(4,366,500,122)	–
Balances at end of year	40,226,070,790	29,586,209,146	10,292,515,505	80,104,795,441
Accumulated Depreciation and Amortization				
Balances at beginning of year	–	4,897,883,304	–	4,897,883,304
Depreciation and amortization (Note 24)	–	1,276,273,179	–	1,276,273,179
Balances at end of year	–	6,174,156,483	–	6,174,156,483
Net Book Value	₱40,226,070,790	₱23,412,052,663	₱10,292,515,505	₱73,930,638,958

Investment properties consist mainly of land and land developments and commercial centers. These include properties, currently being leased out, for future leasing or currently held for capital appreciation. The commercial centers include retail malls, Vistamalls and Starmalls that are located in key cities and municipalities in the Philippines and office spaces.

As of December 31, 2019, the construction in progress represents capitalized costs arising from a construction of commercial centers that are located in Las Piñas, Cavite, Bulacan, Naga, Davao, Bacolod, Tacloban, Butuan, Cabanatuan, Isabela, Laguna, Cebu, Ilocos, Quezon and Zamboanga which are due to be completed in 2020 to 2021. The percentage of completion of various constructions in progress ranges from 1.81% to 99.69% in 2019.

As of December 31, 2018, the construction in progress represents capitalized costs arising from a construction of commercial center that is located in Taguig City, Las Piñas City, Cavite, Iloilo, Davao, Naga and Cagayan de Oro which is due to be completed in 2019 to 2020. The percentage of completion of various constructions in progress ranges from 5.00% to 95.00% in 2018.

On September 28, 2018, the Group acquired land for commercial project from Fine Properties, Inc. its ultimate parent company amounting to ₱4,525.94 million. The consideration of ₱2,515.94 million was paid in cash while the remaining ₱2,010.00 million was offset against the receivables of the Group from Fine Properties Inc.

The transfer of ₱8,846.78 million from real estate inventories to investment properties in 2019 pertains to land which the Group identified to be used for commercial projects (see Note 12).

The reclassification of ₱4,985.82 million and ₱4,366.50 million from construction in progress to building and improvements in 2019 and 2018, respectively, represents completed retail malls in Iloilo, Naga, Cagayan De Oro, General Trias, Tanza and Talisay Cebu, with gross floor area of 211,892 sqm.

Rental income earned from investment properties amounted to ₱7,748.42 million, ₱6,464.74 million and ₱5,625.23 million in 2019, 2018 and 2017, respectively. Repairs and maintenance costs recognized under "Operating expenses" arising from investment properties amounted to ₱173.70 million, ₱218.00 million and ₱149.46 million for the years ended December 31, 2019, 2018 and 2017, respectively (Note 24). Cost of property operations amounted to ₱1,570.85 million, ₱1,625.38 million and ₱1,420.42 million for the years ended December 31, 2019, 2018 and 2017. For the terms and conditions on the lease, refer to Note 34.

As of December 31, 2019, the aggregate fair values of investment properties amounted to ₱165,142.82 million. 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 and cost approach method was used for construction in progress under early stage of construction and right-of-use asset. The fair values of the buildings for malls and office spaces determined using income approach method considers rental escalation rate for the minimum rental guaranteed for the remaining life of the buildings and building improvements using the discount rate ranging 5.10% to 8.38%.

As of December 31, 2018, the aggregate fair values of investment properties amounted to ₱88,051.75 million. In the determination of fair values, the market value approach method was used for land and land improvements while cost approach method was used for malls and office buildings for rent and construction in progress under early stage of construction.

All fair market valuation are under Level 3 category.

Investment properties with carrying value of ₱6,608.78 million and ₱6,814.15 million are used to secure the bank loans of the Group as of December 31, 2019 and 2018, respectively (Note 20). The fair value of the investment properties used as collateral amounted to ₱25,087.84 million under DCF approach method prepared by management as of December 31, 2019 and ₱24,802.26 million under cost approach method prepared by external valuer as of December 31, 2018.

The parcels of land are located in cities and municipalities like Mandaluyong, Las Piñas, Taguig, Naga, Bacoor, Imus, San Jose del Monte, Sta. Rosa, Alabang and Kawit. The market price per square meter of the land ranges between ₱1,258 to ₱173,017, while building and improvements ranged from ₱17,701 to ₱209,304. The fair value measurement using unobservable data in active market is Level 3 of the fair value hierarchy. The estimated useful life of the investment properties other than land is 40 years.

Borrowing cost capitalized to investment properties amounted to ₱3,183.43 million, ₱1,319.45 million and ₱846.20 million for years ended December 31, 2019, 2018 and 2017, respectively (Note 25). Amortization expense related to right-of-use asset amounted to ₱163.98 million for the year ended December 31, 2019. Right-of-use asset is amortized over a period of 11 to 27 years.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements.

15. Property and Equipment

The rollforward analyses of this account follow:

	2019						
	Land	**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**	**₱923,308,990**	**₱820,293,149**	**₱796,721,607**	**₱583,787,759**	**₱259,663,109**	**₱3,467,108,214**
Additions	**–**	**228,171,430**	**103,236,689**	**200,206,375**	**592,326,212**	**25,225,026**	**1,149,165,732**
Balances at end of year	**83,333,600**	**1,151,480,420**	**923,529,838**	**996,927,982**	**1,176,113,971**	**284,888,135**	**4,616,273,946**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**–**	**360,486,037**	**536,991,515**	**649,227,217**	**160,036,957**	**146,420,828**	**1,853,162,554**
Depreciation and amortization (Note 24)	**–**	**10,303,712**	**76,872,524**	**98,207,925**	**29,400,817**	**1,038,221**	**215,823,199**
Balances at end of year	**–**	**370,789,749**	**613,864,039**	**747,435,142**	**189,437,774**	**147,459,049**	**2,068,985,753**
Net Book Value	**₱83,333,600**	**₱ 780,690,671**	**₱309,665,799**	**₱249,492,840**	**₱986,676,197**	**₱137,429,086**	**₱2,547,288,193**

	2018						
	Land	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	₱577,461,291	₱703,902,500	₱639,723,804	₱369,203,710	₱192,345,413	₱2,565,970,318
Additions	–	345,847,699	116,390,649	156,997,803	214,584,049	67,317,696	901,137,896
Balances at end of year	83,333,600	923,308,990	820,293,149	796,721,607	583,787,759	259,663,109	3,467,108,214
Accumulated Depreciation and Amortization							
Balances at beginning of year	₱–	₱350,905,699	₱490,935,263	₱583,505,422	₱124,567,131	₱130,238,170	₱1,680,151,685
Depreciation and amortization (Note 24)	–	9,580,338	46,056,252	65,721,795	35,469,826	16,182,658	173,010,869
Balances at end of year	–	360,486,037	536,991,515	649,227,217	160,036,957	146,420,828	1,853,162,554
Net Book Value	₱83,333,600	₱562,822,953	₱283,301,634	₱147,494,390	₱423,750,802	₱113,242,281	₱1,613,945,660

In 2019 and 2018, additions to building and building improvements amounting to ₱193.16 million and ₱345.85 million, respectively, pertains to hotel building of VLCC.

Depreciation and amortization expense charged to operations amounted to ₱215.82 million, ₱173.01 million and ₱158.69 million for the years ended December 31, 2019, 2018 and 2017, respectively (Note 24).

As of December 31, 2019 and 2018, fully depreciated assets that are still actively in use amounted to ₱506.41 million and ₱468.66 million, respectively.

The Group's transportation equipment with a carrying value of ₱133.83 million and ₱129.73 million as of December 31, 2019 and 2018, respectively, were pledged as collateral under chattel mortgage to secure the car loans of the Group with various financial institutions (Note 20).

Borrowing cost capitalized to property and equipment amounted to ₱83.78 million in 2018 (nil in 2019) (Note 25). The capitalization rate used to determine the borrowing costs eligible for capitalization is 6.48% in 2018.

16. Project Development Costs

Project development costs mainly pertain to advances to a related party, covered by memorandum of agreement for the purchase of socialized housing units. The requirement for socialized housing units is required by the Housing and Land Use Regulatory Board (HLURB) (Note 29). These advances are recouped upon receipt of the socialized housing units from the related party.

The accounts 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.

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.

17. Other Noncurrent Assets

This account consists of:

	2019	2018
Deposits	**₱714,060,519**	₱698,795,169
Cash restricted for use - net (Note 13)	**490,977,155**	769,308,969
Model house accessories at cost	**185,527,313**	170,285,124
Systems development costs	**50,730,611**	55,250,228
Others	**16,592,331**	15,798,485
	₱1,457,887,929	₱1,709,437,975

Noncurrent portion of deposits include 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. These deposits are necessary for the continuing construction and development of real estate projects of the Group.

Amortization of system development costs amounted to ₱55.87 million, ₱30.85 million and ₱38.80 million for the years ended December 31, 2019, 2018 and 2017, respectively. These are included in the "Depreciation and amortization" account under "Operating expenses" in the consolidated statements of comprehensive income (Note 24).

18. Accounts and Other Payables

This account consists of:

	2019	2018
Current portion of liabilities for purchased land (Notes 22 and 31)	**₱2,382,652,065**	₱4,962,974,544
Commissions payable	**2,128,281,582**	1,933,634,673
Accounts payable		
Contractors	**1,756,004,741**	2,094,809,983
Incidental costs	**1,314,344,013**	1,257,661,607
Suppliers	**1,245,936,521**	1,318,689,133
Buyers	**968,349,014**	764,326,887
Accrued expenses	**1,401,933,426**	1,344,027,138
Current portion of retention payable (Notes 22 and 31)	**776,521,157**	780,372,681
Current portion of deferred output tax (Note 22)	**731,356,560**	1,147,063,010
Other payables	**458,679,787**	133,330,703
	₱13,164,058,866	₱15,736,890,359

Current portion of 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 (Note 22).

Commissions payable
Commissions payable pertain to fees due to brokers for services rendered which are expected to be settled within one year.

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 - incidental costs
Accounts payable - incidental costs pertain to liabilities incurred in relation to land acquisitions. This includes payable for titling costs, clearing, security and such other additional costs incurred.

Accounts payable - suppliers
Accounts payable - suppliers represent 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 - 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:

	2019	2018
Interest	**₱761,994,825**	₱545,978,645
Marketing	**335,649,060**	125,455,584
Security	**90,336,836**	61,501,095
Rental	**72,175,388**	461,826,333
Repairs and maintenance	**36,507,710**	43,317,896
Subdivision maintenance	**35,196,451**	48,569,686
Light and power	**17,725,867**	20,265,900
Contracted services	**11,380,114**	14,374,115
Management fees	**6,047,423**	1,860,876
13th month/bonus	**4,264,287**	1,217,704
Others	**30,655,465**	19,659,304
	₱1,401,933,426	₱1,344,027,138

Current portion of 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 (Note 22).

Current portion of 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 are 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 (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:

	2019	2018
Current portion of security deposits (Note 22)	**₱817,375,604**	₱1,066,590,084
Current portion of advance rent (Note 22)	**652,123,377**	231,249,334
	₱1,469,498,981	₱1,297,839,418

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:

	December 31, 2019	December 31, 2018
Balance at the beginning of year	**₱44,725,870,774**	₱35,799,812028
Availment*	**13,465,197,418**	20,508,414,880
Payment*	**(10,822,132,519)**	(11,582,356,134)
Balance at end of year	**47,368,935,673**	44,725,870,774
Debt issue cost		
Balance at the beginning of the year	**249,818,259**	318,873,286
Additions	**25,000,000**	26,000,000
Amortizations	**(81,027,751)**	(95,055,027)
Balance at end of the year	**193,790,508**	249,818,259
Carrying value	**47,175,145,165**	44,476,052,515
Less current portion	**(5,731,434,292)**	(5,332,822,509)
Noncurrent portion	**₱41,443,710,873**	₱39,143,230,006

**Gross of bank loans that were rolled over during the period*

Details of the bank loans as of December 31, 2019 and 2018 follow:

Loan Type	Date of Availment	2019	2018	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
VLLI							
Bank loan	Originally availed in September 2014; renewed in 2019	**₱1,500,000,000**	₱1,500,000,000	July 2020; renewable upon maturity subject to changes in interest rate	4.25% in 2018; 6.00% in 2019 upon renewal and 4.99% as repriced in November 2019	Interest payable quarterly, principal payable annually upon maturity	With collateral
	September 2016	**1,746,801,967**	2,174,307,549	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	October 2016	**3,000,000,000**	3,800,000,000	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	April 2018	**4,400,000,000**	5,000,000,000	April 2025	7.06%	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 2018	**1,980,500,000**	1,975,300,000	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	November 2018	**2,000,000,000**	2,000,000,000	November 2023	7.77%	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	May 2019	**1,778,333,333**	–	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	October 2019	**2,842,105,263**	–	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	Availed and/or renewed in various dates in 2019	**22,727,922,900**	20,466,899,150	Various maturities in 2018 and 2019, renewed upon maturity subject to change in interest rate	4.28% to 6.51%	Interest payable monthly, principal payable annually upon maturity	With collateral
		₱41,975,663,463	₱36,916,506,699				

(Forward)

Loan Type	Date of Availment	2019	2018	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
MAPI							
Bank loan	Availed in various dates in 2013 and 2014	**₱356,964,140**	₱841,154,139	August 2020	5.75% to 6.12%	Interest and principal payable quarterly	Current ratio of at least 1:25:1.00 and debt to Equity maximum of 3:00:1.00; with collateral
Bank loan	December 2014	–	91,500,000	December 2019	6.25%	Interest and principal payable monthly	With collateral
Bank loan	Availed in various dates in 2015	**1,023,129,626**	1,477,853,905	March 2022	5.46%	Interest and principal payable monthly	With collateral
Bank loan	July 2017	**484,375,000**	500,000,000	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; with collateral
		1,864,468,766	2,910,508,044				
MC							
Bank loan	Availed in various dates in 2014	–	71,764,706	Various maturities in 2019	5.75%	Interest and principal payable quarterly	With collateral
Bank loan	July 2016	**2,426,136,604**	2,874,136,603	July 2022	5.75%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 3.00:1.00; with collateral
		2,426,136,604	2,945,901,309				
Brittany							
Bank loan	November 2010	–	779,632	December 2018	10.50%	Interest and principal payable monthly	Chattel mortgage
Bank loan	July 2019	**857,990**	–	July 2021	9%	Interest and principal payable monthly	Chattel mortgage
		857,990	779,632				
CAPI							
Bank loan	April 2014	–	58,823,529	April 2019	5.50%	Interest and principal payable quarterly	Unsecured
Bank loan	December 2011	–	262,190	December 2019	10.50%	Interest and principal payable monthly	Chattel mortgage
Bank Loan	December 2019	**2,220,416**	–	December 2021	9.33%	Interest and principal payable monthly	Chattel mortgage
		2,220,416	59,085,719				
CHI							
Bank loan	February 2010	**6,748,274**	6,721,123	December 2019	10.50%	Interest and principal payable monthly	Chattel mortgage
Bank loan	July 2019	**45,641,763**	–	March 2020	9.25%	Interest and principal payable monthly	Unsecured
Bank loan	November and December 2019	**1,972,594**	–	October and November 2021	9.33%	Interest and principal payable monthly	Chattel mortgage
		54,362,631	6,721,123				
CPI							
Bank loan	March 2016	**116,817,047**	587,362,953	March 2020	5.50%	Interest and principal payable quarterly	Unsecured
Bank loan	February 2010	**15,220,840**	10,304,386	Various Dates up to 2021	Various	Interest and principal payable monthly	Chattel mortgage
		132,037,887	597,667,339				

Loan Type	Date of Availment	2019	2018	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
VRI							
Bank loan	April 2014	**-**	176,470,588	April 2019	5.50%	Interest and principal payable quarterly	Unsecured
Bank loan	December 2017	**704,285,714**	847,142,857	December 2024	6.70%	Interest payable quarterly, principal payable upon maturity	Unsecured
Bank loan	May 2010	**2,785,180**	2,000,700	August 2020	10.50%	Interest and principal payable monthly	Chattel mortgage
		707,070,894	1,025,614,145				
PCLHI							
Bank loan	February 2013	**12,326,514**	13,268,505	December 2020	Various	Interest and principal payable monthly	Chattel mortgage
		47,175,145,165	44,476,052,515				
Less current portion		**5,731,434,292**	5,332,822,509				
Bank loans, net of current portion		**₱41,443,710,873**	₱39,143,230,006				

In April 2018, the Parent Company obtained a 7-year unsecured peso-denominated loan amounting to ₱5,000.00 million which bears annual fixed rate of 7.06%, payable quarterly. The principal balance will be paid in 25 equal quarterly installments commencing on the fourth interest payable date.

In October 2018, the Parent Company obtained a 5-year unsecured peso-denominated loan amounting to ₱2,000.00 million which bears annual fixed interest rate of 7.99%, payable quarterly. The principal balance of the loan will be paid in 16 equal quarterly installments commencing on the fourth interest payment date.

In November 2018, the Parent Company obtained a 5-year unsecured peso-denominated loan amounting to ₱2,000.00 million which bears annual fixed interest rate of 7.77%, payable quarterly. The principal balance of the loan will be paid in 16 equal quarterly installments commencing on the fourth interest payment date.

In May 2019, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱2,000.00 million which bears annual fixed interest of 7.15%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments that commenced on August 2019.

In October 2019, the Parent Company obtained an additional 5-year unsecured peso denominated loan amounting to ₱3,000.00 million which bears annual fixed interest of 5.26%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments that commenced on November 2019.

The Parent Company has various peso-denominated bank loans with fixed interest-rates ranging from 4.28% to 6.51% per annum. In 2019 and 2018, These bank loans are renewable upon maturity subject to change in interest rates and/or hold-out amount of the investments in debt securities investments of VII. These loans are secured by hold-out of the investments in debt securities of VII amounting to US$459.01 million as of December 31, 2019.

The Group has complied with the covenants required by the bank loans as at December 31, 2019, and 2018. The compliance of the Parent Company to the covenants of its bank loans is based on the consolidated financial statements balances of the Group. The compliance of MAPI and MC to the covenants of their respective bank loans are based on their standalone financial statement balances.

As disclosed in Notes 10, 14, and 15, certain investments at amortized cost, property and equipment, and investment properties are used as collateral to 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 6.50% to 8.00% as at December 31, 2019 and 5.50% to 7.50% as at December 31, 2018, payable on equal monthly installment over a maximum period of 3 to 15 years. Other than the installment contracts receivable that serve as collateral, the loans payable has no other restrictions, requirements or covenants (Note 11).

Movement of loans payable follows:

	December 31, 2019	December 31, 2018
Balance at beginning of year	**₱2,784,170,565**	₱3,760,465,983
Availments	**3,333,732,526**	1,727,577,197
Payments	**(2,712,922,271)**	(2,703,872,615)
Balance at end of year	**3,404,980,820**	2,784,170,565
Less current portion	**3,131,443,081**	336,726,340
	₱273,537,739	₱2,447,444,225

Interest expense on bank loans and loans payable amounted to ₱3,372.14 million, ₱3,368.51 million and ₱2,124.64 million in 2019, 2018 and 2017, respectively (Note 25).

21. Notes Payable

This account consists of:

	2019	2018
Dollar denominated bonds	**₱35,703,087,488**	₱36,859,221,848
Corporate note facility	**32,066,708,294**	17,637,251,968
Retail bonds	**25,420,362,103**	19,790,521,707
	93,190,157,885	74,286,995,523
Less current portion	**2,440,675,895**	4,760,986,563
Noncurrent portion	**₱90,749,481,990**	₱69,526,008,960

A. Dollar Denominated Bonds

a. 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 a 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, 2019, and 2018, outstanding balance of the note amounted to US$342.67 million (₱17,351.21 million) and US$340.55 million (₱17,906.31 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%

As part of the issuance of the Notes, the subsidiaries of the Issuer 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 proforma (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x. These were complied with by the Group as at December 31, 2019 and 2018.

b. 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, 2019, and 2018, outstanding balance of note amounted to US$237.57 million (₱12,029.30 million) and US$238.83 million (₱12,557.80 million), respectively.

