VISTA LAND

April 17, 2023

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower,
28th Street corner 5th Avenue, BGC Taguig City
Attention: Ms. Alexandra D. Tom Wong
OIC, 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.: **SEC 17A – December 31, 2022**

Gentlemen:

Please see attached SEC 17A Report.

Thank you.

Brian N. Edang
Officer-in-Charge

COVER SHEET

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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

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

Brian N. Edang
Contact Person

3226-3552 ext 0088
Company Telephone Number

1 2 *Month* **3 1** *Day*
Calendar Year

17-A
FORM TYPE

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2022**

2. SEC Identification Number **03145**

3. BIR Tax Identification No. **006-652-678-000**

4. Exact name of issuer as specified in its charter **VISTA LAND & LIFESCAPES, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** — **1740**
   Address of principal office — Postal Code

8. **(632) 806-5758**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 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 416,128,700 treasury shares as of 31 December 2022)*	**12,689,007,676 Shares**
Amount of Debt Outstanding	**₱158.4 billion**

11. Are any or all of these securities listed on a Stock Exchange?

    Yes [**X**]   No [ ] d

    Name of Stock Exchange: **Philippine Stock Exchange**
    Class of securities listed: **Common Stocks**

    13,114,136,376 Common shares have been listed with the Philippine Stock Exchange as of December 31, 2022

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder, and Section 25 and 177 of the Revised 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 ninety (90) days.

    Yes [**x**]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form:

    ₱5.01 billion as of December 31, 2022

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

    Yes [ ]   No [ ] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

    Consolidated Financial Statements as of and for the year ended December 31, 2022 (incorporated as reference for Item 7 and 12 of SEC Form 17-A)

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PART I – BUSINESS

Item 1. Business

Overview

Vista Land & Lifescapes, Inc. (Vista Land) is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country overall. The Company believes that it is one of the few leading integrated property developers in the Philippines that is focused on the affordable market segment. The Company operates its residential and commercial property development business through six distinct business units. Camella Homes, Communities Philippines, Crown Asia, Brittany, and Vista Residences are focused on residential property development, while Vistamalls is involved in commercial property development. Briefly, these business units may be distinguished as follows:

- ***Camella Homes***. For over 40 years, Camella Homes has serviced the affordable housing segment (houses priced from ₱3.0 million to ₱12.0 million) in the Mega Manila area. It markets its houses primarily under the "Camella" brand. According to the 2022 Philippine Survey and Research Center ("PSRC") "MANA 2022" Study, Camella was acknowledged as the most preferred brand overall in the Philippine housing market, with a brand awareness rate of 93%. As of December 31, 2022, Camella Homes recorded ₱2,836.0 million in real estate revenues, representing 22% of the Company's total real estate revenues;

- ***Communities Philippines***. Communities Philippines and its subsidiaries offer residential properties outside the Mega Manila area under the "Camella" and "Crown Asia" brands. In the last five years, majority of Communities Philippines' new projects were launched under the "Camella" brand, the Company's affordable housing brand. The Company believes that Communities Philippines and its subsidiaries have the widest coverage of developments in the regions outside Mega Manila by any homebuilder in the Philippines and utilizes mostly Camella Homes' expertise and designs to offer houses in areas outside of the Mega Manila area that it believes are on par, in terms of quality, with the developments in the Mega Manila area. As of December 31, 2022, Communities Philippines and its subsidiaries recorded ₱5,587.2 million in real estate revenues, representing 44% of the Company's total real estate revenues;

- ***Crown Asia***. Crown Asia caters to the upper mid-cost housing segment in Mega Manila, primarily offering houses priced between ₱6.0 million and ₱35.0 million. As of December 31, 2022, Crown Asia recorded ₱513.8 million in real estate revenues, representing 4% of the Company's total real estate revenues;

- ***Brittany*****.** Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱10.0 million to ₱100.0 million. As of December 31, 2022, Brittany recorded ₱1,347.0 million in real estate revenues, representing 11% of the Company's total real estate revenues;

- ***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. As of December 31, 2022, Vista Residences recorded ₱2,505.9 million in real estate revenues, representing 20% of the Company's total real estate revenues; and

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

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

The Company has no sale or revenues and net income contributed by foreign sales for 2022, 2021, and 2020.

Recent Developments

On June 15, 2022, VistaREIT, Inc. set to offer and sale to the public of 2,500,000,000 secondary common shares with an Overallotment Option of up to 250,000,000 secondary common shares at ₱1.75 per share. The shares are listed and traded on the Main Board of PSE under the trading symbol "VREIT".