On February 2, 2016, an additional unsecured note, with the same terms and conditins with the above notes, were issued by the Group amounting to US$125.0 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, 2019, and 2018, outstanding balance of note amounted to US$124.87 million (₱6,322.58 million) and US$121.63 million (₱6,395.11 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, 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.

As part of the issuance of the Notes, the subsidiaries of the Issuer 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 proforma FCCR of not less than 2.5x. These were complied with by the Group as at December 31, 2019, and 2018.

B. Corporate Note Facility

a. ₱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, 2019, the outstanding balance of the Corporate Notes is ₱14,861.46 million.

The Corporate Notes provide early Redemption at the option of the Issuer as follows:

Early Redemption Date	Early Redemption Amount
3th anniversary from issue date and interest payment thereafter	101.00%
4th anniversary from issue date and interest payment thereafter	100.50%

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, 2019.

b. ₱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, 2019, and 2018, the outstanding balance of the Corporate Notes is ₱7,863.84 million and ₱8,103.15 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%

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, 2019 and 2018.

c. ₱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, 2019, and 2018, the outstanding balance of the Corporate Note is ₱9,341.41 million and ₱9,534.10 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%

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, 2019, and 2018.

C. Retail Bonds

a. 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 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, 2019, outstanding balance of the Retail Bonds amounted to ₱9,910.83 million.

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%

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, 2019.

b. 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.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, 2019, and December 31, 2018, outstanding balance of the bonds amounted to ₱9,887.90 million and ₱9,869.80 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%

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, 2019, and 2018.

c. 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 at December 31, 2019 and 2018, outstanding balance of the bonds amounted to ₱4,951.44 million and ₱4,944.34 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%

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, 2019, and 2018.

d. 2014 Fixed-rate Peso Retail Bonds
On May 9, 2014, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱3,000.00 million and an overallotment option of up to ₱2,000.00 million. The proceeds of the issuance were used to partially finance certain commercial development projects of CPI and its subsidiaries. The issue costs amounted to ₱98.77 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 November 9, 2019 with interest rate of 5.65% per annum and seven-year fixed rate bonds due on May 9, 2021 with interest rates of 5.94% per annum. Interest on the Retail Bonds shall be payable quarterly in arrears starting on August 9, 2014 for the first interest payment date and on February 9, May 9, August 9 and November 9 each year for each subsequent interest payment date. On November 9, 2019, the Issuer fully paid the 5-year Retail Bonds amounting to ₱4,326.27 million.

As of December 31, 2019, and 2018, outstanding balance of the bonds amounted to ₱670.19 million and ₱4,976.39 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 and six (6) months 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 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%

As part of the issuance of the Retail Bonds, 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 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 debt-service coverage ratio (DSCR) of at least 1.00:100. These were complied with by the Group as at December 31, 2019 and 2018.

Movement of notes payable follows:

	December 31, 2019	December 31, 2018
Principal		
Balance at beginning of year	**₱75,681,629,060**	₱55,772,418,010
Drawdown	**25,000,000,000**	18,200,000,000
Principal payments	**(4,784,605,400)**	(200,000,000)
Translation adjustment	**(1,401,288,866)**	1,909,211,050
Balance at end of year	**94,495,734,794**	75,681,629,060
Debt issue cost		
Balance at January 1	**1,394,633,537**	1,271,375,773
Addition	**250,985,401**	338,825,203
Debt issue cost amortization	**(306,949,630)**	(273,719,771)
Translation adjustment	**(33,092,399)**	58,152,332
Balance at end of year	**1,305,576,909**	1,394,633,537
Carrying value	**93,190,157,885**	74,286,995,523
Less current portion	**2,440,675,895**	4,760,986,563
	₱90,749,481,990	₱69,526,008,960

22. Other Noncurrent Liabilities

This account consists of:

	2019	2018
Liabilities for purchased land - net of current portion (Notes 18 and 31)	**₱1,826,855,497**	₱340,743,267
Retentions payable - net of current portion (Notes 18 and 31)	**1,086,856,296**	853,308,728
Deferred output tax - net of current portion (Note 18)	**836,201,446**	256,495,620
Security deposits - net of current portion (Note 19)	**515,278,306**	–
Advance rent - net of current portion (Note 19)	**168,969,867**	–
	₱4,434,161,412	₱1,450,547,615

23. Equity

Capital Stock

The details of the Parent Company's capital stock as at December 31 follow:

	2019	2018	2017
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**	12,035,916,361	12,074,717,861
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**	10,000,000,000	10,000,000,000
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**		
Par value per share	**₱0.10**		
Issued and outstanding shares	**–**		
Value of shares issued	**₱–**		

Redeemable Preferred Stock

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 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, 2019.

The remaining preferred shares are 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.

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, 2019:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2017	13,114,136,376	960
Add/(Deduct) Movement	–	(4)
December 31, 2018	13,114,136,376	956
Add/(Deduct) Movement	–	(10)
December 31, 2019	**13,114,136,376**	**946**

Treasury Shares

For the years ended December 31, 2019 and 2018, the Parent Company has bought back from the market a total of 90,116,900 shares or ₱555.93 million and 38,801,500 shares or ₱204.04 million in value, respectively.

Treasury shares totaling 416,128,700 and 326,011,800 of the Parent Company amounting to ₱2,361.98 million and ₱1,806.04 million as of December 31, 2019 and 2018, respectively, represents the shares of stock held by the Parent Company, while treasury shares (752,208,215) amounting to ₱5,378.29 million for both 2019 and 2018 represents Parent Company stocks held by Manuela. These treasury shares are recorded at cost.

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.

The movement in the Parent Company's treasury shares follows:

	2019		2018		2017	
	Shares	Amount	Shares	Amount	Shares	Amount
At January 1	**1,078,220,015**	**₱7,184,331,182**	1,039,418,515	₱6,980,294,580	1,026,893,415	₱6,917,014,956
Additions	**90,116,900**	**555,933,205**	38,801,500	204,036,602	12,525,100	63,279,624
At December 31	**1,168,336,915**	**₱7,740,264,387**	1,078,220,015	₱7,184,331,182	1,039,418,515	₱6,980,294,580

Retained Earnings

In accordance with SRC Rule No. 68, As Amended (2011), Annex 68-C, the Parent Company's retained earnings available for dividend declaration as at December 31, 2019, after reconciling items, amounted to ₱1,220.36 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱53,068.04 million and ₱50,083.56 million as at and December 31, 2019 and 2018, respectively.

Also, the retained earnings is restricted to payments of dividends to the extent of cost of treasury shares in the amount of ₱2,361.98 million and ₱1,806.04 million as at December 31, 2019 and 2018.

On September 28, 2018, the BOD of the Parent Company approved the change of dividend policy from an annual cash dividend payment ratio of approximately 20% of its consolidated net income from preceding fiscal year to a minimum of 20% of its consolidated net income from preceding fiscal year.

The BOD of the Parent Company approved the declaration of regular cash dividend amounting to ₱3,160.86 million or ₱0.2646 per share and ₱2,719.23 million or ₱0.2252 per share in September 30, 2019 and September 28, 2018, respectively. The dividend declarations are in favor of all stockholders of record as of October 16, 2019 and October 15, 2018 paid on October 31, 2019 and October 29, 2018, respectively.

As at December 31, 2019 and 2018, the Group's dividends payable amounted to ₱68.87 million and ₱33.37 million, respectively.

Noncontrolling Interest

The BOD of the Vistamalls, Inc. (formerly Starmalls, Inc.) approved the declaration of regular cash dividend amounting to ₱481.12 million or ₱0.0571 per share and ₱412.19 million or ₱0.0489 per share in September 30, 2019 and September 26, 2018, respectively. The dividend declarations are in favor of all stockholders of record as of October 15, 2019 and October 11, 2018 paid on October 23, 2019 and October 25, 2018, respectively. Consequently, dividends to noncontrolling interest amounted to ₱56.10 million and ₱48.06 million in 2019 and 2018, 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 the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2019, 2018 and 2017, the Group had the following ratios:

	2019	2018	2017
Current ratio	**395%**	376%	630%
Debt-to-equity ratio	**140%**	129%	107%
Net debt-to-equity ratio	**92%**	77%	60%
Asset-to-equity ratio	**273%**	259%	238%

As of December 31, 2019, 2018 and 2017, the Group had complied with all externally imposed capital requirements (Notes 20 and 21). No changes were made in the objectives, policies or processes for managing capital for the years ended December 31, 2019, 2018 and 2017.

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, 2019, 2018 and 2017:

	2019	2018	2017
Total paid-up capital	**₱43,802,565,725**	₱43,802,565,725	₱43,802,565,725
Retained earnings	**60,952,947,290**	52,736,780,731	44,136,812,797
Treasury shares	**(7,740,264,387)**	(7,184,331,182)	(6,980,294,580)
Other comprehensive income	**633,485,331**	534,538,519	1,280,960,358
	₱97,648,733,959	₱89,889,553,793	₱82,240,044,300

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 the related parties are guaranteed by Fine Properties, Inc., ultimate parent company. As discussed in Note 6, out of the total rental income, 57.19% comes from anchor tenant of the Group which is a related party.

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.

Exposure to foreign currency holdings are as follows:

	2019	2018
Cash and cash equivalents	**US$10,541,743**	US$142,190,319
Investments in amortized cost	**667,302,905**	522,690,958
Notes payable	**705,106,892**	701,012,207

Liquidity risk is addressed with long-term funding already locked in, while funds are placed on a short-term placement.

24. Costs and Expenses

Cost of real estate sales
Cost includes acquisition cost of land, materials, labor, and overhead in construction and development and capitalized borrowing costs. Cost of real estate sales recognized for the years ended December 31, 2019, 2018 and 2017 amounted to ₱15,768.51 million, ₱15,177.16 million and ₱13,303.58 million, respectively (Note 12).

Operating expenses
This account consists of:

	2019	2018	2017
Depreciation and amortization (Notes 14, 15 and 17)	**₱2,292,144,027**	₱1,480,129,055	₱1,305,156,158
Commissions	**1,566,701,544**	1,759,339,528	1,482,466,386
Advertising and promotions	**1,427,965,332**	1,064,275,880	900,933,561
Salaries, wages and employees benefits (Note 26)	**1,255,630,815**	1,197,692,866	1,163,127,363
Repairs and maintenance (Note 14)	**1,233,598,714**	1,144,118,499	899,791,273
Occupancy costs (Note 28)	**1,167,255,083**	1,173,064,414	898,250,603
Taxes and licenses	**945,745,362**	658,148,818	489,237,432
Contracted services	**794,600,896**	486,865,898	460,787,673
Transportation and travel	**170,225,728**	143,105,154	105,271,689
Representation and entertainment	**66,514,673**	64,429,190	88,696,519
Office expenses	**62,889,123**	59,897,743	43,205,134
Provision for impairment losses on receivables (Note 11)	**52,629,873**	–	3,683,344
Miscellaneous	**451,223,751**	327,460,797	240,281,042
	₱11,487,124,921	₱9,558,527,842	₱8,080,888,177

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 rent in 2018 and 2017, and utilities expense such as light, power, and telephone charges.

Rent expenses, prior to adoption of PFRS 16, included under "Occupancy costs" amounted to ₱468.82 million and ₱214.12 million in 2018 and 2017, respectively, while amortization of right-of-use assets of ₱163.98 million is included under "Depreciation and amortization" in 2019 (Note 14).

Miscellaneous expenses
Miscellaneous expenses include dues and subscriptions, donations and other expenditures.

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:

	2019	2018	2017
Installment contracts receivable (Note 11)	**₱478,569,158**	₱574,065,753	₱476,094,934
Accretion of unamortized discount (Note 11)	**98,207,930**	105,992,683	67,428,832
	576,777,088	680,058,436	543,523,766
Interest income from:			
Cash and cash equivalents, short-term investments and cash restricted for use (Notes 9, 10 and 13)	**114,502,399**	265,422,693	79,593,675
Investments at amortized cost (Note 10)	**1,394,378,231**	827,861,196	–
HTM investments (Note 10)	**–**	–	800,881,961
Gain on disposal of investment in FVTPL (Note 10)	**–**	132,499,578	–
Gain on disposal of investment in AFS	**–**	–	322,157,176
	1,508,880,630	1,225,783,467	1,202,632,812
	₱2,085,657,718	₱1,905,841,903	₱1,746,156,578

Parking, hotel, mall administrative and processing fee, and other revenue consist of:

	2019	2018	2017
Mall administrative and processing fee	**₱452,787,766**	₱371,869,206	₱209,394,954
Parking	**193,166,256**	160,682,045	117,104,543
Hotel	**184,357,086**	42,171,297	47,552,662
Others	**913,828,030**	685,797,045	702,533,436
	₱1,744,139,138	₱1,260,519,593	₱1,076,585,595

Others is comprised primarily of forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Interest and other financing charges consist of:

	2019	2018	2017
Interest incurred on:			
Bank loans and loans payable (Note 20)	**₱3,372,136,766**	₱3,368,505,643	₱2,124,642,569
Notes payable	**5,790,121,886**	3,357,845,704	3,558,160,865
Lease liabilities (Note 28)	**268,913,565**	–	–
Make-whole premium	–	–	448,002,457
Other bank charges	**48,820,634**	315,254,366	135,390,226
	9,479,992,851	7,041,605,713	6,266,196,117
Amounts capitalized (Notes 12, 14 and 15)	**(5,912,110,623)**	(2,871,842,798)	(2,881,951,542)
	₱3,567,882,228	₱4,169,762,915	₱3,384,244,575

Make-whole premium arise from the exercise of make whole redemption for certain Notes due in April 2019 which resulted to payment of premium amounting ₱448.00 million in 2017.

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:

	2019	2018	2017
Current service cost	**₱32,702,479**	₱48,241,302	₱67,902,138
Interest cost (income)	**(17,508,109)**	(6,168,621)	8,591,964
Total pension expense	**₱15,194,370**	₱42,072,681	₱76,494,102

Pension expense is included in “Salaries, wages and employee benefits” under Operating expenses in the statements of comprehensive income.

Funded status and amounts recognized in the consolidated statements of financial position for the pension plan follow:

	2019	2018	2017
Plan assets	**₱616,020,191**	₱537,582,047	₱506,700,526
Defined benefit obligation	**(348,142,599)**	(324,320,751)	(419,039,645)
Pension assets recognized in the consolidated statements of financial position	**₱267,877,592**	₱213,261,296	₱87,660,881

Changes in the combined present value of the combined defined benefit obligation are as follows:

	2019	2018	2017
Balance at beginning of year	**₱324,320,751**	₱419,039,645	₱532,630,210
Current service cost	**32,702,479**	48,241,302	67,902,138
Interest cost	**22,880,158**	23,371,962	33,287,822
Benefits paid	**(13,400,000)**	(39,870,064)	–
Actuarial losses (gains) due to:			
Experience adjustments	**(81,118,963)**	(25,922,242)	(97,518,761)
Changes in demographic assumptions	**(21,708,402)**	(6,928,995)	(107,231,027)
Changes in financial assumptions	**84,466,576**	(93,610,857)	(10,030,737)
Balance at end of year	**₱348,142,599**	₱324,320,751	₱419,039,645

Changes in the fair value of the combined plan assets are as follows:

	2019	2018	2017
Balance at beginning of year	**₱537,582,047**	₱506,700,526	₱434,496,381
Contributions	**60,652,837**	52,782,529	51,624,792
Interest income included in net interest cost	**40,388,268**	29,540,583	24,745,858
Actual losses on return of plan assets excluding amount included in net interest cost	**(9,202,960)**	(11,571,527)	(4,166,505)
Benefits paid	**(13,400,000)**	(39,870,064)	–
Balance at end of year	**₱616,020,192**	₱537,582,047	₱506,700,526

The movements in the combined net pension (assets) liabilities follow:

	2019	2018	2017
Balance at beginning of year	**(₱213,261,296)**	(₱87,660,881)	₱98,133,829
Pension expense	**15,194,370**	42,072,681	76,444,102
Total amount recognized in OCI	**(9,157,829)**	(114,890,567)	(210,614,020)
Contributions	**(60,652,837)**	(52,782,529)	(51,624,792)
Balance at end of year	**(₱267,877,592)**	(₱213,261,296)	(₱87,660,881)

The assumptions used to determine the pension benefits for the Group are as follows:

	2019	2018	2017
Discount rates	**5.52%**	7.53%	5.80%
Salary increase rate	**7.75%**	7.75%	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 2019 and 2018.

The distribution of the plan assets at year-end follows:

	2019	2018	2017
Assets			
Cash and cash equivalents	**₱113,925,155**	₱96,090,930	₱47,525,181
Investments in private companies	**433,356,248**	429,071,376	434,951,416
Investments in government securities	**65,073,689**	8,905,188	20,731,584
Receivables	**4,490,637**	4,244,718	4,127,012
	616,845,729	538,312,212	507,335,193
Liabilities			
Trust fee payables	**771,428**	730,165	634,667
Other payable	**54,109**	–	–
Net plan assets	**₱616,020,192**	₱537,582,047	₱506,700,526

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 on investments in government securities amounted to ₱1.51 million, ₱1.11 million and ₱0.35 million in 2019, 2018 and 2017, respectively.
The Group does not expect to contribute to its retirement fund in 2020.

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 2021 and 2027 with interest rates of 5.94% and 6.23%, respectively. As of December 31, 2019 and 2018, the fair value of investment amounted to ₱600.90 million and ₱509.38 million, respectively. Interest income earned from the investments in bonds amounted to ₱0.91 million, ₱1.32 million and ₱3.84 million in 2019, 2018 and 2017, respectively.

The allocation of the fair value of plan assets follows:

	2019	2018
Deposits	**18.47%**	18.56%
Corporate bonds	**70.25%**	79.65%
Government bonds	**10.55%**	1.65%

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	**2019**	2018
Less than 1 year	**₱4,304,178**	₱1,059,734
More than 1 year to 5 years	**69,442,373**	32,908,956
More than 5 years to 10 years	**167,286,002**	42,581,794
More than 10 years to 15 years	**288,505,782**	170,954,616
More than 15 years to 20 years	**413,598,029**	253,885,704
20 years and beyond	**3,377,303,426**	3,004,020,965
	₱4,320,439,790	₱3,505,411,769

The average duration of the expected benefit payments at the end of the reporting period is 28.19 years.

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	**2019**	2018
Discount rate	+1%	**(₱355,405,275)**	(₱154,772,004)
	-1%	**479,618,179**	209,209,012
Salary increase	+1%	**479,162,484**	207,248,390
	-1%	**(354,629,205)**	(156,169,488)

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 9.36% of cash, 4.09% of investments in government securities, 85.73% of investment in private companies and 0.81% receivables.