As of December 31, 2022, VREIT is owned by the following: (1) Masterpiece Asia Properties, Inc. (MAPI) (32.96%); (2) Vista Residences, Inc (VRI) (17.40%); (3) Manuela Corporation (MC) (5.92%); (4) Communities Pampanga. Inc. (CPI) (4.86%); and (5) Crown Asia Properties, Inc. (CAPI) (3.49%) and the rest by individual and public shareholders.

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, 2022.

On November 5, 2018, the BOD authorized the buyback of the shares of stocks of the Company over the next twenty four months and allocated up to a maximum amount of ₱3.0 billion for this purpose. The other details of the share buyback exercise, including the timing and volume of share purchases, where left to the discretion of Management, taking into account all applicable laws, regulations and contractual commitments of the Company.

Development of the business of the registrant and its key operating subsidiaries or affiliates

Vista Land & Lifescapes, Inc. – Vista Land & Lifescapes, Inc. was incorporated in the Republic of the Philippines on 28 February 2007 and is the holding company of a group of six directly-owned operating subsidiaries, five of which are engaged mainly in developing residential subdivisions and constructing housing and condominium units in the Philippines. The sixth subsidiary, Vistamalls, Inc. (formerly, Starmalls, Inc.), is engaged in the operation and development of commercial properties for lease.

On 29 March 2007, the Company entered into an exchange agreement with Fine, Polar Property Holdings Corp., Adelfa Properties, Inc., Althorp Holdings, Inc. and Cambridge Group, Inc. whereby those companies sold all of their shares in the Company's subsidiaries to the Company in exchange for 4,528,801,106 shares issued by the Company out of its capital stock. This resulted in the Company owning substantially all of the outstanding shares of its directly-owned subsidiaries including Brittany, Crown Asia Properties (North), Inc., Crown Asia Properties, Inc., Crown Communities Holdings, Inc., Crown Communities (Davao), Inc., Crown Communities (Iloilo), Inc., Crown Communities (Cebu), Inc. and Crown Communities (Pampanga), Inc.

On 25 April 2007, the Company entered into an agreement with Fine and Brittany whereby Fine subscribed to 3,020,149,650 shares of the Company, and Fine and Brittany transferred to the Company 3,020,149,650 common shares of Camella Homes. The Company subsequently acquired 1,858,241,046 shares of Camella Homes from shareholders other than Fine and Brittany through a tender offer whereby each share in Camella Homes was exchanged for one share in the Company. Following the share transfer from Fine and Brittany and tender offer, the Company owned 4,878,390,696 shares in Camella Homes representing 99.3% of the total outstanding capital stock of Camella Homes as of 15 June 2007.

On 24 May 2007, the PSE approved the listing by way of introduction of the entire outstanding capital stock of the Company, consisting of 6,388,042,152 common shares. The Company's common shares were listed on the Main Board of the PSE on 25 June 2007.

On 29 October 2009, the Company acquired Polar Mines Realty Ventures, Inc., and subsequently changed its name to Vista Residences, Inc., in order to strengthen Vista Land's presence in the vertical housing segment.

On 10 November 2015, the Company signed an agreement to acquire approximately 88.3% of the outstanding common capital stock of Starmalls from Fine, Althorp Holdings, Inc., Manuela Corporation, Mr. Manuel B. Villar, Jr. and Mr. Manuel Paolo A. Villar.

On 22 December 2015, the Company acquired common shares representing approximately 79.4% of total the outstanding capital stock of Starmalls, Inc. from Fine, Althorp Holdings, Inc., Manuela Corporation, Mr. Manuel B. Villar, Jr. and Mr. Manuel Paolo A. Villar. Further, VLLI has a tender offer to acquire 989.73 million more shares from minority shareholders which started on January 4, 2016 and expired on February 15, 2016. After the tender offer, 6.97 million shares tendered or 0.08% of the total shares of Starmalls, Inc.

After the aforementioned transactions, Starmalls, Masterpiece and Manuela became subsidiaries of VLLI as at December 31, 2015.

As at February 24, 2016, VLLI completed its acquisition of the shares of Starmalls, Inc. representing 88.34% or 7.44 billion shares.