27. Income Tax

Provision for income tax consists of:

	2019	2018	2017
Current:			
RCIT/MCIT	**₱1,570,600,208**	₱1,458,477,330	₱1,443,448,108
Final	**27,420,374**	12,696,484	7,583,382
Deferred	**375,401,751**	576,100,346	759,813,755
	₱1,973,422,333	₱2,047,274,160	₱2,210,845,245

The components of the Group's deferred taxes are as follows:

Net deferred tax assets:

	2019	2018	2017
Deferred tax assets on:			
Excess of tax basis over book basis of deferred gross profit on real estate sales	**₱665,711,928**	₱891,537,645	₱772,753,971
Accrual of retirement costs	**37,909,542**	12,143,979	29,534,710
Unamortized discount on receivables	**7,887,917**	9,695,728	9,152,109
Unrealized foreign exchange losses	**1,556,479**	–	21,589,604
Remeasurement loss on defined benefit obligation	**–**	19,036,200	17,832,879
Allowance for probable losses	**–**	–	6,614,982
	713,065,866	932,413,552	857,478,255
Deferred tax liabilities on:			
Excess of book basis over tax basis of deferred gross profit on real estate sales	**127,253,489**	–	2,358,131
Capitalized interest and other expenses	**55,034,375**	45,495,976	–
Remeasurement gain on defined benefit obligation	**46,445,657**	35,567,808	26,386,386
Accrual of retirement costs	**62,637**	4,669,105	26,587,741
	228,796,158	85,732,889	55,332,258
	₱484,269,708	₱846,680,663	₱802,145,997

Net deferred tax liabilities:

	2019	2018	2017
Deferred tax assets on:			
Lease liabilities	**₱934,180,246**	₱–	₱–
NOLCO	**365,295,377**	66,578,426	50,582,310
Accrual of retirement costs	**137,845,865**	51,549,200	109,169,751
Allowance for impairment losses on land and improvements	**52,636,890**	–	56,259,059
Carryforward benefit of MCIT	**46,744,581**	1,907,452	14,914,385
Unamortized discount on receivables	**21,583,845**	5,353,242	4,809,550
Allowance for probable losses	**18,177,031**	19,375,455	103,522,011
Excess of tax basis over book basis of deferred gross profit on real estate sales	**6,954,380**	–	–

(Forward)

	2019	2018	2017
Straight line lease adjustment on rent expense	**₱–**	₱136,504,044	₱89,443,348
Unrealized foreign exchange losses	**–**	–	11,518,188
	1,583,418,215	281,267,819	440,218,602
Deferred tax liabilities on:			
Excess of book basis over tax basis of deferred gross profit on real estate sales	**1,890,935,743**	1,678,429,427	1,185,535,156
Capitalized interest and other expenses	**1,406,390,397**	1,339,552,546	1,157,735,547
Straight line lease adjustment on rent income	**1,219,307,957**	893,099,243	1,145,999,197
Right-of-use assets	**762,627,328**	–	–
Remeasurement gain on defined benefit obligation	**181,294,464**	136,750,578	61,407,113
Unamortized bond transaction cost	**76,010,369**	62,843,488	22,604,672
Accrual of retirement costs	**28,315,926**	51,565,520	29,935,113
Fair value adjustments from business combination	**23,619,214**	23,619,214	23,619,214
Discount on rawland payable	**2,689,869**	14,170,079	21,373,197
Unrealized foreign exchange gain	**–**	1,562,045	8,377,135
	5,591,191,267	4,201,592,140	3,656,586,344
	(₱4,007,773,052)	(₱3,920,324,321)	(₱3,216,367,742)

Out of the ₱449.86 million movement in net deferred tax liabilities, ₱74.46 million was booked as movement in OCI in 2019.

Out of the ₱703.96 million movement in net deferred tax liabilities, ₱127.86 million was booked as movement in OCI in 2018.

As of December 31, 2019, 2018 and 2017, 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:

	2019	2018	2017
NOLCO	**₱9,096,968,632**	₱8,013,546,456	₱5,707,844,312
MCIT	**10,104,745**	48,501,903	37,902,505
Accrual of retirement cost	**–**	–	19,605,535

The related unrecognized deferred tax assets on these deductible temporary differences, NOLCO and MCIT amounted to ₱2,739.20 million, ₱2,452.57 million and ₱1,756.14 million as of December 31, 2019, 2018 and 2017, respectively. These are mostly coming from holding companies namely, VLL, Vistamalls, Inc., CHI and CPI.

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.

As of December 31, 2019, the details of the unused tax credits from the excess of MCIT over RCIT and NOLCO, which are available for offset against future income tax payable and taxable income, respectively, over a period of three (3) years from the year of inception, follow:

NOLCO

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2016	₱1,649,887,755	(₱1,649,887,755)	₱–	2019
2017	2,697,322,118	–	2,697,322,118	2020
2018	3,809,370,770	–	3,809,370,770	2021
2019	3,807,927,000	–	3,807,927,000	2022
	₱11,964,507,643	(₱1,649,887,755)	₱10,314,619,888	

MCIT

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2016	₱25,957,906	(₱25,957,906)	₱–	2019
2017	20,335,617	–	20,335,617	2020
2018	6,929,443	–	6,929,443	2021
2019	29,584,266	–	29,584,266	2022
	₱82,807,232	(₱25,957,906)	₱56,849,326	

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:

	2019	2018	2017
Provision for income tax computed at the statutory income tax rate	**30.00%**	30.00%	30.00%
Additions to (reductions in) income tax resulting from:			
Change in unrecognized deferred tax assets	**2.15**	0.52	3.15
Nondeductible interest and other expenses	**9.79**	3.32	3.28
Tax-exempt income	**(20.13)**	(8.5)	(9.13)
Expired MCIT and NOLCO	**(3.92)**	(1.14)	(4.25)
Interest income already subjected to final tax	**(0.10)**	(0.19)	(0.14)
Others	**(3.26)**	(7.74)	(3.30)
Provision for income tax	**14.53%**	16.27%	19.61%

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 11 projects in 2019, 14 projects in 2018 and 43 projects in 2017, 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.

The Group availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱357.66 million, ₱656.92 million and ₱625.68 million in 2019, 2018 and 2017, respectively.

28. Lease Liabilities

The Group, as lessee, has lease contracts for parcels of land where its commercial centers are situated with the lease term of 11 - 27 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 statement of comprehensive income:

	2019
Depreciation expense of right-of-use assets included in investment properties (Note 14)	₱163,980,143
Interest expense on lease liabilities	268,913,565
Expenses relating to short-term leases (included in operating expenses)	50,303,734
Expenses relating to leases of low-value assets (included in operating expenses)	740,662
Total amount recognized in statement of comprehensive income	₱483,938,104

The rollforward analysis of lease liabilities follows:

	December 31, 2019
As at January 1, 2019, as previously reported	₱–
Effect of adoption of PFRS 16 (Note 3)	2,757,504,156
At January 1, 2019, as restated	2,757,504,156
Additions	300,329,735
Interest expense (Note 25)	268,913,565
Payments	(212,813,304)
As at December 31, 2019	3,113,934,152
Less current portion	32,713,127
Noncurrent portion	₱3,081,221,025

The Group has no lease contract that contains variable payments. The Group's fixed payments amounted to ₱263.86 million.

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 (Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	December 31, 2019	December 31, 2018
Within 1 year	₱266,207,005	₱310,251,640
More than 1 year to 2 years	300,128,973	420,279,210
More than 2 years to 3 years	367,629,213	514,801,733
More than 3 years to 4 years	379,088,971	530,849,161
More than 5 years	6,901,915,920	4,230,000,227
	₱8,214,970,082	₱6,006,181,971

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 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 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 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, 2019 and 2018:

December 31, 2019

Relationship	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable *(Note 11)*					
Entities under Common Control	**a) Rental of mall spaces**	**₱4,366,454,822**	**₱5,578,345,006**	**Non-interest bearing**	**With guarantee from Fine Properties Inc., No impairment**
Ultimate Parent	**a) Rental of office spaces**	**325,488**	**1,483,439**	**Non-interest bearing**	**Unsecured, No impairment**
		₱4,366,780,310	**₱5,579,828,445**		
Receivable from related parties					
Ultimate Parent	**f) Sale of VLLI shares**	**₱–**	**₱1,960,071,562**	**Noninterest-bearing; Due and demandable**	**Unsecured, No impairment**
Ultimate Parent (Note 14)	**c) Advances**	**₱583,745,031**	**2,881,929,396**	**Non-interest bearing**	**Unsecured, No impairment**
Entities under Common Control	**c) Advances**	**(135,062,830)**	**313,589,510**	**Non-interest bearing**	**Unsecured, No impairment**
		₱448,682,201	**₱5,155,590,468**		
Advances in project development cost *(Note 16)*					
Entities under Common Control	**b) Purchase of housing credits**	**₱2,425,972,653**	**₱2,850,566,004**	**Non-interest bearing**	**Unsecured, No impairment**
Accounts payable to contractors					
Ultimate Parent	**c) Payables for construction contracts**	**₱–**	**(₱1,340,130,465)**	**Due and demandable; noninterest-bearing**	**Unsecured**
Lease liabilities (Note 28)					
Ultimate Parent	**d) Rental of parcels of land**	**₱355,352,529**	**(₱355,352,529)**	**Interest-bearing**	**Unsecured**
Interest expense (Note 28)					
Ultimate Parent	**d) Rental of parcels of land**	**₱27,335,964**	**₱–**	**Interest-bearing**	**Unsecured**
Dividends Declared/Payable					
Stockholders	**e) Dividends**	**₱3,216,957,540**	**₱68,872,166**		

December 31, 2018

Relationship	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable (Note 11)					
Entities under Common Control	a) Rental of mall spaces	₱2,729,008,026	₱3,099,550,479	Non-interest bearing	With guarantee from Fine Properties Inc., No impairment
Ultimate Parent Company	a) Rental of mall spaces	242,404	1,157,951	Non-interest bearing	Unsecured, No impairment
		₱2,729,250,430	₱3,100,708,430		
Receivable from related parties					
Ultimate Parent	f) Sale of VLLI shares	₱–	₱1,960,071,562	Noninterest-bearing; Due and demandable	Unsecured, No impairment
Ultimate Parent (Note 14)	c) Advances	₱677,823,084	2,298,184,365	Non-interest bearing	Unsecured, No impairment
Entities under Common Control	c) Advances	(16,668,354)	448,652,339	Non-interest bearing	Unsecured, No impairment
		₱661,154,730	₱4,706,908,266		
Advances in project development cost (Note 16)					
Entities under Common Control	b) Purchase of housing credits	₱424,593,351	₱2,657,711,675	Non-interest bearing	Unsecured, No impairment
Accounts payable to contractors					
Ultimate Parent	c) Payables for construction contracts	₱1,340,130,465	(₱1,340,130,465)	Due and demandable; noninterest-bearing	Unsecured
Accrued rental expense (Note 18)					
Ultimate Parent	d) Rental of parcels of lar	₱45,333,397	(₱13,157,097)	Non-interest bearing	Unsecured
Dividends Declared/Payable					
Stockholders	e) Dividends	₱2,719,226,462	₱33,368,139		

a) The Group has operating lease agreements with All Value Group, anchor tenant, which is comprised of AllHome Corp., AllDay Marts, Inc., Family Shoppers Unlimited, Inc., and CM Star Management, Inc. for the leases of commercial centers. All Value Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building

appliances and furnishings. The lease agreements are with renewal options and contains escalation clauses.

Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱4,431.53 million and ₱3,109.51 million, respectively, as of December 31, 2019 and ₱2,662.41 million ₱1,928.13 million, respectively, as of December 31, 2018. These receivables from All Value Group which are recognized as 'Accrued rental receivable' under 'Receivables' are not impaired (Note 11).

Rental income and receivables from All Value Group without the effect of future escalation amounted to ₱3,250.15 million and ₱1,418.91 million, respectively, as of December 31, 2019 and ₱2,069.63 million and ₱357.83 million, respectively, as of December 31, 2018. These receivables from All Value Group which are recognized as 'Receivable from tenants' under 'Receivables' are noninterest-bearing and are not impaired (Note 11).

Outstanding rent receivables without the effect of future escalation amounting to ₱725.26 million and ₱357.83 million are guaranteed by Fine Properties, Inc. as of December 31, 2019 and 2018, respectively. The guaranteed amount in 2019 excludes those rent receivables pertaining to AllHome Corp.

In May and November 2019, the Group amended certain lease contracts with All Value Group. The amendments of the lease contracts are as follow:

a. Extension of the lease term by 10-15 years commencing from the lease modification date; and
b. From annual fixed rent to variable rent based on agreed percentage on gross sales or agreed minimum guaranteed rent (MGR) with annual escalation, whichever is higher

In September 2018, Fine Properties, Inc. assumed certain liabilities of All Value Group from the Group in relation to its lease agreement amounting ₱2,010.00 million. The liabilities assumed were under accounts receivable from tenants.

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.

b) On December 23, 2017, the Group entered into a Memorandum of Agreement (MOA) with Bria Homes, Inc.(Bria), 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. On December 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. 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 (Note 16).

c) These are advances for working capital and investment requirements of the related parties and are due and demandable.

On December 28, 2018, MGS Construction, Inc. assigned its receivables from Vista Residences, Inc. in the total amount of ₱1,340.13 million in favor of Fine Properties, Inc. This resulted to recognition of payable to Fine Properties, Inc. of the same amount. The liability was offset with the receivables from Fine Properties, Inc. in 2018.

d) 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.

e) Details of dividends declared to stockholders are discussed in Note 23.

f) In May 2013, VMI sold the remaining 399,397,000 shares of its investments in VLLI, with a carrying amount of ₱1,906.22 million, for a total consideration of ₱2,772.30 million to Fine Properties Inc. The outstanding receivables as at December 31, 2019 and 2018 amounted to ₱1,960.07 million. These are noninterest bearing receivables that are due and demandable.

On September 28, 2018, the Group acquired from Fine Properties parcels of land amounting to ₱4,525.94 million. The land is where the office spaces and commercial center of MAPI are currently situated. The consideration of ₱2,515.94 million was paid in cash while the remaining ₱2,010.00 million was offset against the receivables of the Group from Fine Properties Inc.

As of December 31, 2019 and 2018, the retirement plan asset includes investment in fixed-rate peso retail bonds of the Parent Company with fair value amounting to ₱19.54 million and ₱19.56 million, respectively (Note 26).

The compensation of key management personnel by benefit type follows:

	2019	2018	2017
Short-term employee benefits	**₱127,602,314**	₱136,832,739	₱134,720,076
Post-employment benefits	**29,546,896**	27,638,019	27,161,537
	₱157,149,210	₱164,470,758	₱161,881,613

30. Earnings Per Share and Noncontrolling Interest

The following table presents information necessary to compute the EPS:

	2019	2018	2017
Net income attributable to equity holders of Parent	**₱11,266,164,165**	₱10,238,356,840	₱8,803,658,211
Weighted average common shares*	**12,670,318,529**	12,823,692,618	12,828,153,168
Basic/Diluted Earnings per share	**₱0.889**	₱0.798	₱0.686

**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, 2019, 2018 and 2017.

The summarized financial information of Vistamalls, Inc. (formerly Starmalls, Inc.) and Subsidiaries and Manuela Corporation, for which there are noncontrolling interests, are provided below. The information is based on amounts before inter-company eliminations.

Vistamalls, Inc. (formerly Starmalls, Inc.) and Subsidiaries

	2019	2018	2017
Assets	**₱73,721,559,667**	₱52,916,882,705	₱45,330,400,903
Liabilities	**47,826,891,287**	30,674,911,186	24,709,988,488
Equity	**25,894,668,380**	22,241,971,519	20,620,412,415
Net income	**2,880,877,472**	2,126,721,726	2,061,034,990

Manuela Corporation

	2019	2018	2017
Assets	**₱20,698,312,541**	₱17,814,755,781	₱18,585,354,938
Liabilities	**5,882,134,396**	5,138,762,719	6,645,464,795
Equity	**14,816,178,145**	12,495,993,062	11,942,890,233
Net income	**505,011,430**	1,127,277,393	836,711,174

As of December 31, 2019, 2018 and 2017, the accumulated balances of and net income attributable to noncontrolling interests follows:

	2019	2018	2017
Accumulated balances:			
Noncontrolling interest share in equity			
Vistamalls Group	**₱1,893,731,137**	₱1,672,764,657	₱1,549,986,619
Manuela	**410,208,589**	344,282,145	217,911,662
Share in dividend			
Vistamalls Group	**56,099,003**	48,060,935	36,192,507
Net income attributable to:			
Vistamalls Group	**277,025,981**	170,268,543	237,835,848
Manuela	**66,022,366**	125,838,332	21,276,429
Other comprehensive income (loss) attributable to:			
Vistamalls Group	**39,503**	570,430	(345,477)
Manuela	**(95,922)**	532,151	156,610

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, receivables from tenants, buyers and others, receivables from related parties and accounts and other payables except for deferred output VAT and other statutory payables: 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 4.63% to 19.00% and 4.35% to 19.00% as of December 31, 2019 and 2018, 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 4.28% to 10.75% in 2019 and 5.41% to 7.07% in 2018 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, 2019 and 2018:

		December 31, 2019			
		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	₱117,499,183	₱117,499,183	₱–	₱117,499,183	₱–
Financial assets for which fair values are disclosed:					
Installment contracts receivable	38,835,172,544	38,933,380,474	–	–	38,933,380,474
Investments at amortized cost	33,792,219,093	34,626,570,211	34,626,570,211	–	–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	47,175,145,165	48,119,854,814	–	–	48,119,854,814
Notes payable	93,190,157,885	96,850,502,172	–	–	96,850,502,172
Loans payable	3,404,980,820	3,348,728,437	–	–	3,348,728,437
Liabilities for purchased land	4,209,507,562	4,060,123,574	–	–	4,060,123,574
Retention payable	1,863,377,453	1,651,309,696	–	–	1,651,309,696

		December 31, 2018			
			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	₱106,499,183	₱106,499,183	₱–	₱106,499,183	₱–
Financial assets for which fair values are disclosed:					
Installment contracts receivable	37,801,258,969	37,877,323,374	–	–	37,877,323,374
Investments at amortized cost	27,483,090,564	27,544,694,031	27,544,694,031	–	–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	44,476,052,515	42,054,444,360	–	–	42,054,444,360
Notes payable	74,286,995,523	71,072,167,575	–	–	71,072,167,575
Loans payable	2,784,170,565	1,940,017,202	–	–	1,940,017,202
Liabilities for purchased land	5,303,717,810	5,160,641,466	–	–	5,160,641,466
Retention payable	1,633,681,409	1,160,004,386	–	–	1,160,004,386

In 2019 and 2018, 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 lease liabilities.

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

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) and liabilities for purchased land. 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, 2019	
	Effective Interest Rate	**Amount**
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	**0.25% to 3.88%**	**₱13,334,812,879**
Cash and cash equivalents in US Dollar	**0.13% to 1.33%**	**592,745,655**
Short-term cash investments	**3.00% to 3.25%**	**210,815,745**
Investments at amortized cost	**2.23% to 10.18%**	**33,792,219,093**
Installment contracts receivable	**4.63% to 19.00%**	**38,835,172,544**
		₱86,765,765,916
Financial liabilities		
Fixed rate		
Notes payable	**5.89% to 8.86%**	**₱93,190,157,885**
Bank loans	**4.28% to 10.75%**	**47,175,145,165**
Loans payable	**5.08% to 6.24%**	**3,404,980,820**
Lease liabilities	**7.51% to 10.66%**	**3,113,934,152**
		₱146,884,218,022

	December 31, 2018	
	Effective Interest Rate	Amount
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	0.60% to 5.50%	₱12,531,634,107
Cash and cash equivalents in US Dollar	0.10% to 2.50%	7,476,366,979
Short-term cash investments	1.50% to 3.00%	139,942,752
Investments at amortized cost	2.27% to 8.77%	27,483,090,564
Installment contracts receivable	4.35% to 19.00%	37,801,258,969
		₱85,432,293,371
Financial liabilities		
Fixed rate		
Notes payable	5.65% to 8.25%	₱74,286,995,523
Bank loans	3.88% to 10.75%	44,476,052,515
Loans payable	5.50% to 7.50%	2,784,170,565
		₱121,547,218,603

As of December 31, 2019, and 2018, 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, 2019		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on income before tax**
Cash and cash equivalents	**US$1,156,182**	**+2.16%**	**₱1,264,660**
	(US$1,156,182)	**-2.16%**	**(1,264,660)**

	December 31, 2018		
		Increase/Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	US$614,245	+1.34%	₱432,780
	(US$614,245)	-1.34%	(432,780)

VII, a wholly owned subsidiary, are the carrying values of the amounts of Cash and cash equivalents in USD of these foreign currency denominated financial assets and liabilities. This mainly includes financial assets and liabilities of VII is a wholly owned subsidiary, with functional currency in USD. VII's financial assets and liabilities are translated into Philippine peso, 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, 2019		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on Other Comprehensive Income**
Assets			
Cash and cash equivalents	**US$10,547,818**	**+2.16%**	**₱11,537,456**
	(US$10,547,818)	**-2.16%**	**(11,537,456)**
Investments at amortized costs	**US$667,368,798**	**+2.16%**	**729,984,008**
	(US$667,368,798)	**-2.16%**	**(729,984,008)**
Liabilities			
Notes payable	**(US$705,106,892)**	**+2.16%**	**(₱771,262,841)**
	US$705,106,892	**-2.16%**	**771,262,841**

	December 31, 2018		
	Amount	Increase/Decrease in US Dollar rate	Effect on Other Comprehensive Income
Assets			
Cash and cash equivalents	US$141,576,074	+1.34%	₱99,750,538
	(US$141,576,074)	-1.34%	(99,750,538)
Investments at amortized costs	US$522,690,958	+1.34%	368,273,414
	(US$522,690,958)	-1.34%	(368,273,414)
Liabilities			
Notes payable	(US$701,012,207)	+1.34%	(₱493,913,573)
	US$701,012,207	-1.34%	493,913,573

In translating the foreign currency- denominated monetary assets and liabilities in peso amounts, the Philippine Peso - US dollar exchange rates as at December 31, 2019 and 2018 used were ₱50.64 to US$1.00 and ₱52.58 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.

For installment contracts receivable, 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 (refer to Note 29). This is discussed in Note 6. The related parties have a strong capacity to meet their contractual cash flows and/or guaranteed by Fine Properties, Inc., ultimate parent company.

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 3-months lease payment to cover any defaulting amounts and advance rentals also equivalent to 3-month rent.

Credit risk arising from receivable from tenants - related parties, aside from the same terms of security deposit and advance rental, is minimal due to the guarantee provided by Fine Properties, Inc., ultimate parent company.

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, 2019 and 2018 is equal to the carrying values of its financial assets.

Applying the expected credit risk model resulted to recognition of impairment loss of ₱52.63 million for all financial assets in 2019 (nil in 2018).

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 2019 and 2018.

Maturity Profile Financial Liabilities
The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2019 and 2018 based on undiscounted contractual payments, including interest payable.

December 31, 2019

	On Demand	**1 to 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	**₱–**	**₱2,696,452,150**	**₱5,482,656,060**	**₱43,709,673,143**	**₱51,888,781,353**
Loans payable	**461,997,319**	**1,305,643,219**	**1,363,802,543**	**373,044,915**	**3,504,487,996**
Liabilities for purchased land	**489,728,695**	**865,032,512**	**1,485,013,264**	**1,378,699,319**	**4,218,473,790**
Accounts payable and other payables*	**7,609,093,848**	**607,481,589**	**1,643,346,875**	**1,086,856,296**	**10,946,778,608**
Dividends payable	**68,872,166**	–	–	–	**68,872,166**
Notes payable	–	**1,270,218,892**	**7,202,654,578**	**112,701,911,965**	**121,174,785,435**
Lease liabilities	–	**65,779,876**	**197,339,629**	**7,607,906,818**	**7,871,026,323**
Total undiscounted financial liabilities	**₱8,629,692,028**	**₱6,810,608,238**	**₱17,374,812,949**	**₱166,858,092,456**	**₱199,673,205,671**

**excluding statutory payables and including noncurrent portion of retention payable*

December 31, 2018

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱–	₱1,373,932,071	₱4,004,702,874	₱43,002,742,342	₱48,381,377,287
Loans payable	35,509,536	39,591,194	261,625,610	2,447,444,225	2,784,170,565
Liabilities for purchased land	739,726,481	2,154,363,011	2,068,885,052	340,743,267	5,303,717,811
Accounts payable and other payables*	7,341,670,365	593,282,437	1,604,935,616	853,308,728	10,393,197,146
Dividends payable	33,368,139	–	–	–	33,368,139
Notes payable	–	684,022,026	9,209,296,290	92,046,641,566	101,939,959,882
Total undiscounted financial liabilities	₱8,150,274,521	₱4,845,190,739	₱17,149,445,442	₱138,690,880,128	₱168,835,790,830

**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, 2019	**Cash flows**	**Lease liabilities**	**Debt issue cost**	**Interest and other financing charges (including capitalized borrowing cost)**	**Foreign exchange movement**	**Dividends declared**	**December 31, 2019**
Notes payable	**₱74,286,995,523**	**₱20,215,394,599**	**₱–**	**(₱250,985,401)**	**₱306,949,630**	**(₱1,368,196,466)**	**₱–**	**₱93,190,157,885**
Bank loans	**44,476,052,515**	**2,643,064,899**	**–**	**(25,000,000)**	**81,027,751**	**–**	**–**	**47,175,145,165**
Loans payable	**2,784,170,565**	**620,810,255**	**–**	**–**	**–**	**–**	**–**	**3,404,980,820**
Lease liabilities	**2,757,504,156**	**(212,813,304)**	**300,329,736**	**–**	**268,913,564**	**–**	**–**	**3,113,934,152**
Dividends payable	**33,368,139**	**(3,181,453,513)**	**–**	**–**	**–**	**–**	**3,216,957,540**	**68,872,166**
Accrued interest expense	**545,978,645**	**(8,883,071,125)**	**–**	**275,985,401**	**8,823,101,906**	**–**	**–**	**761,994,827**
Treasury shares	**–**	**(632,462,984)**	**–**	**–**	**–**	**–**	**–**	**–**
Total liabilities from financing activities	**₱124,884,069,543**	**₱10,569,468,827**	**₱300,329,736**	**₱–**	**₱9,479,992,851**	**(₱1,368,196,466)**	**₱3,216,957,540**	**₱147,715,085,015**

			Non-cash Change				
	January 1, 2018	Cash flows	Debt issue cost	Interest and other financing charges (including capitalized borrowing cost)	Foreign exchange movement	Dividends declared	December 31, 2018
Loans payable	₱3,760,465,983	(₱976,295,418)	₱–	₱–	₱–	₱–	₱2,784,170,565
Bank loans	35,799,812,028	8,676,240,487	–	–	–	–	44,476,052,515
Notes payable	54,501,042,238	17,876,742,235	–	–	1,909,211,050	–	74,286,995,523
Dividends payable	28,959,615	(2,762,878,873)	–	–	–	2,767,287,397	33,368,139
Accrued interest expense	386,940,966	(6,882,568,034)	–	7,041,605,713	–	–	545,978,645
Treasury shares	–	(127,506,826)	–	–	–	–	–
Total liabilities from financing activities	₱94,477,220,830	₱15,803,733,571	₱–	₱7,041,605,713	₱1,909,211,050	₱2,767,287,397	₱122,126,565,387

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 ₱5,995.23 million and ₱8,628.30 million in 2019 and 2018;
b) Unpaid acquisition costs of treasury shares amounting to ₱76.53 million in 2018, which is presented under "Accounts and other payables" line item in the statements of financial position, was paid in 2019;
c) Recognition of right-of-use asset and lease liability amounting to ₱2,387.97 million and ₱2,757.50 million, respectively, as at January 1, 2019 due to adoption of PFRS 16 (Note 3);
d) Unpaid additions to investment properties amounted to ₱1,241.10 million and ₱1,089.77 million in 2019 and 2018, respectively;
e) Unpaid additions to property and equipment amounted to ₱38.26 million and ₱77.62 million in 2019 and 2018, respectively;
f) In 2018, the Group acquired land from Fine Properties, Inc. amounting to ₱2,010.00 million which was offset against receivable from Fine Properties Inc.;
g) In 2019, there was a transfer of ₱8,846.78 million from real estate inventories to investment properties pertaining to land which the Group identified to be used for commercial projects; and
h) Liabilities for purchased land is comprised of unpaid additions to land improvements classified as:

	2019	2018
Real estate inventories	**₱3,550,879,359**	₱4,679,386,898
Investment properties	**658,628,203**	624,330,912
	₱4,209,507,562	₱5,303,717,810

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, 2019 and 2018 follow:

	2019	2018
Within one year	**₱6,273,307,232**	₱4,584,963,785
After one year but not more than five years	**26,749,850,683**	15,293,680,078
More than five years	**58,355,251,522**	11,048,916,139
	₱91,378,409,437	₱30,927,560,002

Rental income included in the consolidated statements of comprehensive income for the years ended December 31, 2019, 2018 and 2017 amounted to ₱7,748.42 million, ₱6,464.74 million and ₱5,625.23 million, respectively.

Contingent rent included in rental income for the years ended December 31, 2019, 2018 and 2017 amounted to ₱2,179.51 million, ₱987.09 million and ₱663.81 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, 2019 and 2018, these contracts have an estimated aggregate cost of ₱9,112.84 million and ₱16,007.81 million, respectively. These contracts are due to be completed on various dates up to December 2020.

The progress billings are settled within one year from date of billings. 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.

36. Events After the Report Date

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. Enhanced community quarantine was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government unit. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. On May 16, 2020, the Enhanced Community Quarantine was downgraded to Modified Enhanced Community Quarantine in Metro Manila and to General Community Quarantine in most provinces which was further extended to May 31, 2020.

For its residential business, COVID-19 imposes an impact on sales due to the potential decline in confidence of buyers to commit to large purchases such as residential units as well as a possible decline in sales to Overseas Filipinos in countries that are hard-hit by the pandemic. For the commercial business, there is a significant decline in foot fall for its malls as well as a possible impact on the sales of its mall tenants with variable rental rates due to COVID-19, especially in Luzon, following the closure of malls due to the enhanced community quarantine.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its consolidated financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 consolidated financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its consolidated financial position, performance and cash flows. Nevertheless, the Group believes that its business model of catering to a wide range of

market segments and geographic presence across the country provided a cushion in the impact of the lockdown. Amidst the enhanced community quarantine, the Group implemented work from home arrangement for all its employees; thus, except for the construction, the Group continued to operate its marketing & sales, finance, accounting and administrative functions online. The Group will continue to monitor the situation and adapt accordingly.

37. Approval of the Financial Statements

The consolidated financial statements of the Group as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 were authorized for issue by the BOD on May 26, 2020.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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

We have audited the accompanying consolidated financial statements of Vista Land & Lifescapes, Inc. and its subsidiaries (the Group), as at December 31, 2019 and for the year then ended, on which we have rendered the attached report dated May 26, 2020.

In compliance with the Revised Securities Regulation Code 68, we are stating that the above Group has eight hundred sixteen (816) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1737-A (Group A),
January 24, 2019, valid until January 23, 2022
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125312, January 7, 2020, Makati City

May 26, 2020

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SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc. and Subsidiaries
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, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated May 26, 2020. 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 Consolidated Financial Statements and 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 audit procedures applied in the audit of the basic consolidated financial statements, and in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1737-A (Group A),
January 24, 2019, valid until January 23, 2022
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125312, January 7, 2020, Makati City

May 26, 2020

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc. and Subsidiaries
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, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated May 26, 2020. 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) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1737-A (Group A),
January 24, 2019, valid until January 23, 2022
Tax Identification No. 162-410-623
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February 26, 2018, valid until February 25, 2021
PTR No. 8125312, January 7, 2020, Makati City

May 26, 2020

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

AVAILABLE FOR DIVIDEND DECLARATION

AS OF DECEMBER 31, 2019

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱2,653,224,186
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	4,089,968,661
Less: Non-actual/unrealized income net of tax	–
Equity in net income of associate/joint venture	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	–
Fair value adjustment of Investment Property resulting to gain	–
Adjustment due to deviation from PFRS/GAAP-gain	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	–
Adjustment due to deviation from PFRS/GAAP-loss	–
Loss on fair value adjustment of investment property (after tax)	–
Net income actually earned during the period	4,089,968,661
Add (Less):	
Dividend declarations during the period	(3,160,858,534)
Appropriations of retained earnings during the period	–
Reversals of appropriations	–
Effects of prior period adjustments	–
Treasury shares	(2,361,975,653)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	₱1,220,358,660

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2019

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 and Short-term cash investments	N/A	₱14,155,994,962	₱14,155,994,962	₱114,502,399
Installment contracts receivables	N/A	38,835,172,544	38,835,172,544	576,777,088
Quoted equity securities	100 Units	76,000,000	76,000,000	–
Unquoted equity securities	4,149,918 Shares	41,499,183	41,499,183	–
UBS Portfolio I	₱27,435,450,000	4,592,471,668	4,756,691,739	
UBS Portfolio II	35,394,839,000	6,046,367,062	6,326,927,000	
UBS Portfolio III	40,888,602,000	9,148,405,040	9,523,396,556	
UBS Portfolio IV	19,149,199,000	2,708,666,653	2,811,326,211	1,394,378,231
UBS Portfolio V	44,154,122,000	6,777,759,524	7,105,767,534	
UBS Portfolio VI	15,174,730,000	2,405,307,455	2,504,480,131	
HSBC	9,570,000,000	2,113,241,690	2,219,685,670	
Total Financial Assets		₱86,900,885,781	₱88,356,941,530	₱2,085,657,718

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, 2019

Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Officers	₱43,932,739	₱93,066,474	(₱106,232,428)	₱–	₱30,766,785	₱–	₱30,766,785
Employees	154,786	–	–	–	–	–	154,786
Advances to employees	₱44,087,525	₱93,066,474	(₱106,232,428)	₱–	₱30,766,785	₱–	₱30,921,571

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, 2019

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.	₱60,655,914,742	₱76,214,602,372	(₱47,813,929,947)	₱–	₱89,056,587,167	₱–	₱89,056,587,167
Prima Casa Land & Houses, Inc.	(2,621,728,520)	(4,813,243,207)	2,975,628,081	–	(4,459,343,646)	–	(4,459,343,646)
VLL International, Inc.	(3,532,958,561)	(3,336,758,815)	–	–	(6,869,717,376)	–	(6,869,717,376)
Crown Asia Properties, Inc.	(5,028,765,247)	(2,747,670,869)	713,000,721	–	(7,063,435,395)	–	(7,063,435,395)
Vista Residences, Inc.	(6,462,335,808)	(6,340,903,528)	2,435,006,562	–	(10,368,232,774)	–	(10,368,232,774)
Camella Homes, Inc.	(7,018,935,930)	(12,037,445,424)	10,835,893,939	–	(8,220,487,415)	–	(8,220,487,415)
Brittany Corporation	(8,804,681,711)	(5,902,878,823)	861,928,711	–	(13,845,631,823)	–	(13,845,631,823)
Communities Philippines, Inc.	(10,509,010,638)	(16,612,879,681)	16,745,711,477	–	(10,376,178,842)	–	(10,376,178,842)
Vistamalls, Inc.	(16,677,498,327)	(24,422,822,024)	13,246,760,455	–	(27,853,559,896)	–	(27,853,559,896)

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2019

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	₱5,000,000,000	₱2,585,998	₱667,607,734	5.94% in 7yrs	₱670,193,732	Quarterly interest payments	May 2021
Notes payable	5,150,000,000	99,157,002	4,711,670,231	6.19%	4,810,827,233	Quarterly interest payments; 0.5% principal payment for 36 quarter and 82% principal on maturity date	December 2026
Notes payable	4,850,000,000	93,386,076	4,437,198,796	6.23%	4,530,584,872	Quarterly interest payments; 1% principal payment for the 1st quarter following the issuance, 0.5% and 82% principal on maturity date	December 2026
Notes payable	6,000,000,000	654,849,576	5,121,318,538	7.71%	5,776,168,114	Quarterly interest payments; 4.1667% principal payments 1 year after issuance for 24 quarters	July 2025
	1,700,000,000	349,664,971	1,263,536,075	7.49%	1,613,201,046		
	500,000,000	81,997,847	392,473,049	7.50%	474,470,896		
Notes payable	15,000,000,000	893,313,847	13,968,142,285	6.77%	14,861,456,132	Quarterly interest payments; 5% principal payment 1 year after issuance for 20 quarters	July 2024
Notes payable	5,000,000,000	5,347,984	2,967,250,606	5.75% in 7 yrs	2,972,598,590	Quarterly interest payments	August 2024
		2,242,569	1,976,597,303	6.23% in 10 yrs	1,978,839,872		August 2027
Notes payable	10,000,000,000	15,492,258	6,413,471,142	8.00% in 5 yrs	6,428,963,400	Quarterly interest payments	December 2023
		5,435,228	3,453,505,428	8.25% in 7 yrs	3,458,940,656		December 2025
Notes payable	10,000,000,000	14,255,027	9,896,570,827	5.70%	9,910,825,854	Quarterly interest payments	June 2025
Notes payable	$350,000,000	67,268,232	17,283,938,545	5.75%	17,351,206,777	Semi-annually interest payments; bullet on principal	Nov 2024
Notes payable	$425,000,000.00	155,679,280	18,196,201,432	7.375%	18,351,880,712	Semi-annually interest payments; bullet on principal	June 2022
Bank Loans	Not Applicable	5,731,434,292	41,443,710,873	4.25% to 10.50%	47,175,145,165	Various payment terms (i.e., monthly and quarterly) of interest and principal	Various dates
Loans Payable	Not Applicable	3,131,443,081	273,537,739	5.50% to 8.00%	3,404,980,820	Interest and principal payable monthly	Various dates
		₱11,303,553,268	₱132,466,730,603		₱143,770,283,871		

See Notes 20 and 21 of the Consolidated Financial Statements

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2019

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, 2019

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, 2019

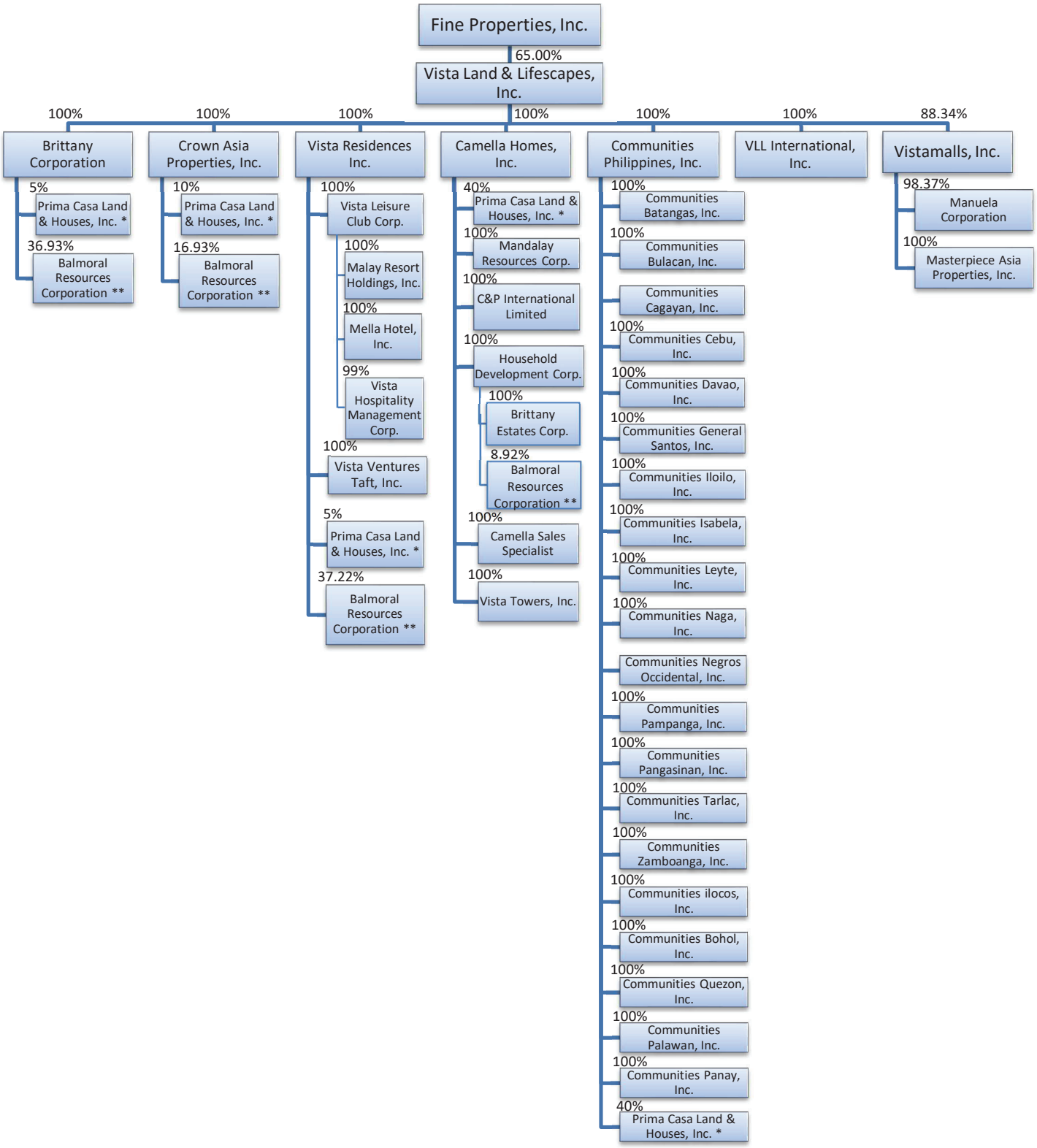
Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	17,900,000,000	13,114,136,376 shares issued; 11,945,799,461 shares outstanding	–	9,086,231,649	516,774,386	2,342,794,526
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 the Group and its Ultimate Parent Company, and its subsidiaries as of December 31, 2019.