Camella Homes, Inc. – The operations of Camella Homes can be traced back to 1977 through its wholly owned subsidiary, Household Development Corporation ("HDC"). HDC is focused on the development of low-cost standardised housing targeted at homebuyers who rely on Government-assisted financing. At the time, HDC conducted its activities in southern and south-western Metro Manila as well as the surrounding areas, and its homes were marketed as "Camella Homes." In 1983, Camella Homes established a wholly owned subsidiary, Palmera Houses, Inc., to focus on real estate development activities in northern and eastern Metro Manila and the surrounding areas. In 1991, Camella Homes widened the scope of its activities to include the development of larger planned communities with the commencement of the first phase of Springville City in the province of Cavite, a development which now encompasses approximately 240 hectares. In 1993, Camella Homes expanded its operations to include socialised housing developments, marketing these homes under the "Carissa" brand name. Camella Homes was listed on the PSE in 1995 as "C&P Homes." On 30 October 2007, the SEC approved the merger between Palmera Homes, Inc., Eastridge Estates, Inc., Ridgewood Estates, Inc. and HDC, the latter being the surviving entity. All of these entities are within the group of Camella Homes.

Communities Philippines, Inc. – Communities Philippines, Inc., Communities Iloilo, Inc., Communities Davao, Inc., Communities Cebu, Inc. and Communities Pampanga, Inc. (collectively referred to as "Communities Philippines") offer residential properties outside the Mega Manila area in the low-cost, and segments. Communities Philippines' regional development efforts started in Cebu, Cagayan de Oro and Pangasinan. In 1996, Communities Philippines extended its nationwide presence by making its initial investment in Northern Luzon. Since then, Communities Philippines has launched a number of projects in 47 provinces, covering most of the Philippines' main urban areas including the provinces of Pangasinan, Pampanga, Bulacan, Batangas, Iloilo, Cebu, Leyte, Misamis Oriental, Davao del Sur and General Santos.

Crown Asia Properties, Inc. – Crown Asia Properties, Inc. and Crown Asia Properties (North), Inc. were established to cater primarily to the upper mid-cost segment. Since 1996, Crown Asia Properties, Inc. and Crown Asia Properties (North), Inc. have launched a large proportion of their projects under the "Crown Asia" brand name. Among these developments are La Mediterranea in Dasmarinas, Cavite, Maia Alta in Antipolo City, La Brea in Fairview, Quezon City, Citta Italia in Imus, Cavite and Residenza in Bacoor, Cavite. On 13 August 2008, the SEC approved the merger between Symmetrical Ventures, Inc., Crown Asia Properties (North), Inc. and Crown Asia Properties, Inc., the latter being the surviving entity.

Brittany Corporation – Established in 1984, Brittany Corporation was initially engaged primarily in the land banking business through direct acquisitions and joint venture arrangements. Brittany's first development, the La Residencia de Bacoor, was launched in 1993. From 1995 to 2000, Brittany launched successive signature projects including Belle Reve in Laguna, Crosswinds in Tagaytay City, Promenade and Fontamara in Laguna and Island Park in Dasmarinas, Cavite. Brittany expanded its operations in the high-end market with the launch of La Posada at Brittany Bay in 2001 and Portofino Heights in 2002. In 2004, Brittany entered the condominium market with the launch of its first residential condominium project called "Marfori Tower" located at Sucat, Muntinlupa.

Vista Residences, Inc. – The Company acquired 100% of the voting shares of Polar Mines Realty Ventures, Inc. from Polar Property Holdings, Corp. on 29 October 2009. On 4 December 2009, the Company's Board of Directors approved the change of the corporate name from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc." and on 29 January 2010, the SEC approved the change of name. Vista Land had only begun developing vertical homes five years before the acquisition of Polar Mines Realty Ventures, Inc., which had a particular focus on the development and sales of residential high-rise condominium projects across the Philippines. The acquisition of Polar Mines Realty Ventures, Inc. was designed to increase Vista Land's presence in the vertical homes segment. The name change to Vista Residences, Inc. was designed to consolidate the development and sales of all of Vista Land's vertical and high-rise condominium projects under the brand name “Vista Residences”, thus creating a uniform, clear and strong market identity for the Company’s vertical development projects.

Vistamalls, Inc. – Vistamalls, Inc. (formerly Starmalls, Inc.) was incorporated in 1969 to engage in mineral exploration. In 2012, the SEC approved the change in name of Polar Property Holdings Corp. to Starmalls, Inc. and the corresponding change in its primary business — to engage in the investment, real estate and leasing business. In 2019, the SEC approved the change in name of Starmalls, Inc. to Vistamalls, Inc. Vistamalls’ two subsidiaries, Masterpiece Asia Properties, Inc. and Manuela Corporation are both engaged in the operation and development of commercial properties for lease.