**Vista Land's combined ownership in Prima Casa Land & Houses, Inc. is 100%.*
***Vista Land's combined ownership in Balmoral Resources Corporation. is 100%.*

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
AS OF DECEMBER 31, 2019 AND 2018

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2019, 2018 and 2017

Ratios	Formula	2019	2018	2017
Current ratio	Current assets / Current liabilities	100% **3.96**	3.77	4.67
Acid test ratio	Quick asset[1] / Current liabilities	**1.89**	1.94	2.63
Solvency ratio	Net income + Depreciation / Total liabilities	**0.08**	0.08	0.09
Debt ratio	Interest bearing debt[2] / Total assets	**0.52**	0.50	0.45
Asset to equity ratio	Total assets / Total equity	**2.73** 100%	2.59	2.38
Interest service coverage ratio	EBITDA[3] / Total interest paid[4]	**2.41**	2.59	2.74
Return on equity	Net income / Total equity	**0.12**	0.11	0.11
Return on assets	Net income / Average total assets	**0.05**	0.05	0.05
Net profit margin	Net income / Net revenue	**0.27**	0.26	0.26

[1]Includes Cash and Cash Equivalents, Short-term Investments, Investment at FVTPL and Current Receivables
[2]Includes Bank loans and Notes Payable
[3] EBITDA less Interest Income from Investments
[4]Total interest paid less Interest Income from Investments

P5B Retail Bonds (2014)
Schedule and Use of Proceeds
As of December 31, 2019

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	5,000,000,000.00	5,000,000,000.00
Less: Estimated expenses		
Arranger's Fee	53,763,441.00	53,763,441.00
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration Fee	1,812,500.00	1,830,625.00
SEC Legal Research Fee	18,125.00	18,125.00
Publication Fee	150,000.00	150,000.00
Rating Agency Fee	3,360,000.00	3,000,000.00
Legal Fees (excluding OPE)	3,000,000.00	3,075,867.29
Trustee's Opening Fee	20,000.00	20,000.00
Listing Fee	150,000.00	150,000.00
Marketing and Signing Ceremony Expenses	800,000.00	1,255,214.84
Bond-related Expenses	-	261,670.76
	88,074,066.00	88,524,943.89
Net proceeds to Vista Land & Lifescapes, Inc.	**4,911,925,934.00**	**4,911,475,056.11**
Payment of Principal due 2019 with bond issue cost		**(4,323,969,261.64)**
Amortization of Bond Issue Cost		**82,687,937.37**
Balance as of December 31, 2019		**670,193,731.84**

Vista Land sold P5 billion of the Bonds. After issue-related expenses, actual net collection amounted to P4.911 billion.

P5B Retail Bonds (2017)
Schedule and Use of Proceeds
As of December 31, 2019

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	5,000,000,000.00	**5,000,000,000.00**
Less: Estimated expenses		
Arranger's Fee	25,000,000.00	25,589,000.00
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration Fee and Legal Research Fee	1,830,625.00	1,830,625.00
Publication Fee	150,000.00	329,961.60
Rating Agency Fee	3,360,000.00	3,250,000.00
Legal Fees (excluding OPE)	8,100,000.00	8,205,554.50
Listing Fee	300,000.00	300,000.00
Marketing and Signing Ceremony Expenses	300,000.00	419,409.14
Bond-related Expenses	3,942,000.00	3,950,000.00
	67,982,625.00	68,874,550.24
Net proceeds to Vista Land & Lifescapes, Inc.	**4,932,017,375.00**	**4,931,125,449.76**
Amortization of Bond Issue Cost		20,313,012.09
Balance as of December 31, 2019		**4,951,438,461.85**

Vista Land sold P5 billion of the Bonds. After issue-related expenses, actual net collection amounted to P4.931 billion.

P10B Retail Bonds (2018)
Schedule and Use of Proceeds
As of December 31, 2019

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	10,000,000,000.00	**10,000,000,000.00**
Less: Estimated expenses		
Arranger's Fee	50,000,000.00	50,000,000.00
Documentary Stamp Tax	75,000,000.00	75,000,000.00
SEC Registration Fee and Legal Research Fee	3,093,125.00	3,093,125.00
Publication Fee	150,000.00	526,730.40
Rating Agency Fee	3,360,000.00	3,500,000.00
Legal Fees (excluding OPE)	8,100,000.00	1,862,093.96
Listing Fee	200,000.00	-
Marketing and Signing Ceremony Expenses	-	223,034.00
Bond-related Expenses	100,000.00	1,650,000.00
	140,003,125.00	135,854,983.36
Net proceeds to Vista Land & Lifescapes, Inc.	**9,859,996,875.00**	**9,864,145,016.64**
Amortization of Bond Issue Cost		23,759,038.43
Balance as of December 31, 2019		**9,887,904,055.07**

Vista Land sold P10 billion of the Bonds. After issue-related expenses, actual net collection amounted to P9.860 billion.

P10B Retail Bonds (2019)
Schedule and Use of Proceeds
As of December 31, 2019

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	10,000,000,000.00	**10,000,000,000.00**
Less: Estimated expenses		
Arranger's Fee	50,000,000.00	73,684,210.53
Documentary Stamp Tax	75,000,000.00	75,000,000.00
SEC Registration Fee and Legal Research Fee	3,093,125.00	2,525,150.00
Publication Fee	150,000.00	199,540.00
Rating Agency Fee	3,360,000.00	5,821,428.57
Legal Fees (excluding OPE)	8,100,000.00	7,219,151.86
Listing Fee	200,000.00	-
Marketing and Signing Ceremony Expenses	-	219,054.54
Bond-related Expenses	100,000.00	-
	140,003,125.00	164,668,535.50
Net proceeds to Vista Land & Lifescapes, Inc.	**9,859,996,875.00**	**9,835,331,464.50**
Amortization of Bond Issue Cost		75,494,389.70
Balance as of December 31, 2019		**9,910,825,854.20**

Vista Land sold P10 billion of the Bonds. After issue-related expenses, actual net collection amounted to P9.860 billion.

COVER SHEET

C	S	2	0	0	7	0	3	1	4	5

S.E.C. Registration Number

VISTA LAND & LIFESCAPES, INC.

(Company's Full Name)

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

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

Brian N. Edang	226-3552 ext. 0088
Contact Person	Company Telephone Number

1 2	3 1	17-Q	0 6	1 5
Month	*Day*	FORM TYPE	*Month*	*Day*
Calendar Year			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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarter ended **March 31, 2020**

2. SEC Identification Number **CS-200703145**

3. BIR Tax Identification No. **006-652-678**

4. **Vista Land & Lifescapes, Inc.**
   Exact name of the registrant as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. Industry Classification Code [ ] (SEC Use Only)

7. **Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** **1747**
   Address of Principal Office Postal Code

8. **(632) 874-5758 / (632) 872-6947 / (632) 226-3552**
   Registrant's telephone number, including area code

9. N/A
   Former name, former address and former fiscal year, if change since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock (as of 03/31/2020 net of 416,128,700 treasury shares)	**12,698,007,676**
VLL Retail Bonds issued in 2014 (as of 03/31/2020)	**P5,000,000,000.00**
VLL Retail Bonds issued in 2017 (as of 03/31/2020)	**P5,000,000,000.00**
VLL Retail Bonds issued in 2018 (as of 03/31/2020)	**P10,000,000,000.00**
VLL Retail Bonds issued in 2019 (as of 03/31/2020)	**P10,000,000,000.00**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?

    Yes [x] No [ ]

12. Check whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

    Yes [x] No [ ]

    (b) has been subject to such filing requirements for the past 90 days.

    Yes [x] No [ ]

TABLE OF CONTENTS

Vista Land & Lifescapes, Inc.
Consolidated Statements of Financial Position
As of March 31, 2020 and December 31, 2019
(In Million Pesos)

	Unaudited 03/31/2020	Audited 12/31/2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 28)	**8,922**	13,945
Short-term cash investments (Notes 8 and 28)	**194**	211
Investments at amortized cost (Note 8)	**2,389**	2,104
Current portion of:		
Receivables (Notes 9 and 28)	**41,453**	38,438
Cost to obtain (Note 5)	**1,015**	1,034
Receivables from related parties (Notes 26)	**5,593**	5,156
Real estate inventories (Note 10)	**42,496**	41,401
Other current assets (Note 11)	**8,997**	8,027
Total Current Assets	**111,059**	110,315
Noncurrent Assets		
Investments at amortized cost (Note 8)	**30,990**	31,689
Investments at fair value through other comprehensive income (Note 8)	**117**	117
Receivables – net of current portion (Note 9)	**19,077**	19,395
Cost to obtain – net of current portion (Note 5)	**550**	532
Project development cost (Note 13)	**4,280**	4,151
Property and equipment	**2,629**	2,547
Investment properties (Note 12)	**105,741**	101,435
Goodwill	**147**	147
Pension Assets (Note 23)	**212**	268
Deferred tax assets - net (Note 24)	**206**	484
Other noncurrent assets (Note 14)	**1,473**	1,548
Total Noncurrent Assets	**165,422**	162,224
	276,481	272,539
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 15 and 28)	**14,224**	13,164
Security deposits and advance rent (Note 16)	**1,215**	1,469
Income tax payable (Note 24)	**64**	67
Dividends payable	**13**	69
Current portion of:		
Contract liabilities	**1,635**	1,726
Bank loans (Notes 17 and 27)	**6,099**	5,731
Loans payables (Notes 17 and 28)	**2,687**	3,131
Notes payable (Notes 18 and 28)	**3,035**	2,441
Lease liabilities (Note 25 and 28)	**-**	33
Total Current Liabilities	**28,972**	27,832

(Forward)

Vista Land & Lifescapes, Inc.
Consolidated Statements of Financial Position
As of March 31, 2020 and December 31, 2019
(In Million Pesos)

	Unaudited 03/31/2020	Audited 12/31/2019
Noncurrent Liabilities		
Contract liabilities - net of current portion (notes [ ])	**885**	764
Bank loans - net of current portion (Notes 17 and 28)	**40,948**	41,444
Loans payable - net of current portion (Notes 17 and 28)	**240**	274
Notes payable - net of current portion (Notes 18 and 28)	**89,962**	90,749
Lease liabilities – net of current portion (Notes 25 and 28)	**3,130**	3,081
Deferred tax liabilities - net (Note 24)	**4,780**	4,008
Other noncurrent liabilities (Note 19)	**5,175**	4,434
Total Noncurrent Liabilities	**145,120**	144,754
Total Liabilities	**174,092**	172,586
Equity (Note 21)		
Attributable to equity holders of the Parent Company		
Capital stock	**13,147**	13,147
Additional paid-in capital	**30,655**	30,655
Other comprehensive income	**631**	633
Treasury shares	**(7,740)**	(7,740)
Retained earnings	**63,290**	60,953
	99,983	97,649
Non-controlling interest	**2,406**	2,304
Total Equity	**102,389**	99,953
	276,481	272,539

See accompanying Notes to Consolidated Financial Statements.

Vista Land & Lifescapes, Inc.
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(In Million Pesos)

	Unaudited Jan-Mar Q1-2020	**Unaudited Jan-Mar 2020**	Unaudited Jan-Mar Q1-2019	Unaudited Jan-Mar 2019
REVENUE				
Real estate	**7,200**	**7,200**	8,074	8,074
Rental income	**2,198**	**2,198**	1,640	1,640
Interest income from installment contracts receivable	**182**	**182**	137	137
Parking, hotel, mall administrative and processing fees, and others (Note 21)	**350**	**350**	347	347
	9,930	**9,930**	10,198	10,198
COSTS AND EXPENSES				
Costs of real estate sales (Note 22)	**3,743**	**3,743**	3,839	3,839
Operating expenses (Note 22)	**2,693**	**2,693**	2,871	2,871
	6,436	**6,436**	6,710	6,710
OTHER EXPENSES				
Interest and other income from investments	**335**	**335**	393	393
Interest and other financing charges	**(936)**	**(936)**	(644)	(644)
	(601)	**(601)**	(251)	(251)
INCOME BEFORE INCOME TAX	**2,893**	**2,893**	3,237	3,237
PROVISION FOR INCOME TAX (Note 24)	**454**	**454**	615	615
NET INCOME	**2,439**	**2,439**	2,622	2,622
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**2,337**	**2,337**	2,542	2,542
Noncontrolling interest	**102**	**102**	80	80
	2,439	**2,439**	2,622	2,622
Weighted average common shares	**12,698**	**12,698**	12,585	12,585
Basic/Diluted earnings per share	**0.184**	**0.184**	0.202	0.202

Vista Land & Lifescapes, Inc.
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2020 and 2019
(In Million Pesos)

	Unaudited Jan-Mar Q1-2020	**Unaudited Jan-Mar 2020**	Unaudited Jan-Mar Q1-2019	Unaudited Jan-Mar 2019
NET INCOME	**2,439**	**2,439**	2,622	2,622
OTHER COMPREHENSIVE INCOME				
Cumulative translation adjustments	(1)	(1)	3	3
Changes in fair value of investments at fair value through other comprehensive income	(1)	(1)	(5)	(5)
TOTAL COMPREHENSIVE INCOME	**(2)**	**(2)**	(2)	(2)
	2,437	**2,437**	2,620	2,620
Total comprehensive income attributable to:				
Equity holders of Vista Land & Lifescapes, Inc.	**2,335**	**2,335**	2,540	2,540
Minority interest	**102**	**102**	80	80
	2,437	**2,437**	2,620	2,620
Weighted average common shares	**12,698**	**12,698**	12,585	12,585
Basic/Diluted earnings per share	**0.184**	**0.184**	0.202	0.202

Vista Land & Lifescapes, Inc.
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2020 and 2019
(In Million Pesos)

	Unaudited 03/31/2020	Unaudited 03/31/2019
CAPITAL STOCK		
Common – P1 par value		
Authorized – 4,000,000 shares in February 28, 2007		
12,000,000,000 shares in May 23, 2007 and		
11,000,000,000 shares in November 24, 2010		
11,900,000,000 shares in October 5, 2012		
17,900,000,000 shares in November 11, 2015		
Issued – 1,000,000 shares as of February 28, 2007;		
8,538,740,614 shares as of September 30, 2011;		
10,038,740,614 shares as of November 10, 2015;		
12,654,891,753 shares as of December 22, 2015;		
13,114,136,376 shares as of February 23, 2016;	13,114	13,114
Preferred – P0.01 par value		
Authorized – P10,000,000,000 shares in October 5, 2012		
Issued – P3,300,000,000 shares in March 31, 2013 (Note 18)	33	33
Balance at end of period	**13,147**	**13,147**
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of period	30,655	30,655
Adjustment	-	-
Balance at end of period	**30,655**	**30,655**
RETAINED EARNINGS		
Balance at beginning of period	60,953	52,848
Net income	2,337	2,688
Balance at end of period	**63,290**	**55,536**
OTHER COMPREHENSIVE INCOME		
Balance at beginning of period	633	535
Adjustment	(2)	(2)
Balance at end of period	**631**	**533**
TREASURY SHARES		
Balance at beginning of period	(7,184)	(7,184)
Acquisition of treasury shares	(556)	(556)
Balance at end of period	**(7,740)**	**(7,740)**
NON-CONTROLLING INTEREST		
Balance at beginning of period	2,304	2,017
Net income	102	80
Adjustment	-	-
Balance at end of period	**2,406**	**2,097**
	102,389	**94,228**

Vista Land & Lifescapes, Inc.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2020 and 2019
(In Million Pesos)

	1Q-2020	2020	1Q-2019	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	2,893	2,893	3,273	3,273
Adjustments for:				
Interest and other financing charges	936	936	1,271	1,271
Depreciation and amortization	589	589	484	484
Provision for impairment losses on investments at amortized cost	55	55	56	56
Unrealized foreign exchange losses (gains)				
Interest income	(182)	(182)	(506)	(506)
Operating income before working capital changes	**4,291**	**4,291**	**4,578**	**4,578**
Decrease (increase) in:				
Receivables	(2,696)	(2,696.30)	(5,370)	(5,370)
Receivables from related parties	(437)	(437)	(103)	(103)
Real estate inventories	(1,095)	(1,095)	(488)	(488)
Other current assets	(952)	(952)	(1,499)	(1,499)
Increase (decrease) in:			-	
Accounts and other payables	1,060	1,060	1,394	1,394
Security deposits and advance rent	(255)	(255)	168	168
Contract Liabilities	30	30	238	238
Plan assets contribution paid	56	56	-	-
Net cash flows used in operations	**1**	**1**	**(1,082)**	**(1,082)**
Interest received	182	182	506	506
Income tax paid	592	592	(27)	(27)
Net cash flows provided in (used in) operating activities	**775**	**775**	**(603)**	**(603)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in project development costs	(129)	(129)	(252)	(252)
Disposal of short-term cash investments	17	17	26	26
Additions to land and improvements	-	-	(2,773)	(2,773)
Additions to Investment properties and Property and Equipment	(4,977)	(4,977)	(5,394)	(5,394)
Acquisition of Investment at fair value through OCI	(1)	(1)	3	3
Acquisition of Investments at amortized cost	358	358	(7,070)	(7,070)
Decrease (Increase) in other noncurrent assets	(33)	(33)	681	681
Increase in other noncurrent liabilities	741	741	839	839
Net cash flows used in investing activities	**(4,024)**	**(4,024)**	**(13,941)**	**(13,941)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from (Payments of):				
Notes payable - net	(193)	(193)	(37)	(37)
Bank loans - net	(128)	(128)	731	731
Loans payable- net	(478)	(478)	220	220
Payments of:				
Interest	(936)	(936)	(1,271)	(1,271)
Lease Liabilities	16	15.71	-	-
Dividend declared	(56)	(56)	-	-
Acquisition of treasury shares	-	-	(556)	(556)
Net cash flows provided by financing activities	**(1,775)**	**(1,775)**	**(913)**	**(913)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,023)	(5,023)	(15,457)	(15,457)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,945	13,945	20,022	20,022
CASH AND CASH EQUIVALENTS AT END OF YEAR	**8,922**	**8,922**	**4,565**	**4,565**

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007 with a corporate life of 50 years. 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 65.00% owned by Fine Properties, Inc., (Ultimate Parent Company), 35.00% owned by PCD Nominee Corporations and the other entities and individuals.

The Parent Company is the holding company of the Vista Group (the Group) which is engaged in real estate industry. The Group has six (6) wholly-owned subsidiaries, namely: Brittany Corporation (Brittany), 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 on 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.

2. Summary of Significant Accounting Policies

Basis of Preparation

The interim condensed consolidated financial statements as at March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 have been prepared on a historical cost basis, except for investments at fair value through other comprehensive income which have been measured at fair value.

The interim condensed 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 interim condensed consolidated financial statements of the Group have been prepared for inclusion in the offering circular in relation to a planned capital raising activity.

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

New Standards, Interpretations and Amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective except for the amendment to PFRS 16, *Leases*.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*
  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no significant impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the content of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the International Accounting Standards Board in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
  The amendments provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted. The amendments were early adopted by the Group beginning January 1, 2020 but has no impact to the interim condensed consolidated financial statements as of March 31, 2020.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group. For the three-month period ended March 31, 2020, there was no change in the Parent Company's ownership interest in its subsidiaries.

3. Significant Judgements Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

There were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Company for the three-month period ended March 31, 2020 except, as a consequence of COVID 19 pandemic, for the impairment testing of goodwill and expected credit losses determination for installment contracts receivable and accounts receivable from tenants as discussed in Notes 5 and 6, respectively.

4. 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). Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating income or loss. 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.