Land acquisition

The Company sources land for its projects either through direct purchase or through joint venture arrangements with land owners. As a matter of policy, the Company conducts due diligence before acquiring any property or entering into any joint venture. The evaluation process focuses on four major factors:

- legal documents (e.g. title) related to the property;
- property valuation;
- technical characteristics of the property (e.g. location of fault lines); and
- other factors impacting the suitability and feasibility of developing future projects.

Before the Company acquires land or enters into joint ventures to develop land, the Company conducts extensive checks on both the owner and the land itself, with a particular focus on the veracity of the title covering the land and whether it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title.

Before the Company acquires land or enters into joint ventures to develop land, the Company also conducts its own valuation of the property based on, among other factors, other similar properties in the market and an assessment of the potential income derivable from any development suitable for the property.

Before directly acquiring land or entering into a joint venture arrangement with a land owner, the Company also conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter. These factors include:

- the general economic condition of the environment surrounding the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- the site’s accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighbouring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits, authorisations, and adding necessary improvements and infrastructure, including sewage, roads and electricity against a purchase price that will maximize margins within the limits of available financing.

Joint ventures

Historically, the Company has grown its land bank primarily through direct purchases. In the past several years, however, the Company has begun to enter into joint venture agreements with land owners for its residential development business. These joint venture arrangements offer certain advantages to the Company, particularly because the Company is not required to pay for the land in advance. The Company’s interests in these joint ventures vary depending on the value of the land against the estimated development cost. The Company holds a majority interest under most of its existing joint venture arrangements.

Historically, the Company has not experienced any material difficulties in identifying and engaging joint venture partners to supply land and currently does not expect to experience any such difficulties in the future. The Company believes that this is due to its track record of reliability and success, particularly in the suburban areas where many of the Company's projects have been located, thus giving its joint venture partners confidence in the future success of their projects. Further, there is a prevalence of land owners in the Philippines who wish to develop their land but who may not have the financial resources and expertise to do so. The Company has also entered into joint venture agreements with commercial banks, such as Banco de Oro ("**BDO**") and Union Bank of the Philippines to develop specific assets of the banks.

In November 2019, the Company have partnered up with Mitsubishi Estate Co., Ltd (MEC) to develop a mixed-use, high rise condominium along Taft Avenue, Manila. The partnership is being formed through a 60:40 joint venture company between VLL's vertical development arm Vista Residences, Inc. (VRI) and MEC's subsidiary Mitsubishi Estate Residence Co., Ltd. (MER). The project caters primarily to the expanding academic community in the Taft University Belt or "U-Belt", home to 100,000 collegiate and post-graduate students, faculty members, and administrative personnel and a total of 13 universities and colleges over a 4-kilometer stretch. The project is also strategically located in close proximity to various schools, hospitals, commercial centers, and public transportation including the Vito Cruz LRT station.

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, with the Company bearing all costs related to land development and the construction of subdivision facilities. The Company and its joint venture partner then agree on which of the resulting subdivided saleable lots will be allocated to the Company and which lots will be allocated to the joint venture partner, in accordance with their respective joint venture interests.

Sales and marketing costs are allocated to both the Company and the joint venture partner, with the joint venture agreement specifying a percentage of the contract price (typically 12.0% to 15.0%) for the lots allocated to the joint venture partner as the sales and marketing costs (including commissions to brokers) attributable to the sale of such lots. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

The joint venture partner is also required to warrant his/her title over the land and, if necessary, to clear the land of tenants and informal occupants before the Company commences development work on the land. All costs relating to clearing the land of tenants and informal occupants are the responsibility of the joint venture partner, although the Company may provide cash advances to cover a portion of these costs, which will then be deducted from any sale proceeds attributable to the joint venture partner.

Project development

Residential Development Business

For its residential development activities, the Company begins its project development process after extensive site evaluation by the Company and certain third party contractors, acquisition of the land (either directly or through a joint venture agreement) and a final decision by the Company to develop such land.

Before the site development process can begin, the Company must obtain regulatory approvals and clearances from various government departments. These include the DENR and the DAR, as well as from the local government unit with jurisdiction over the area where the project will be located. For more information, see "Regulatory and Environmental Matters" for a discussion of government regulations with which the Company must comply in the course of developing its projects.

The Company routinely secures the required governmental approvals for its projects during the planning, construction and marketing stages of project development. The Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business. The Company believes that it has at all times obtained the required government approvals relevant for each project depending on its respective stage of development.

The site development process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of houses and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, site development after land acquisition takes at least one year, during which time the Company prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase (which can take up to two months), obtains the necessary government approvals and permits and conducts pre-marketing activities. Once the project has received a development permit from the relevant local government unit and a permit to sell from the HLURB, pre-sales of subdivision lots can begin (often on an initial phase of the project), as well as some initial development work on the project site. Future expansion of the project will depend on the level of sales. As one phase is sold, a new phase of the project will be open for sales and this process is repeated until project completion.

The Company, as often as possible, utilizes its in-house design capabilities and market research data to plan developments. Aside from determining the feasibility of a project, the objective of this study is to determine the property type for development (i.e., whether a project will be developed as a lot-only project, a house and lot project or a combination of both). The Company believes that its extensive experience and expertise in residential real estate development allows it to reduce costs, maintain competitive prices and increase sales. From time to time, the Company hires third-parties to design and plan projects. The work performed by these third-parties must comply with specifications provided by the Company and, in all cases, is subject to the Company's review. In particular, the Company hires third-parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects.

Projects within the affordable sector typically are developed to generate a mix of lot-only, house-and-lot, and condominium unit sales. Upper mid-cost and high-end projects normally generate a greater proportion of lot-only sales, because customers for these projects purchase the lot with a view to future development or with a preference to construct housing units of their own design and built to their specifications. The Company may also sell an initial phase of a project on a lot-only basis but later on develop additional phases with a view to generating house-and-lot sales.

For its residential units, the Company internally develops the construction designs. The Company's architects and engineers are trained to design structures to maximize efficiency and minimize production costs. The Company's current designs allow customers to upgrade finishing details on a customized basis after the housing units are delivered and future vertical expansion through the addition of a second storey. The Company will continue to invest in the development of design and planning construction to further reduce costs and continue to meet customer needs. As of 31 December 2022, the Company employed a total of 48 architects and 242 engineers, which includes those from Vistamalls.

Congruent with the over-all strategy of creating unique themed developments, the Company also develops and implements specific design parameters for houses to be built in its upper mid-cost and high-end subdivision projects. This helps the Company market each project based on a particular design aesthetic and its own unique characteristic and personality. The Company takes inspiration from well-established and unique architectural designs from the Mediterranean, the Swiss Alps, Italy, San Francisco, the Caribbean and the American South. In themed residential developments, the Company also requires that houses built by individual lot purchasers conform to the specific architectural theme.

The Company finances the development of projects through a combination of pre-sales and internally-generated funds, particularly for the construction of common areas and facilities during the early stages of a project. The Company also maintains some flexibility in timing the progress of its development projects to match the progress of pre-sales. Thus, the progress of a development is greatly influenced by the level of pre-sales. As one phase is sold, a new phase of the project will be opened for pre-sale and the process is repeated until project completion. From time to time, the Company sells receivables to help finance larger housing and land development projects.

Retail Mall Development and BPO Commercial Center Business

For its retail mall and BPO commercial center business, Vista Land Commercial Group's strategy is to maintain its early mover advantage by way of asset enhancements to its existing retail mall portfolio and expanding the number of retail malls targeting consumers within the B, Upper C, Broad C and D income segments within Metro Manila as well as in emerging urban communities in other parts of the Philippines. For example, Vista Land Commercial Group expanded beyond Metro Manila for the first time when it opened Vista Land Commercial Group San Jose del Monte in the Province of Bulacan.

Vista Land Commercial Group's plans to continue strategically locating its new retail malls in areas in close proximity to transport hubs and other key infrastructure in growth markets such as Cavite, Las Piñas City, Mandaluyong City and the province of Bulacan. For example, the Company's flagship mall in Muntinlupa City, Starmall Alabang, is directly connected to the PNR Alabang station, a major railway terminal in the South of Metro Manila. In addition, the same mall houses major bus terminals which serve as nodes for people transiting between Metro Manila and the southern provinces.

Site development and construction

Residential Development Business

For its housing development activities, site development and construction work is contracted out to various qualified and accredited independent contractors. For larger projects, such as site development work, contracts are awarded on the basis of competitive bidding. For smaller-scale projects, such as the construction of certain structures within a project or of specific housing and condominium units, the Company will directly contract specific contractors based on its previous experience with such contractor for a specific type of project. In all cases, the Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company maintains relationships with over 300 accredited independent contractors and deals with each of them on an arm's-length basis. The Company is not and does not expect to be dependent upon one or a limited number of suppliers or contractors.