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 receivables from related parties, investments at FVOCI, investments at amortized cost and deferred taxes. Segment liability are presented separately from the deferred tax liabilities.

The financial information about the operations of these business segments for the three months ended March 31, 2020 is summarized below (in Php Millions):

	Horizontal	Vertical	Commercial	Intersegment Adjustments	Total
Real Estate Revenue	5,575,534,803	1,769,031,420	-		7,344,566,223
Cost of Real Estate Sales	2,694,202,015	936,013,868	-		3,630,215,883
Gross Profit	2,881,332,788	833,017,552	-		3,714,350,340
Rental Income	-	-	2,052,415,429		2,052,415,429
OPEX	1,231,377,783	270,127,205	1,231,449,258		2,732,954,246
Segment income	1,649,955,005	562,890,347	820,966,172		3,033,811,524
Interest Income	154,752,510	6,312,744	337,721,364		498,786,617
Misc Income	413,747,925	37,173,084	253,567,728		704,488,737
Interest & financing	(1,050,004,284)	(6,056,583)	(161,545,117)		(1,217,605,984)
Others	-	-	-		-
EBIT	1,168,451,157	600,319,592	1,250,710,146		3,019,480,894
Income Tax	80,705,067	40,253	375,213,044		455,958,364
Net Income	1,087,746,090	600,279,338	875,497,102		2,563,522,531
Segment assets	144,350,914,700	16,420,638,753	77,174,800,947		237,946,354,400
Receivable from related parties	294,427,294	(426,045,293)	5,686,239,541		5,554,621,542
Investments at FVOCI	-		117,499,183		117,499,183
Investments at Amortized Cost	-		30,564,402,530		30,564,402,530
Deferred tax asset	484,269,708	-	-		484,269,708
Total Assets	145,129,611,702	15,994,593,460	113,542,942,200		274,667,147,362
Segment liabilities	102,877,649,533	5,699,506,196	59,157,140,684		167,734,296,413
Deferred tax liabilities	771,710,004	214,263,192	3,431,683,498		4,417,656,694
Total Liabilities	103,649,359,538	5,913,769,388	62,588,824,182		172,151,953,107
Depreciation and amortization	69,244,025	8,595,261	526,196,888		604,036,173

No operating segments have been aggregated to form the above reportable segments.

Capital expenditure consists of construction costs, land acquisition and land development costs.

The Group has no revenue from transactions with a single external customer amounting 10% or more of the Group's revenue. There is no cyclicality of operations in interim operations.

5. 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 sources of revenue from contracts with customers are presented below:

	March 31, 2020
Type of Product	
Real estate sales	
Horizontal	**₱5,431**
Vertical	**1,769**
	₱7,200
Hotel Operations	**30**
	₱7,230

All of the Group's real estate sales are revenue from contracts with customers that are recognized over time except for hotel operation's sale of food and beverages which is at point in time. There are no inter-segment eliminations among revenue from contracts with customers, as there are all sold to external customers as disclosed in the segment information.

Due to the impact of COVID 19 pandemic, buyer's appetite has softened and initially preferred to stay liquid amid the current recession, with layoffs, travel restrictions, repatriations, nationwide lockdowns beginning on the third week of March 2020, and uncertainty surrounding future recovery. The latter, coupled with the imposed quarantine which temporarily suspended construction activities and delivery of materials to sites, resulted to lower progress of work which impacted the real estate sales recognized for the first quarter of 2020.

Contract Balances

	March 31, 2020
Installment contracts receivable	**40,168**
Cost to obtain contract	**1,565**
Contract liabilities	**2,521**

Installment contracts receivable 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 ranges from 4.63% to 19.00% per annum in 2020. 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 good and services transferred by 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.

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 contract to sell is fixed and has no variable consideration.

The sale of real estate unit covers subdivision land, condominium units and residential house units

and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

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% - 60% of the contract price to be paid over a maximum of 60 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 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 remaining performance obligations expected to be recognized within one year and in 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. 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. The lease arrangement would typically require a tenant to pay advance rental equivalent to three months and a security deposit equivalent to three months rental to cover any breakages after the rental period, with the excess returned to the tenant.

6. Treasury Shares and Goodwill

Treasury shares
The treasury shares of ₱5,378.29 million is attributable to the 752.21 million shares issued by VLLI to Manuela Corporation (Manuela) during the VLLI acquisition of Vistamalls Group (formerly, Starmalls Group) in 2015. Manuela still holds the VLLI shares as of March 31, 2020.

Goodwill
The Group performs its annual impairment testing of goodwill every December and when circumstances indicated that the carrying value may be impaired. The goodwill of the Group, amounting to ₱147.27 million is allocated to Malay Resorts Holdings Inc. (MRHI) which owns and operates Boracay Sands Hotel. The recoverable value of goodwill is based on its value-in-use calculations. The temporary closure of the hotel during the quarantine period as the well as the ongoing economic uncertainty due to the COVID-19 outbreak, led the actual financial performance of MRHI to fall below its cash flow forecast from the initial estimation of the Group. As a result, management performed an impairment test as at March 31, 2020 for its related goodwill.

The projected cash flows were updated to reflect the impact of the pandemic in 2020 with a projected improvement in 2021. Pre-tax discount rates of 10.68% was used and cash flows beyond the five-year period was assumed to have five percent growth rate. As a result of the updated analysis, management did not identify an impairment of goodwill as of March 31, 2020.

7. Cash and Cash equivalents

This account consists of (in Php Millions):

Cash on hand	17
Cash in banks	7,657
Cash equivalents	1,248
	8,922

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest as follows:

	Mar 31, 2020	Dec 31, 2019
Philippine Peso	**0.25% to 2.75%**	0.25% to 3.88%
US Dollar	**0.10% to 1.60%**	0.13% to 1.33%

None of the cash and cash equivalents are used to secure the obligations of the Group.

8. 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:

(in Php Millions)	**Mar 31, 2020**	Dec 31, 2019
Philippine Peso	**1.00% to 2.75%**	3.00% to 3.25%
US Dollar	**-**	-

The following are the breakdown of investment in financial asset at amortized cost and FVOCI

	Mar 31, 2020
Investment at amortized cost	**₱33,379**
Investment at fair value through other comprehensive income	**117**

9. Receivables

This account consists of:

	₱ 40,167
Installment contracts receivable	
Accrued interest receivable	369
Accrued rent receivable	4,267
Accounts receivable	
Tenants	3,421
Buyers	237
Contractors	8,682
Brokers	228
Suppliers	1,478
Others	1,837
	60,686
Less: Allowance for impairment losses	156
Total Receivables	**60,530**
Less: Noncurrent portion at amortized cost	19,077
	₱ 41,453

Installment contracts receivable

Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of fifteen (15) years. These are carried at amortized cost. The corresponding titles to the subdivision or condominium units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivable are interest-bearing except for those with installment terms within two years. Annual interest rates on installment contracts receivables range from 12.00% to 19.00%.

Accounts Receivable

The accounts receivables are noninterest-bearing and collectible within one year.

This consists of the following:

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. These are covered by security deposit of tenants' equivalent to three-month rental and three-month advance rental paid by the lessees. This includes both the fixed and contingent portion of lease.

Receivable from buyers

Receivables from buyers mainly consist of receivables from buyers of real estate arising from penalties for late payments. These are non-interest bearing and are due and demandable.

Receivable from contractors

Receivable from contractors are advance payments in relation to the Group's construction activities and are recouped through reduction against progress billings as the construction progresses. Recoupment occur within one to five years from the date the advances were made.

Receivable from brokers

Receivable from brokers are cash advances for operating use. These are applied to subsequent commission payout to brokers.

Receivable from suppliers
Receivable from suppliers are advance payments for the purchase of construction materials. These will be applied to billings for deliveries made within one year from financial reporting date.

Others
Other receivables consist mainly of receivables from various individuals and private entities and other nontrade receivables. These are non-interest bearing and are due and demandable.

Expected Credit Loss Estimation

The Group assesses at each financial reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The fact that title of the real estate properties are transferred only to the buyer upon full payment of the contract price is considered in the evaluation of impairment. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The latest key assumptions used to determine the recoverable amount were disclosed in the annual consolidated financial statements for the year ended December 31, 2019.

The Group has determined that the COVID-19 pandemic have adversely impacted the current operations of the Group and is expected to impact its future business activities. 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, particularly working within the industry adversely affected by COVID-19.

Tenants which belong to small and medium enterprise and those operating under entertainment, non-essentials and food industries are adversely affected due to temporary closure of mall operations. This increase the risk of non-collection of the remaining receivables.

As the above are indicators of increase in credit risk, the Group revisited the expected credit loss exercise as at March 31, 2020 for its receivables and incorporated quantitative changes in probability of default, recoveries and qualitative factors.

For the installment contracts receivables and receivable from tenants, the Group put more weight on the pessimistic outcome in its calculation of probability of default. In addition, for the installment contracts receivable, the Group considered a 15% and 5% decline in the resale value of inventory recoveries including the longer period of resale in the determination of the loss given default.

As a result of the loss estimation, management did not identify an impairment for installment contracts receivable but recognized an additional impairment loss for receivable from tenants of ₱39.03 million for the three months period March 31, 2020.

10. Real Estate Inventories

This account consists of:

Subdivision land for sale and development	₱ 36,123
Condominium units for sale and development	5620
Residential house units for sale and development	753
	₱ 42,496

The real estate inventories are carried at cost. There is no allowance to recognize amounts of inventories that are lower than cost.

Subdivision land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

Real estate inventories recognized as cost of sales are included as cost of real estate sales in the consolidated statements of comprehensive income. Cost of real estate sales includes acquisition cost of subdivision land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition.

Except as stated, there are no other real estate inventories used as collateral or pledged as security to secure the borrowings of the Group.

11. Other Current Assets

This account consists of:

Input VAT	₱ 3,438
Creditable withholding taxes	2,101
Prepaid expenses	756
Construction materials and others	2,406
Hotel Inventories and others	14
Restricted cash	282
	₱ 8,997

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 pertain to taxes withheld by the customer and are recoverable and can be applied against income tax in future periods.

Prepaid expenses mainly include prepayments for marketing fees, taxes and licenses, rentals and insurance.

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 to be utilized within one year and included in the cost of real estate inventories upon utilization.

Cash restricted for use are deposits restricted solely for payment of the principal amortization and interest of certain bank loans.

12. Investment Properties

Investment properties consist mainly of land and land developments and commercial centers. These include properties, currently being leased out, for future leasing or currently held for capital appreciation. The commercial centers include retail malls, Vistamalls and Starmalls that are located in key cities and municipalities in the Philippines and office spaces.

As of March 31, 2020, the construction in progress represents capitalized costs arising from a construction of commercial centers that are located in Las Piñas, Cavite, Bulacan, Naga, Davao, Bacolod, Tacloban, Butuan, Cabanatuan, Isabela, Laguna, Cebu, Ilocos, Quezon and Zamboanga which are due to

be completed in 2020 to 2021. The percentage of completion of various constructions in progress ranges from 1.81% to 99.69% in 2020.

As of December 31, 2019, the construction in progress represents capitalized costs arising from a construction of commercial centers that are located in Las Piñas, Cavite, Bulacan, Naga, Davao, Bacolod, Tacloban, Butuan, Cabanatuan, Isabela, Laguna, Cebu, Ilocos, Quezon and Zamboanga which are due to be completed in 2020 to 2021. The percentage of completion of various constructions in progress ranges from 1.81% to 99.69% in 2019.

For the three-month period ended March 31, 2020 and for the year ended December 31, 2019, unpaid additions to investment properties amounted to ₱1,162 million and ₱1,241 million, respectively.

Investment properties with cost of ₱6,348 million and ₱6,609 million are used to secure the bank loans of the Group as of March 31, 2020 and December 31, 2019, respectively. The fair value of the investment properties used as collateral amounted to ₱30,459 million and ₱25,088 million as of March 31, 2020 and December 31, 2019, respectively.

13. Project Development Costs

Project development costs mainly pertain to advances to a related party, covered by memorandum of agreement for the purchase of socialized housing units. The requirement for socialized housing units is required by the Housing and Land Use Regulatory Board (HLURB). These advances are recouped upon receipt of the socialized housing units from the related party.

The accounts 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.

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.

14. Other Noncurrent Assets

This account consists of:

Cash restricted for use	₱ 491
Deposits	719
Model house accessories at cost	180
Systems development costs - net of accumulated amortization	42
Other assets	41
	₱ 1,473

Noncurrent portion of deposits include 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. These deposits are necessary for the continuing construction and development of real estate projects of the Group.

Model house accessories pertain to the furniture and fixture and other interior decorations used and displayed in the model house inventory.

15. Accounts and Other Payables

This account consists of:

Current portion of liabilities of purchased land	₱ 2,783
Accounts Payable	
Contractors	759
Suppliers	1,463
Buyers	1,002
Incidental Costs	2,308
Accrued Expenses	2,038
Commission Payable	2,019
Retention Payable	916
Deferred output tax	558
Other payables	378
	₱ 14,224

Current portion of 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 year end date are reported as noncurrent liabilities.

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 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 - 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.

Accounts payable - incidental costs
Accounts payable - incidental costs pertain to liabilities incurred in relation to land acquisitions. This includes payable for titling costs, clearing, security and such other additional costs incurred.

Accrued expenses
Accrued expenses consist mainly of accruals for project cost which are incurred but not yet billed, interest on bonds and bank loans, light and power, marketing costs, professional fees, postal and

communication, supplies, repairs and maintenance, transportation and travel, security and insurance. These are noninterest- bearing.

Current portion of 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 installment receivables, the equivalent output tax from collected installment receivables are included in the current VAT payable of the month when collection is made. Deferred output VAT pertaining to installment receivables that are beyond one year after report date are presented as noncurrent liabilities.

Commissions payable
Commissions payable pertain to fees due to brokers for services rendered which are expected to be settled within one year.

Current portion of retention payable
Retention payable pertains to 10.00% retention from the contractors' progress billings which will be released after the completion of contractors' project. The 10.00% 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 are payable beyond one year from year end date are presented as noncurrent liability.

Other payables
Other payables include dues from remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, withholding taxes, payables to JV partners and various payables. These are noninterest-bearing and are normally settled within one year.

16. Security Deposits and Advance Rent

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.

17. 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.

Details follow:

	Bank Loans	Loans Payable
Parent company	₱ 42,404	₱ -
Subsidiaries	4,643	2,926
	47,047	2,926
Less current portion	6,099	2,686
	₱ 40,948	**₱240**

In March 2020, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.89%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments commencing December 2020.

The Parent Company is required to maintain at all times the following ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. The bank loan also includes a change of control provision wherein a material change of ownership of the major shareholder is not permitted during the term of the liability.

In October 2019, the Parent Company obtained an additional 5-year unsecured peso denominated loan amounting to ₱3,000.00 million which bears annual fixed interest of 5.26%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments that commenced on November 2019.

On May 6, 2019, the Parent Company obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million which bears annual fixed interest of 7.146%. The principal balance of the loan will be paid in twenty (20) equal quarterly installments. The loan requires the Company 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 debt-service coverage ratio of at least 1.00:1.00.

On various dates in 2019, the Parent Company obtained various peso-denominated bank loans amounting to ₱5,000.00 million from different local banks with fixed interest-rates ranging from 5.88% to 7.98% per annum. 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. These loans are secured by hold-out of the investments at amortized cost of VII amounting to US$105.21 million.

On April 16, 2018, the Parent Company obtained a 7-year unsecured peso denominated loan from a local bank amounting ₱5,000.00 million which bears annual fixed interest rate of 6.9943%. The principal balance of the loan will be paid in twenty five (25) equal quarterly installments commencing on the fourth interest payment date. The loan requires the Company to comply with certain covenants such as change of control provision wherein a material change of ownership of the major shareholder is not permitted and 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 debt-service coverage ratio (DSCR) of at least 1.00:100. These were complied with by the Group as at March 31, 2020.

Loans Payable

Loans payable pertains to the remaining balance of "Installment contracts receivable" of subsidiaries that were sold on a with recourse basis. These loans bear annual fixed interest rates ranging from 6.50% to 8.00% as at March 31, 2020, respectively, payable on equal monthly installments over a maximum period of 3 to 15 years. Other than the installment contracts receivable that serve as collateral, the loans payable has no other restrictions, requirements or covenants.

18. Notes Payable

This account consists of:

Dollar denominated bonds	₱ 35,789
Retail bonds	25,431
Corporate note facility	31,777
	92,997
Less current portion	3,035
	₱ 89,962

Dollar Denominated Bonds

US$350.00 million Notes (Due November 2024)
On November 28, 2017, VII (the Issuer) issued US$350.00 million (₱17,724.00 million) notes ("Notes") with a term of seven years from initial draw down 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. Said notes were used to fund tender offer for existing Notes due October 4, 2018 and April 29, 2019. Some of the proceeds was 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 March 31, 2020, outstanding balance of note amounted to US$343 million (₱17,383 million).

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 (expressed in percentages of principal amount on the date of redemption), 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%

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 proforma (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x. These were complied with by the Group as at March 31, 2020.

US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII (the Issuer) issued US$300.00 million (₱13,541.40 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. Said notes were used to refinance notes issued notes issued October 2013 due 2018 and April 2014 due 2019. As of March 31, 2020 outstanding balance of note amounted to US$238 million (₱12,077 million). There are no properties owned by the Group that were pledged as collateral to this note.

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 USD$125.00 million (₱5,996.25). The notes were issued at 102% representing a yield to maturity of 6.979%. As of March 31, 2020 outstanding balance of note

amounted to US$125 million (₱6,329 million). There are no properties owned by the Group that were pledged as collateral to this note.

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 Note is registered on the relevant record date to receive interest due on the relevant interest payment date.

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 proforma FCCR of not less than 2.5x. These were complied with by the Group as at March 31, 2020.

On September 29, 2016, VII repurchased US$54.54 million out of the US$425.00 million notes outstanding balance prior to the repurchase date.

On January 10, 2018, the Issuer announce a solicitation of consent to holders of the Notes to approve proposed amendments to certain terms and conditions of the Notes with the intention of aligning those terms and conditions of the Notes issued in November 28, 2017. Amendment include among others the proforma FCCR to be not less than 2.25x from the previous requirement of not less than 2.5x. In a meeting of Noteholders on February 1, 2018, Noteholders holding 90.12% of the aggregate amount of principal amount of the Notes outstanding voted in favor and approved the amendments of the terms of the Notes. The consent solicitation cost amounted to US$1.95 million.

Peso Retail Bonds

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 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 March 31, 2020, outstanding balance of the Retail Bonds amounted to ₱9,914 million.

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%

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 March 31, 2020.

2018 Fixed-rate Peso Retail Bonds
On December 21, 2018, the Group issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance was used to fund the construction and completion of the various malls and for general corporate purposes. There are no securities pledged as collateral for these bonds. The issue costs amounted to ₱130 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 fixed rate bonds due on December 21, 2023 and 7-year fixed rate bonds due on December 21, 2025 with interest rates of 8.00% and 8.25% per annum, respectively. This is the second tranche offered out of the shelf registration of fixed rate 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 March 31, 2020, outstanding balance of the bonds amounted to ₱9,893 million.

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:

Five 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%
Seven 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%

Covenants
The Retail Bonds provide for the Group 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 Group 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 March 31, 2020.

2017 Fixed-rate Peso Retail Bonds
On August 8, 2017, the Group issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱5,000.00 million. The proceeds of the issuance was used to partially finance certain commercial development projects of the Group and for general corporate purposes. There are no securities pledged as collateral for these bonds. The issue costs amounted to ₱64.87 million.

The offer is comprised of 7-year fixed rate bonds due on August 8, 2024 and 10-year fixed rate bonds due on August 9, 2027 with interest rates of 5.75% and 6.23% per annum, respectively. This is the initial tranche offered out of the shelf registration of fixed rate 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 March 31, 2020, outstanding balance of the bonds amounted to ₱4,953 million.

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:

Seven 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%

Ten 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%

Covenants
The Retail Bonds provide for the Group 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 Group 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 March 31, 2020.