The Company does not enter into long-term arrangements with contractors. The awarded contracts typically cover the provision of contractor's services in relation to a particular project or particular housing and condominium units. To ensure compliance with Company requirements and to maintain the quality of the developments, the Company has a team of project engineers who perform the following functions:

- directly managing site development and construction activities;
- coordinating the activities of the Company's contractors and suppliers;
- overseeing quality and cost controls; and
- ensuring compliance with zoning and building codes and other regulatory requirements.

The Company has the option to either enter into fixed-price contracts with its contractors, with the cost of materials included as part of the price, or to engage them solely for labor and provide for them the needed construction materials, since the Company also maintains an in-house purchasing group.

Housing unit construction will typically take three to 12 months to complete depending on the size. For vertical projects, midrise buildings take two to three years while high rise buildings take four to five years to complete.

Progress payments are made to contractors during the term of the contract based on the accomplishment of pre-determined project performance milestones. The Company usually retains 10.0% of each progress payment in the form of a guarantee bond or cash for up to one year from the date the contracted work is completed and accepted by the Company. The amounts retained are used to meet contingency costs, such as addressing claims from purchasers thereby limiting the financial burden on the Company.

As of December 31, 2022, the Company has ongoing construction works for residential development projects in various stages of development and level of sales across the Philippines.

Retail Mall Development and BPO Commercial Center Business

Site development and construction work is contracted out to various qualified and accredited independent contractors. For larger projects, such as major repair or construction work, contracts are awarded on the basis of competitive bidding. For operational repairs and maintenance projects, contractors are hired without a competitive process based on previous experience with the contractor. In all cases, the accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. Vista Land Commercial Group maintains relationships with over 100 accredited independent contractors and deal with each of them on an arm's length basis.

Vista Land Commercial Group's business and project development group is responsible for identifying sites for the construction of new retail malls, which in many cases are sites that are within the Group's properties. The business and project development group determines the viability of a potential plot of land for a new retail mall based on the demographics of the area, including the size of the population, its income levels, local government and local infrastructure and, in particular, accessibility to public transportation. Vista Land Commercial Group also evaluates the presence of other retail commercial developments in the area. Once a suitable site is selected, the corporate planning group determines the absorbable size of the retail mall to be constructed and the GFA, which typically ranges from 20,000 to 70,000 square meters. The group then proceeds to secure all relevant government permits for the project, as well as all architectural and engineering schematics. The securing of permits and licenses and the completion of preliminary design works typically takes about two months. The construction of each retail mall is generally awarded on the basis of competitive bidding. The bid process and the preparation of detailed drawings and costings generally takes about three months. Vista Land Commercial Group supervises the construction of each retail mall, which typically takes about six months to one year.

As of December 31, 2022, the Company has ongoing construction work for commercial projects in various stages of development and level of sales, and in different locations in Mega Manila and North Luzon. The Company expects most of the completion in 2023.

Research and Development

While the Company engages in research and development activities focusing on the types of construction materials used for its housing and condominium units, construction methodology, value-engineering for its projects and quality assurance, as well as market studies on potential new retail malls and BPO commercial centers and gathering data on target retail customer base, the expenses incurred by the Company in connection with these activities for the last three fiscal years 2020 to 2022 are not material. The Company's research and development activities include organizing regular trips for its operations personnel, architects and engineers to various cities in America, Europe and Asia to enable them to become more attuned to high quality developments and latest trends from overseas.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company's insurance policies include coverage for, among other things, buildings and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. For its vertical projects, the Company has also obtained insurance with various general contractors. The Company does not carry business interruption insurance.

Sales and Marketing

Residential Development Business

The Company believes it has one of the most extensive marketing networks of all Philippines housing development companies**.**

Local Marketing Network

The Company's local marketing and distribution network of independent contractors and agents for its housing development activities consists of approximately 3,000 teams, with a combined total of approximately 32,400 active agents. Of these marketing teams, 3,150 are accredited licensed realtors and 100 teams are direct marketing groups.

The Company believes that it offers its marketing teams competitive compensation terms. The Company's commission structure and incentive schemes vary relative to the network's affiliation and sales structure.

The Company’s exclusively contracted marketing teams are compensated through a monthly allowance and are provided administrative support by the Company, including office space and expense allowances.

As the Company incorporated digital marketing intiatives amidst the COVID-19 pandemic in 2020 and 2021, the Company provided support for these intiatives through giving away tablets, data and load allowances, and cash as incentives. Broker companies are compensated with relatively higher commissions with funding allocations for business development programmes.