2014 Fixed-rate Peso Retail Bonds
On May 9, 2014, the Parent Company issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱5,000.00 million. The proceeds of the issuance was used to partially finance certain commercial development projects of CPI and its subsidiaries. The issue costs amounted to ₱ 114.15 million.

The offer is comprised of 5-year fixed rate bonds due on November 9, 2019 and 7-year fixed rate bonds due on May 9, 2021 with interest rate of 5.65% and 5.94% per annum, respectively. Interest on the Retail Bonds is payable quarterly in arrears starting on August 9, 2014 for the first interest payment date and on February 9, May 9, August 9 and November 9 each year for each subsequent interest payment date.

The Retail Bonds shall be repaid at maturity at par plus any outstanding interest, unless the Parent Company exercises its early redemption option.

As of March 31, 2020 outstanding balance of the bonds amounted to ₱671 million.

Redemption at the option of the issuer
The Group 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 Group 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:

Five Year Bonds:

i. Three (3) years and six (6) months from issue date at early redemption price of 101.00%
ii. Four (4) years from issue date at early redemption price of 100.50%

Seven 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%

Covenants

The Retail Bonds provide for the Group to comply with certain 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 require the Group to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 1.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as of March 31, 2020.

Corporate Note Facility

a. ₱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 7.125% per annum.

The proceeds of the corporate notes were utilized for the 2019 capital expenditures for commercial property projects, and to fund other general corporate expenses.

As of March 31, 2020, the outstanding balance of the corporate note is ₱14,874 million.

The corporate notes provide early redemption at the option of the Issuer as follows:

Five Year Notes:

Early Redemption Date	Early Redemption Amount
3th anniversary from issue date and interest payment thereafter	101.00%
4th anniversary from issue date and interest payment thereafter	100.50%

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.

Covenants

The Corporate Notes Facility requires the Parent Company 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 Parent Company 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 March 31, 2020.

b. ₱8,200.00 million Corporate Notes (Due July 2025 and 2018)

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 and Ten-Year Corporate Notes due 2028 amounting to ₱6,000.00 million at a fixed rate of 7.7083% per annum.

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.

As of March 31, 2020, the outstanding balance of the corporate note is ₱7,610 million.

The corporate notes provide early redemption at the option of the Issuer as follows:

a. 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%

b. 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%

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. Starmalls, Inc. and Vista Residences, Inc.

Covenants
The Corporate Notes Facility requires the Parent Company 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 Parent Company 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 March 31, 2020.

c. ₱10,000.00 million Corporate Notes

On December 28, 2016, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement with China Bank Capital Corporation for the issuance of a long term corporate notes with a principal amount of up to ₱8,000.0 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 and the appointment of RCBC Capital Corporation as Co-Lead Arranger together with the China Bank Capital Corporation in respect to the second draw down. Such amendments were consented by Note Holders representing at least fifty one percent (51%) of the outstanding corporate notes. On April 27, 2017, the Group made such amendments to the Corporate Note Facility dated December 28, 2016. The first drawdown was at ₱5,150.00 million in 2016. On May 3, 2017, the Issuer made its second drawdown at ₱4,850.00 million.

The proceeds for the first and second drawdown will be utilized for the 2017 capital expenditures, refinancing of existing indebtedness and to fund other general corporate expenses. The interests at the first drawdown at 6.1879% per annum and 6.2255% per annum for the second drawdown are payable quarterly in arrears while the principal amounts are payable in 2.00% annual amortizations on each principal repayment date with 82.00% to be repaid on maturity date. In case of default on the notes, interest and any amount payable due to the lender, the borrower will pay a default interest. The issue cost amounted to ₱38.72 million.

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%

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. Starmalls, Inc. and Vista Residences, Inc.

Covenants
The Corporate Notes Facility requires the Parent Company 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 Parent Company 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. No dividends may be declared or paid if the Parent Company is in default and it will not provide any loans or advances to third parties nor issue guarantees other than the benefit of any of its subsidiaries and in the ordinary course of business. These were complied with by the Parent Company as at March 31, 2020.

19. Other Noncurrent Liabilities

This account consists of:

Liabilities for purchased land – net of current portion	₱ 1,787
Retention payable - net of current portion	1,068
Deferred output tax - net of current portion	1,112
Security deposits - net of current portion	435
Advance rent - net of current portion	452
Payable to contractors - net of current portion	321
	₱ 5,175

20. Equity

Capital Stock

The details of the Parent Company's capital stock follow:

	March 31, 2020	Dec 31, 2019
Common		
Authorized shares	17,900,000,000	17,900,000,000
Par value per share	₱1.00	₱1.00
Issued shares	13,114,136,376	13,114,136,376
Treasury shares	(₱7,740,264,387)	(₱7,740,264,387)
Value of shares issued	₱13,114,136,376	₱13,114,136,376
Preferred Series 1		
Authorized shares	10,000,000,000	8,000,000,000
Par value per share	₱0.01	₱0.01
Issued shares	3,300,000,000	3,300,000,000
Value of shares issued	₱33,000,000	₱33,000,000
Preferred Series 2		
Authorized shares	200,000,000	200,000,000
Par value per share	₱0.10	₱0.10
Issued shares	-	-
Value of shares issued	₱-	₱-

Common shares

In February 2016, the Parent Company issued 459.24 million new common shares out of the unissued portion of its authorized capital stock at issue price of ₱7.15 per share or ₱3,283.60 million, out of which additional paid-in capital amounted to ₱2,824.35 million (Note 7).

In November 2015, the Securities and Exchange Commission approved the increase in the authorized capital stock of the Company from ₱12,000,000,000 divided into: (i) 11,900,000,000 common shares with par value of ₱1.00 per share, or an aggregate par value of ₱11,900,000,000; and (ii) 10,000,000,000 preferred shares with par value of ₱0.01 per share, or an aggregate par value of ₱100,000,000, to ₱18,000,000,000 divided into: (i) 17,900,000,000 common shares with par value of ₱1.00 per share, or an aggregate par value of ₱17,900,000,000; and (ii) 10,000,000,000 preferred shares with par value of ₱0.01 per share, or an aggregate par value of ₱100,000,000.

As of December 31, 2016, the Company issued 4,116,151,139 common shares out of the increase in the authorized capital stock. The issuance of the common shares pertains to the Company's acquisition of Starmalls Group.

The common shares issued at ₱1.00 par value per share totaled ₱13,114,136,376 as of March 31, 2020.

Preferred shares

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 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 March 31, 2020.

On March 21, 2013, the Parent Company issued in favor of Fine Properties, Inc. ("Fine Properties"), 3,300.00 million new preferred shares out of the unissued portion of its authorized capital stock at par or an aggregate issue price of ₱33.00 million. The subscription price was fully paid on the same date.

The preferred shares are 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% per annum.

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. After the listing in 2007, there have been subsequent issuances on November 10, 2015 and December 22, 2015 covering a total of 4,116,151,139 shares. The Parent Company has 946 existing certified shareholders as of periods March 31, 2020 and December 31, 2019.

Treasury Shares

Treasury shares (416,128,700) as of March 31, 2020 of the Parent Company amounting to P2,362 million represents the shares of stock held by the Parent Company, while treasury shares (752,208,215) amounting to P5,378 million represents Parent Company stocks held by Manuela. These treasury shares are recorded at cost.

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.

On March 17, 2015, the BOD of the Parent Company approved the buyback of its common shares up to the extent of the total purchase price of ₱1.5 billion 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.

On June 15, 2011, the BOD of the Parent Company approved the buyback of its common shares up to the extent of the total purchase price of ₱1.5 billion 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. The treasury stocks acquired represent 133,910,000 common shares that amounted to ₱509.61 million.

On January 3, 2013, the Parent Company sold, as authorized by the BOD, all of its existing 133,910,000 treasury shares at ₱4.75 per share or ₱636.07 million. The cost of the treasury shares and the related additional paid-in capital recognized in 2013 amounted to ₱509.61 million and ₱126.47 million, respectively.

Retained Earnings

On September 28, 2018, the BOD of the Parent Company approved the change of dividend policy from an annual cash dividend payment ratio of approximately 20% of its consolidated net income from preceding fiscal year to a minimum of 20% of its consolidated net income from preceding fiscal year.

On September 28, 2018, the BOD of the Parent Company approved the declaration of a regular cash dividend amounting to ₱2,719.23 million or ₱0.2252 per share, in favor of all stockholders of record as of October 15, 2018, with payment date on October 29, 2018.

On September 30, 2019, the BOD of the Parent Company approved the declaration of a regular cash dividend amounting ₱3,160.86 million or ₱0.2646 per share, in favor of all stockholders of record as at October 16, 2019, which was paid on October 31, 2019.

Non-controlling interest

In 2016, the Vista Group acquired additional 750,265,955 shares of Vistamalls (formerly Starmalls, Inc.) for a total consideration of ₱3,383.70 million. The transaction was accounted for as an equity transaction since there was no change in control. The movements within equity are accounted as follows:

FV of consideration paid	₱3,383,699,457
BV of shares	1,500,705,403
Difference charged to equity	1,882,994,054
Attributable to OCI	119,711,596
Equity reserves recognized in additional paid in capital	₱1,763,282,458

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 the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of March 31, 2020 and December 31, 2019, the Group had the following ratios:

	Mar 31, 2020	Dec 31, 2019
Current ratio	383%	395%
Debt-to-equity ratio	137%	140%
Net debt-to-equity ratio	95%	92%
Asset-to-equity ratio	270%	273%

As of March 31, 2020 and December 31, 2019, the Group had complied with all externally imposed capital requirements (Notes 18 and 19). No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2020 and December 31, 2019.

The Group considers as capital the equity attributable to equity holders of the Group.

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 base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Exposure to changes in interest rates is reduced by regularly availing of short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

Exposure to foreign currency holdings are as follows:

	Mar 31, 2020	Dec 31, 2019
Cash and cash equivalents	US$23	US$11
Investments at amortized cost	659	667
Notes payable-net	(706)	(705)

Liquidity risk is addressed with long-term funding already locked in, while funds are placed on a short-term placement.

21. Parking, Hotel, Mall Administrative and Processing Fees, and Other Revenue, Interest and Other Financing Charges

This account consists of:

Mall administrative and processing fee	₱ 158
Parking	2
Hotel	30
Others	160
	₱ 350

22. Cost and Expenses

Cost of real estate sales
Cost includes acquisition cost of subdivision land, construction and development cost and capitalized borrowing costs. Cost of real estate sales recognized for the period ended March 31, 2020 and 2019 amounted to ₱3,743 million and ₱3,839 million, respectively.

Operating expenses
Operating expenses represent the cost of administering the business of the Group. These are recognized when the related services and costs have been incurred.

Miscellaneous expenses
Miscellaneous expenses include dues and subscriptions, donations and other expenditures.

23. 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 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 Group immediately recognized to OCI any actuarial gains and losses.

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 managemnet. Union Bank's (UB) current strategic investment strategy consists of 9.36% of cash, 4.09% of investments in government securities, 85.73% of investment in private companies and 0.81% receivables. For the Group other than UB, the principal

technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans

24. Income Tax

Provision for income tax consists of:

Current:	
RCIT/MCIT	₱82
Final	3
Deferred	369
	₱ 454

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 will 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.

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 14 projects in 2019, 14 projects in 2018 and 43 projects in 2017, 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.

25. Lease liabilities

The Group has lease contracts for parcels of land where its commercial centers are situated with the lease term of 20 - 35 years and for various office spaces with lease terms of two (2) to three (3) years. Rental due is based on prevailing market conditions.

The rollforward of this account is as follows:

	March 31, 2020
Balance at the beginning of the period	₱3,114
Additions	-
Interest	76
Payment	(60)
Balance at the end of the period	3,130
Less current portion	31
Noncurrent portion	**₱ 3,099**

The carrying value of right-of-use assets amounted to ₱2,542 million as of March 31, 2020.

Shown below is the maturity analysis of the future undiscounted lease payments:

	March 31, 2020
Within one year	₱246
More than 1 year to 2 years	282
More than 2 years to 3 years	330
More than 3 years to 4 years	345
More than 4 years to 5 years	356

More than 5 years	5,315
	₱ 6,874

26. 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 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 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 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.

27. 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, receivables from tenants, buyers and others, receivables from related parties and accounts and other payables except for deferred output VAT and other statutory payables: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the consolidated statements of financial position.

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.

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 5.03% to 19.00% and 4.63% to 19.00% as of March 31, 2020 and December 31, 2019, respectively.

Bank loans, loans payable, notes payable 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 4.25% to 10.28% in 2020 and 4.28% to 10.75% in 2019 using the remaining terms to maturity.

28. Financial Asset 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) and liabilities for purchased land. 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 receivables, cash and cash equivalents and short-term, 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, equity price 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 arise, 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:

	March 31, 2020		December 31, 2019	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Financial assets				
Fixed rate				
Cash and cash equivalents (excluding cash on hand)	**0.10% to 2.75%**	₱ 8,905	0.25% to 3.88%	₱ 13,928
Short-term cash investments	**3.00%**	194	3.00% to 3.25%	211
Investment at amortized cost	**2.23% to 10.18%**	33,379	2.23% to 10.18%	33,792
Installment contracts receivable	**5.93% to19.00%**	40,167	4.63% to 19.00%	38,835
		₱ 82,645		₱ 86,766
Financial liabilities				
Fixed rate				
Notes payable	**5.89% to 8.86%**	₱ 92,997	5.89% to8.86%	₱ 93,190
Bank loans	**4.28% to 10.75%**	47,048	4.28% to 10.75%	47,175
Loans payable	**5.08% to 6.24%**	2,926	5.08% to 6.24%	3,405
Lease liabilities	**7.51% to 10.66%**	3,130	7.51% to 10.66%	3,114
		₱ 146,101		₱ 146,884

As of March 31, 2020 and December 31, 2019, the Group's 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.

Below are the carrying values and the amounts in US$ of these foreign currency denominated financial assets and liabilities.

	March 31, 2020		December 31, 2019	
	Peso	**US$**	Peso	US$
Cash and cash equivalents	₱1,166	US$ 23	₱ 557	US$ 11
Investment at amortized cost	33,347	658	33,777	667
Notes payable	(35,780)	(706)	(35,701)	(705)

In translating the foreign currency- denominated monetary assets in peso amounts, the Philippine Peso - US dollar exchange rates as of March 31, 2020 and December 31, 2019 used were ₱50.68 to US$1.00 and ₱50.64 to US$1.00, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of March 31, 2020:

	March 31, 2020 (Unaudited)	
	Increase/Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	+1	₱23
	-1	(23)
Investments at amortized cost	+1	658
	-1	(658)
Notes payable	-1	(706)
	+1	706

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the currently observable market environment, showing no material movements as in prior years.

There are no items affecting equity except for those having impact on profit or loss.

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 and contract assets are regularly monitored.

For installment contracts receivable, 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.

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 3-months lease payment to cover any defaulting amounts and advance rentals also equivalent to 3-month rent.

Credit risk arising from receivable from tenants - related parties, aside from the same terms of security deposit and advance rental, is minimal due to the guarantee provided by Fine Properties, Inc., ultimate parent company.

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 March 31, 2020 and December 31, 2019 is equal to the carrying values of its financial assets.

Applying the expected credit risk model did not result in the recognition of an impairment loss for all financial assets at amortized cost in 2020.

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 for 2020 and 2019.

29. Commitments and Contingencies

The Group has entered into several contracts with contractors for the development of its real estate properties. These contracts are due to be completed on various dates up to December 2020.

The progress billings are settled within one year from date of billings. 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.

30. Impact of COVID-19 Pandemic and Events After Reporting Period

On March 16, 2020, Presidential Proclamation No. 929 was issued declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon. ECQ was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government units. When the quarantine was imposed, our offices and showrooms were closed so work-from-home arrangements for employees were adopted. Since physical gatherings were no longer possible, marketing efforts shifted to digital platforms to resume promotional campaigns.

Construction activities for houses, condominium buildings and new commercial spaces were also suspended during the quarantine period. However, delays in completion will be tempered by the shorter duration of construction period for houses (average of 4 months). Our strong presence outside Metro Manila is a factor that lessens the impact of the lockdown, as most areas especially in the provinces have already transitioned to Modified General Community Quarantine (MGCQ)and we can ramp up construction in those areas.

The Group is continuously evaluating potential impact of the pandemic to the company's financial assets including our assumptions in the calculation of the Expected Credit Loss and impairment testing for goodwill and other non-financial assets.

To date, the Company has not made any modification in its existing debt and have not availed of any extension in debt servicing.

The Group is closely monitoring the situation and the changes in our target market's behaviour as a result of the "new normal". Management will revisit the the planned capital expenditures, project launches and our leasing expansion program for the year.

Residential Property

As discussed above, the pandemic situation has tempered home buyer's appetite. As a result, housing reservation sales dipped by around 22% in 1st quarter of 2020 compared to the same period in the prior year which will impact sales to be booked subsequent to 1st quarter of 2020.

We expect to see improvement as restrictions are gradually lifted, with most cities and provinces already in MGCQ. Additionally, majority of our buyers are end users, families who buy homes for their own use; compared to investors, end users value the house more, so their demand is more stable and their ability to meet payments more resilient. The diversity of our product portfolio, which caters to a wide range of income segments, likewise helps ensures sales in any economic condition.

Overseas Filipino Workers (OFW) historically account for approximately 50-60% of our residential sales. Slower global economic growth and the decrease in the number of Filipinos deployed overseas for seafarers during the period has led to lower OFW remittances in March, with a view of a projected decline in total remittance up to 5% for the full year. Nonetheless, we expect remittances to continue given strong demand for Filipino nurses and frontline healthcare workers abroad as well as ongoing investments in the Philippines, including housing and education. We plan to just shift our marketing initiatives for OFWs towards those with jobs that are in demand at this time. There are 10 million OFWs, and even if a number will be repatriated, we are still behind in addressing the demand for this market.

Commercial Property

As of March 31, 2020 we have a total of 1,497, 229 square meters of Gross Floor Area of Investment properties which consists of 31 malls, 7 office buildings and 62 commercial centers. Most of our malls were closed with the implementation of ECQ. Only tenants providing essential services and basic necessities, including restaurants with food delivery capability, remained open. In areas that have already moderated the extent of their quarantine, malls reopened non-leisure shops at 50% capacity, in addition to essential stores. Most of our office buildings on the other hand remained operational during the period.

Our malls are typically around 30,000 square meters in GFA and a significant portion is occupied by essential retail formats, such as AllDay, , drug stores, and food establishments. We do not have a significant space for department stores, which will be a drag for most of the other malls.

We expect to see a decline in our rental revenues in the 2nd quarter compared to our 1st quarter for the year as our malls were closed except for the essential stores, from March 17, 2020 to May 15, 2020 and we only started to open malls in some areas around May 16, 2020. Another factor that may impact our rental revenue is the cancellation of certain contract of our tenant affected by the current pandemic. . We are also currently working with our tenants on the rental concessions to be provided to them. Generally, we are not giving a uniform rental concession to all our tenants. We extend concessions depending on the tenant's profile and credit.

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the period ended March 31, 2020 and 2019.

		Mar-31-20	Dec-31-19
Current Ratio	Current assets / Current liabilities	3.24	3.96
Long-term debt-to-equity ratio	Long-term debt[1] / Equity	1.24	1.32
Debt ratio	Interest bearing debt[2] / Total assets	0.49	0.52
Debt to equity ratio	Interest bearing debt / Total equity	1.35	1.40
Net debt to equity	Net debt[3] / Total equity	0.88	0.92
Asset to equity ratio	Total assets / Total equity	2.75	2.73

		Mar-31-20	Mar-31-19
EBITDA to total interest	EBITDA / Total interest	1.99	2.71
Price Earnings Ratio	Market Capitalization[4] / Net Income[5]	5.31	9.45
Asset to liability ratio	Total assets / Total liabilities	1.59	1.58
Net profit margin	Net profit / Sales	34%	32%
Return on assets	Net income[5] / Total assets	3.5%	3.8%
Return on equity	Net income[5] / Total equity	9.5%	10.5%
Interest Service Coverage Ratio	EBITDA / Total interest	1.99	2.71

[1] Pertains to long term portion of the Bank loans and Notes Payable

[2] Includes Bank Loans and Notes Payable

[3] Interest bearing debt less Cash, Short-term and Long Term Cash Investments, Available-for-sale financial assets (excluding unquoted equity securities) & Held-to-Maturity Investments

[4] Based on closing price at March 31, 2020 and 2019

[5] Annualized

P5B RETAIL BONDS (2014)
Schedule and Use of Proceeds
As of March 31, 2020

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	5,000,000,000.00	5,000,000,000.00
Less: Estimated expenses		
Arranger's Fee	53,763,441.00	53,763,441.00
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration Fee	1,812,500.00	1,830,625.00
SEC Legal Research Fee	18,125.00	18,125.00
Publication Fee	150,000.00	150,000.00
Rating Agency Fee	3,360,000.00	3,000,000.00
Legal Fees (excluding OPE)	3,000,000.00	3,075,867.29
Trustee's Opening Fee	20,000.00	20,000.00
Listing Fee	150,000.00	150,000.00
Marketing and Signing Ceremony Expenses	800,000.00	1,255,214.84
Bond-related Expenses	-	261,670.76
Audit Fee	-	-
	88,074,066.00	88,524,943.89
Net proceeds to Vista Land & Lifescapes, Inc.	**4,911,925,934.00**	**4,911,475,056.11**
Payment of Principal due 2019 with bond issue cost		**(4,323,969,261.64)**
Amortization of Bond Issue Cost		**83,315,485.12**
Balance as of March 31, 2020		**670,821,279.59**

Vista Land sold P5 billion of the Bonds. After issue-related expenses, actual net collection amounted to P4.911 billion.

P5B RETAIL BONDS (2017)
Schedule and Use of Proceeds
As of March 31, 2020

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	5,000,000,000.00	5,000,000,000.00
Less: Estimated expenses		
Arranger's Fee	25,000,000.00	25,589,000.00
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration Fee	1,830,625.00	1,830,625.00
Publication Fee	150,000.00	329,961.60
Rating Agency Fee	3,360,000.00	3,250,000.00
Legal Fees (excluding OPE)	8,100,000.00	8,205,554.50
Listing Fee	300,000.00	300,000.00
Marketing and Signing Ceremony Expenses	300,000.00	419,409.14
Bond-related Expenses	3,942,000.00	3,950,000.00
	67,982,625.00	68,874,550.24
Net proceeds to Vista Land & Lifescapes, Inc.	**4,932,017,375.00**	**4,931,125,449.76**
Amortization of Bond Issue Cost		**22,151,078.24**
Balance as of March 31, 2020		**4,953,276,528.00**

Vista Land sold P5 billion of the Bonds. After issue-related expenses, actual net collection amounted to P4.931 billion.

P10B Retail Bonds (2018)

Schedule and Use of Proceeds

As of March 31, 2020

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	10,000,000,000.00	**10,000,000,000.00**
Less: Estimated expenses		
Arranger's Fee	50,000,000.00	50,000,000.00
Documentary Stamp Tax	75,000,000.00	75,000,000.00
SEC Registration Fee and Legal Research Fee	3,093,125.00	3,093,125.00
Publication Fee	150,000.00	526,730.40
Rating Agency Fee	3,360,000.00	3,500,000.00
Legal Fees (excluding OPE)	8,100,000.00	1,862,093.96
Listing Fee	200,000.00	-
Marketing and Signing Ceremony Expenses	-	223,034.00
Bond-related Expenses	100,000.00	1,650,000.00
	140,003,125.00	135,854,983.36
Net proceeds to Vista Land & Lifescapes, Inc.	**9,859,996,875.00**	**9,864,145,016.64**
Amortization of Bond Issue Cost		28,882,430.26
Balance as of March 31, 2020		**9,893,027,446.90**

Vista Land sold P10 billion of the Bonds. After issue-related expenses, actual net collection amounted to P9.860 billion.

P10B Retail Bonds (2019)

Schedule and Use of Proceeds

As of March 31, 2020

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	10,000,000,000.00	**10,000,000,000.00**
Less: Estimated expenses		
Arranger's Fee	50,000,000.00	73,684,210.53
Documentary Stamp Tax	75,000,000.00	75,000,000.00
SEC Registration Fee and Legal Research Fee	3,093,125.00	2,525,150.00
Publication Fee	150,000.00	556,604.50
Rating Agency Fee	3,360,000.00	5,821,428.57
Legal Fees (excluding OPE)	8,100,000.00	7,219,151.86
Listing Fee	200,000.00	-
Marketing and Signing Ceremony Expenses	-	219,054.54
Bond-related Expenses	100,000.00	10,100.00
	140,003,125.00	165,035,700.00
Net proceeds to Vista Land & Lifescapes, Inc.	**9,859,996,875.00**	**9,834,964,300.00**
Amortization of Bond Issue Cost		78,978,616.98
Balance as of March 31, 2020		**9,913,942,916.91**

Vista Land sold P10 billion of the Bonds. After issue-related expenses, actual net collection amounted to P9.830 billion.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering 3-months of 2020 vs. 3-months of 2019

Revenues

Real Estate

The Company recorded revenue from real estate sales of ₱7,200 million for the three months ended 31 March 2020, a decrease of 11% from ₱8,074 million for the three months ended 31 March 2019. This was primarily attributable to the decrease in the overall completion rate of sold inventories of all its business units as a result of the enhanced community quarantine ("ECQ") implemented on March 16, 2020 that prohibited construction activities:

- Real estate revenue of Camella decreased by 22% to ₱1,606 million for the three months ended 31 March 2020 from ₱2,051 million for the three months ended 31 March 2019. 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 affordable housing segment during the period.

- Real estate revenue of Communities Philippines decreased by 18% to ₱4,160 million for three months ended 31 March 2020 from ₱5,089 million for the three months ended 31 March 2019. This decrease was principally attributable to the increase 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 Brittany decreased by 85% to ₱15 million for the three months ended 31 March 2020 from ₱99 million in the same period last year. 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 high-end housing segment.

- Real estate revenue of Crown Asia increase by 23% to ₱280 million for the three months ended 31 March 2020 from ₱228 million for the three months ended 31 March 2019. 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 middle-income housing segment during the year.

- Real estate revenue from Vista Residences increased by 88% to ₱606 million for the three months ended 31 March 2020 from ₱1,140 million for the three months ended 31 March 2019. This increase was principally attributable to the increase in 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.

Rental income

Rental income increased by 34% from ₱1,640 million for the three months ended 31 March 2019 to ₱2,198 million for the three months ended 31 March 2020. The increase was primarily attributable the additional gross floor area leased out of our investment properties during the period as well as increase in rental rates of our existing malls. We anticipate a decline in the rental revenues in the coming quarters due to the potential cancellation of contracts of tenants severely impacted by mall closures as a result of ECQ.

Interest income from installment contract receivable and investments

Interest income from installment contract receivable and investments decreased by 3% from ₱530 million for the three months ended March 31, 2019 to ₱517 for the three months ended March 31, 2020. The decrease was primarily attributable to the decrease in interest income from investments of 15% to ₱335 for the three months ended March 31, 2020 offset by the increase in the interest income from installment contract receivables of 33% to ₱182 million for the three months ended March 31, 2020 as due to the recorded interest from sales through deferred cash financing.

Parking, hotel, mall administrative and processing fees and others
Income from parking, hotel, mall administrative and processing fees and others increased by 1% from ₱347 million for the three months ended March 31, 2019 to ₱350 million for three months ended March 31, 2020. The slight increase was primarily attributable to the 25% increase from parking fees from our malls to ₱2 million for the three months ended March 31, 2020, a 30% increase pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment offset by a 17% decrease from mall administrative and processing fees to ₱158 million, in addition to the 8% decrease from income from hotel operations to ₱30 million for the three months ended March 31, 2020

Costs and Expenses

Cost and expenses decreased by 4% to ₱6,436 million for the three months ended 31 March 2020 from ₱6,710 million for the three months ended 31 March 2019.

- Cost of real estate sales decreased by 3% from ₱3,839 million for the three months ended 31 March 2019 to ₱3,743 million for the three months ended 31 March 2020 primarily due to the decrease in the overall recorded sales of Vista Land's business units.

- Operating expenses decreased by 6% from ₱2,871 million for the three months ended 31 March 2019 to ₱2,693 million for the three months ended 31 March 2020 with decreases of the following:

    - a decrease in occupancy cost from ₱246 million for the three months ended 31 March 2019 to ₱118 million in the three months ended 31 March 2020 due to the decrease in utilities expenses especially towards end of the quarter due to the implementation of telecommuting as a result of the implementation of the enhance community quarantine in relation to the COVID-19 pandemic.

    - a decrease in advertising and promotions from ₱378 million for the three months ended 31 March 2019 to ₱288 million for the three months ended 31 March 2020 resulting from subsequent decrease in marketing expenses as bulk of the sales this period came from the lower package housing segment and vertical projects evident by the decrease in the gross profit margin.

    - a decrease in commission from ₱409 million for the three months ended 31 March 2019 to ₱357 million for the three months ended 31 March 2020 resulting from the decrease in real estate sales this period.

Interest and other financing charges
Interest and other financing charges increased by 45% from ₱644 million for the three months ended 31 March 2019 to ₱936 million for the three months ended 31 March 2020. The increase was primarily attributable higher level of debt for the three months ended March 31, 2020 compared to the same period last year.

Provision for Income Tax
Provision for income tax decreased by 26% from ₱615 million for the three months ended 31 March 2019 to ₱454 million for the three months ended 31 March 2020 primarily due to a lower taxable base for the period.

Net Income
As a result of the foregoing, the Company's net income decreased by 7% to ₱2,439 million for the three months ended 31 March 2020 from ₱2,622 million for the three months ended 31 March 2019.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. Enhanced community quarantine was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government unit. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. On May 16, 2020, the Enhanced Community Quarantine was downgraded to Modified Enhanced Community Quarantine in Metro Manila and to General Community Quarantine in most provinces.

For the 3-months of 2020, except for the COVID-19 impact as discussed above, 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 March 31, 2020 vs. December 31, 2019

Total assets as of March 31, 2020 were ₱276,481 million compared to ₱272,539 million as of December 31, 2019, or a 1% increase due to the following:

- Cash and cash equivalents including short term and investments at amortized costs decreased by 11% from ₱47,948 million as of December 31, 2019 to ₱42,495 million as of March 31, 2020 primarily due to payments of debts for refinancing and cash used in operations.

- Receivables including current portions thereof increased by 5% from ₱57,834 million as of December 31, 2019 to ₱60,530 million as of March 31, 2020 due primarily to due to an increase in the various receivables of the company such as installment contracts receivable, advances to contractors and accrued rental receivables as part of the adjustment in compliance with PAS 17.

- Receivables from related parties increased by 8% from ₱5,156 million as of December 31, 2019 to P5,593 million as of March 31, 2020 due to advances made to the affiliates during the period.

- Pension assets decreased by 21% from P268 million as of December 31, 2019 to P212 million as of March 31, 2020 due to the actuarial adjustments for the Company's retirement plan for the period.

- Other assets, cost to obtain contract including current portions thereof increased by 9% from ₱11,051 million as of December 31, 2019 to ₱12,036 million as of March 31, 2020 due primarily to increase creditable withholding taxes and deposit for real estate purchases during the period.

Total liabilities as of March 31, 2020 were ₱174,092 million compared to ₱172,586 million as of December 31, 2019, or a 1% increase. This was due to the following:

- Accounts and other payables increased by 8% from ₱13,164 million as of December 31, 2019 to ₱14,224 million as of March 31, 2020 due to the increase payables to contractors and accruals for the period.

- Security deposits and advance rent including noncurrent portion of which amounting to ₱887 (included in the other noncurrent liabilities) was flat from ₱2,154 million as of December 31, 2019 to ₱2,101 million as of March 31, 2020.

- Income tax payable decreased by 5% from ₱67 million as of December 31, 2019 to ₱64 as of December 31, 2019 due primarily to settlement during the period.

- Dividend payable decreased by 82% million from ₱69 million as of December 31, 2019 to ₱13 as of March 31, 2020 due primarily to the settlements during the period.

- Loans payable including current portion decreased by 14% from ₱3,405 million as of December 31, 2019 to ₱2,926 million as of March 31, 2020 due primarily to due primarily to net settlements for the period.

- Deferred tax liabilities – net increased by 30% to ₱4,575 million as of March 31, 2020 from ₱3,524 million as of December 31, 2019 due to an increase in temporary difference that will result to a potential tax liability for the period.

- Other noncurrent liabilities excluding noncurrent portion of security deposits and advance rent increased by 14% from ₱3,750 million as of December 31, 2019 to ₱4,289 million as of March 31, 2020 due primarily to the increase in noncurrent portion of liabilities for purchase land, retention payable and deferred output tax.

Total stockholder's equity increased by 2% from ₱97,649 million as of December 31, 2019 to ₱99,983 million as of March 31, 2020 due mainly to the net income recorded for the period.

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

Key Performance Indicators	03/31/2020	12/31/2019
Current ratio (a)	3.83:1	3.96:1
Liability-to-equity ratio (b)	1.70 :1	1.73:1

	03/31/2020	03/31/2019
Interest expense/Income before Interest expense (c)	21.7%	16.6%
Return on assets (d)	3.5%	3.8%
Return on equity (e)	9.5%	10.5%

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 decreased slightly due primarily to a lower cash and cash equivalents as of March 31, 2020 compared to the December 31, 2019.

Liability-to-equity ratio decreased slightly due primarily to a lower increase in debt in proportion to the increase in equity as of March 31, 2020 compared to the December 31, 2019.

Interest expense to Income before interest expense increased due to the higher interest expenses recorded during the period compared to the same period last year.

Return on asset slightly decreased in the three months ended March 31, 2020 compared to that on three months ended March 31, 2019 due to lower income recorded for the period.

Return on equity decreased slightly due primarily to a lower income recorded for the period.

Material Changes to the Company's Balance Sheet as of March 31, 2020 compared to December 31, 2019 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and investments at amortized costs decreased by 11% from ₱47,948 million as of December 31, 2019 to ₱42,495 million as of March 31, 2020 primarily due to payments of debts for refinancing and cash used in operations.

Receivables including current portions thereof increased by 5% from ₱57,834 million as of December 31, 2019 to ₱60,530 million as of March 31, 2020 due primarily to due to an increase in the various receivables of the company such as installment contracts receivable, advances to contractors and accrued rental receivables as part of the adjustment in compliance with PAS 17.

Receivables from related parties increased by 8% from ₱5,516 million as of December 31, 2019 to P5,593 million as of March 31, 2020 due to advances made to the affiliates during the period.

Pension assets decreased by 21% from P268 million as of December 31, 2019 to P212 million as of March 31, 2020 due to the actuarial adjustments for the Company's retirement plan for the period.

Other assets, cost to obtain contract including current portions thereof increased by 9% from ₱11,051 million as of December 31, 2019 to ₱12,036 million as of March 31, 2020 due primarily to increase creditable withholding taxes and deposit for real estate purchases during the period.

Accounts and other payables increased by 8% from ₱13,164 million as of December 31, 2019 to ₱14,224 million as of March 31, 2020 due to the increase payables to contractors and accruals for the period.

Income tax payable decreased by 5% from ₱67 million as of December 31, 2019 to ₱64 as of December 31, 2019 due primarily to settlement during the period.

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Loans payable including current portion decreased by 14% from ₱3,405 million as of December 31, 2019 to ₱2,926 million as of March 31, 2020 due primarily to due primarily to net settlements for the period.

Deferred tax liabilities – net increased by 30% to ₱4,575 million as of March 31, 2020 from ₱3,524 million as of December 31, 2019 due to an increase in temporary difference that will result to a potential tax liability for the period.

Other noncurrent liabilities excluding noncurrent portion of security deposits and advance rent increased by 14% from ₱3,750 million as of December 31, 2019 to ₱4,289 million as of March 31,

2020 due primarily to the increase in noncurrent portion of liabilities for purchase land, retention payable and deferred output tax.

Material Changes to the Company's Statement of income for the 3-months of 2020 compared to the 3-months of 2019 (increase/decrease of 5% or more)

Revenue from real estate sales of ₱7,200 million for the three months ended 31 March 2020, a decrease of 11% from ₱8,074 million for the three months ended 31 March 2019. This was primarily attributable to the decrease in the overall completion rate of sold inventories of all its business units as a result of the enhanced community quarantine ("ECQ") implemented on March 16, 2020 that prohibited construction activities.

Rental income increased by 34% from ₱1,640 million for the three months ended 31 March 2019 to ₱2,198 million for the three months ended 31 March 2020. The increase was primarily attributable the additional gross floor area leased out of our investment properties during the period as well as increase in rental rates of our existing malls. We anticipate a decline in the rental revenues in the coming quarters due to the potential cancellation of contracts of tenants severely impacted by mall closures as a result of ECQ.

Interest and other financing charges increased by 45% from ₱644 million for the three months ended 31 March 2019 to ₱936 million for the three months ended 31 March 2020. The increase was primarily attributable higher level of debt for the three months ended March 31, 2020 compared to the same period last year.

Provision for income tax decreased by 26% from ₱615 million for the three months ended 31 March 2019 to ₱454 million for the three months ended 31 March 2020 primarily due to a lower taxable base for the period.

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For the 3-months of 2020, except for the COVID-19 impact as discussed above, 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.

COMMITMENTS AND CONTINGENCIES

The Parent Company's subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate project.

PART II - OTHER INFORMATION

Item 3. 3-months of 2020 Developments

A. New Projects or Investments in another line of business or corporation.

None

B. Composition of Board of Directors

Manuel B. Villar, Jr.	Chairman of the Board
Manuel Paolo A. Villar	Vice Chairman, President & CEO
Cynthia J. Javarez	Director, COO, Treasurer & CRO
Frances Rosalie T. Coloma	Director
Camille A. Villar	Director
Ruben O. Fruto	Independent Director
Marilou O. Adea	Independent Director
Gemma M. Santos	Corporate Secretary

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

P0.2646 per share Regular Cash Dividend
Declaration Date: September 30, 2019
Record date: October 16, 2019
Payment date: October 31, 2019

P0.2252 per share Regular Cash Dividend
Declaration Date: September 28, 2018
Record date: October 15, 2018
Payment date: October 29, 2018

P0.1342 per share Regular Cash Dividend
Declaration Date: September 29, 2017
Record date: October 16, 2017
Payment date: October 30, 2017

P0.1185 per share Regular Cash Dividend
Declaration Date: September 28, 2016
Record date: October 13, 2016
Payment date: October 28, 2016

P0.1357 per share Regular Cash Dividend
Declaration Date: September 15, 2015
Record date: September 30, 2015
Payment date: October 15, 2015

P0.11858 per share Regular Cash Dividend
Declaration Date: September 15, 2014
Record date: March 31, 2015
Payment date: October 24, 2014

₱0.102 per share Regular Cash Dividend
Declaration Date: September 11, 2013
Record date: September 26, 2013
Payment date: October 22, 2013

₱0.0839 per share Regular Cash Dividend
Declaration Date: September 17, 2012
Record date: October 02, 2012
Payment date: October 26, 2012

₱0.04 per share Special Cash Dividend
Declaration Date: June 15, 2012
Record date: July 02, 2012
Payment date: July 26, 2012

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable.

H. Other information, material events or happenings that may have affected or may affect market price of security.

None.

Transferring of assets, except in normal course of business.

None.

Item 4. Other Notes as of 3-months of 2020 Operations and Financials.

I. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None.

J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

K. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

See Notes to Financial Statements and Management Discussion and Analysis.

M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

N. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

None.

O. Existence of material contingencies and other material events or transactions during the interim period

None.

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

None.

Q. 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.

R. Material commitments for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development and construction requirements which are well within the regular cash flow budget coming from internally generated funds.

S. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of March 31, 2020, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 3-months of 2020 financial statements.

T. Significant elements of income or loss that did not arise from continuing operations.

None.

U. Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

V. Seasonal aspects that had material effect on the financial condition or results of operations.

None.

W. Disclosures not made under SEC Form 17-C.

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

Vista Land & Lifescapes, Inc.
Issuer

By:

BRIAN N. EDANG
CFO & Head Investor Relations

Date: 24 June 2020