International Marketing Network

The Company believes that the OF population constitutes a significant portion of the demand for its housing and land development projects. The demand comes from both the direct purchase by the OF or purchase by relatives of the OF financed by OF remittances. As such, the Company seeks to adequately service and reach the OF and international markets. For that purpose, the Company has established an extensive international marketing network.

This network consisted of 350 partners and 7,200 independent agents located in countries and regions with large OF populations, including the United States, as of 31 December 2022.

Through this network, the Company is well-represented in key cities abroad with the highest concentration of OF communities. The Company’s presence is significant in countries and regions such as North America, Europe, Middle East and Asia including Japan. These international brokers are established in their respective areas and serve as the Company’s marketing and promotion agents in their territories, to promote the Company and its products. In addition, some of these agents who bought houses from the Company in the past. The Company believes that its long standing relationships with these agents over the years distinguish it from its competitors.

The Company, together with these international brokers and agents, regularly sponsors roadshows and participates in international fairs and exhibits, Filipino social and professional gatherings, and other OF-related events.

Awareness efforts are conducted through periodic TV advertising on Philippines primetime television, sponsorships in select TV shows, as well as print advertising on national and geo-based publications. This year, the Company accelerated its digital transformation, it also ventured into various social media promotions. As added support, the Company through a special division has set up support marketing groups focused on and dedicated to servicing the international market.

Modes of Payments

The Company's customers can generally purchase the Company's products through:

- cash purchases;
- bank financing;
- in-house (Company-provided) financing; and
- Government-assisted financing.

Under these four major modes of payments, the Company designs flexible and creative financing packages for its customers to make their acquisitions possible.

Cash-basis acquisitions are usually given special discounts. Negotiated discounts are also allowed for accelerated payment schedules and other bulk payments. This is to encourage capable buyers to pay upfront for their property acquisition.

Mortgage loans from private banks are available. These are offered to buyers who are perceived to be acceptable credit risks. To streamline the loan processing application, the Company has arrangements with several banks regarding the processing of applications with respect to the financing of unit purchases.

The Company also offers in-house financing to buyers. There are cases wherein in-house financing schemes serve as stepping stones to facilitate transactions. In these instances, the buyers use the in-house financing facility but convert to bank financing within a certain period.

There are also instances where customers of the Company obtain financing from the Government. Government-subsidized loans under the government financial institution programs still continue to be the largest source of purchaser financing for the socialized market.

In-house financing

The Company has established processes and procedures designed to screen homebuyers applying for in-house financing to ensure that they are financially capable of paying their monthly amortizations. The Company conducts strict and thorough credit checks which include but are not limited to:

- employment/career/business background checks;
- credit card verification using national credit databases; and
- conducting physical verification of claims regarding residences and properties owned by the buyer.

The Company typically finances 80% to 85.0% of the total purchase price of the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five to 15 years. The interest rates charged by the Company for in-house financing typically range from 16% per annum to 19% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company will retain the title to the property until full payment of the loan. During this period, if the buyer defaults on the payment of the monthly installments due, the Company has the right to cancel the sale and retain payments already made by the buyer. The Company faces certain risks relating to the cancellation of sales involving its residential projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues would be overstated.

Mortgage loans

Mortgage loans from commercial banks are available to individuals who meet the credit risk criteria set by the relevant bank and those individuals who are able to comply with such bank's documentary requirements and credit investigation. To assist prospective buyers obtain mortgage financing from commercial banks, the Company has arrangements with several commercial banks, such as BDO, BPI Family Bank, Philippine Saving Bank, Unionbank of the Philippines, UCPB, RCBC Savings Bank, Security Bank, Bank of Commerce, Malayan Bank, China Bank Savings, China Trust Bank, PNB and Maybank. Further, the Company ensures that all of its units are properly and completely documented to adequately comply with the bank's requirements.

In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("HGC"). The HGC is a Government-owned and controlled corporation that operates a credit guaranty program in support of the Government's efforts to promote home ownership. It provides risk guarantees and fiscal incentives for loans and credit facilities for residential purposes provided by banks and financial institutions. In the event a buyer defaults in connection with an HGC-registered loan or credit facility, the HGC guarantees the payment to the extent of the outstanding balance, interest and yield. The interest and yield on loans and credits guaranteed by the HGC is exempt from taxation.

Customer service and warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period, including during house lay-out, construction, move-in and introduction to the homeowners' association. The Company mandates all its employees from all departments to be the customer ambassadors for homebuyers. This is to ensure that the customers can rely on any of the Company's employees should they have any questions or concerns.

Apart from the standard contractual warranties on the purchased unit, for each project the Company engages the services of a professional property management group which oversees the affairs of the homeowners' association. This helps homebuyers to achieve a smooth introduction to their new neighborhood and further enhances good customer relations. The property management group's functions include financial management, security, landscape maintenance and association social activities.

Construction stage

At this stage, the production team takes over and starts the actual construction of the unit. At any time of the construction, the homebuyer can schedule a visit and inspection of his housing unit with the assistance of a technical staff who will be on hand to explain or answer any questions or requests.

Move-in and introduction to homeowners' association

Upon completion of the house, process of turning over of the unit to the homebuyer will commence. This includes delivery of certificates of warranty/guarantee on the housing unit and a comprehensive homeowner's kit. The Company has an established system to address homebuyer's concerns especially in the first 3 months of move-in. The Company puts great emphasis on the timing of responding to any such concerns, ensuring that repairs/rectification procedures are at par with the Company's standards. While there is a standard policy on repairs, the Company, on a case-to-case basis, extends its services beyond these procedures to better achieve total customer satisfaction.

Retail Mall Development and BPO Commercial Center Business

Leasing Policies

Retail Mall Development

The Company's leasing policy for tenant selection follows its target market strategy. The mall leasing team is responsible for tenant selection. Tenants are evaluated in terms of their product offering, store concept, compliance with regulatory requirements and operational and financial capacity. All leases include arm's-length commercial terms, including those with the Company's affiliates.

Retail leases are generally granted for a term of two years with an average escalation of 8.0%, with the exception of some of the larger tenants, which are granted initial lease terms of three to five years with an escalation of 5.0% to 7.0%, renewable upon expiry for a similar period thereafter. Sixty days' notice is required of tenants for termination of their leases. The Group generally requires payment of three months' rent as a security deposit and three months' advance rental prior to the commencement of a lease. Upon renewal of a lease, the rental rates are adjusted to reflect the prevailing market rent.

BPO Commercial Centers

Tenant sourcing for the Group's BPO commercial centers is conducted by the BPO division, augmented by reputable brokers, such as Colliers Philippines, Jones Lang Lasalle Leechiu Property Consultants, and Santos Knight Frank Philippines. Before the Company enters into lease contracts with BPO tenants, it seeks to understand their fit-out requirements for the rental space and evaluate the economics of such requirements. The Company directly engages in tenant sourcing for auxiliary food and beverage and service spaces and follows the evaluation process generally applied for retail mall tenants.

Tenancies are generally granted for a term of one to three years, with the exception of larger tenants operating nationally, which are granted initial lease terms of two to ten years, renewable for a five-year term thereafter.

Management

The Company manages the development, leasing and marketing of its commercial properties internally, rather than outsourcing these functions. The malls are managed by a mall operations team consisting of the mall manager, building administrator and tenant relations officer. Operational services, including maintenance, security and janitorial services are outsourced to reputable third-party service providers and contracts with these providers are reviewed annually.

Bankruptcy, Receivership or Similar Proceeding

None for any of the subsidiaries and affiliates above.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three years

None.

Various diversification/new product lines introduced by the Company during the last three years

Vista Land is one of the largest integrated property developers in the Philippines and the leading homebuilder in the country overall. Vista Land provides a wide range of housing products to its customers across all income segments and has recently expanded into the mass market retail mall and BPO segments via the acquisition of Vistamalls, Inc.

Vistamalls is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines and is an early mover in this market segment, focusing on locating in densely populated areas underserved by similar retail malls and located within close proximity to transport hubs and key infrastructure. It also develops and operates BPO commercial centers.

In 2022, the Company launched its masterplanned developments across growth centers in the country under Vista Estates. Vista Estates offers unique, premium, and sustainable lifescapes comprising business parks and IT zones; institutional complexes, such as learning institutions, places of worship, events venues, and healthcare centers, commercial and retail districts; leisure and wellness hubs; and horizontal and vertical residential enclaves. Each estate is uniquely themed - in consideration of the shape of the land's surface or its topography and in conjunction with the economic vision of the local government units (LGU) they are a part of.

Competition

Residential Development Business

The residential development market in the Philippines is intensely competitive. The Company has significant competitors for its residential housing and land development business. Compared to the commercial real estate and high-rise residential building markets, which require the resources to acquire land in expensive urban areas and the experience to manage these projects successfully, real property companies can more easily develop horizontal residential housing and land development projects in certain areas. Nevertheless, the Company's strong regulatory know-how, solid execution track record and nationwide footprint are difficult to replicate and effectively serve as a strong barrier against competition on a nationwide level. Because of the availability of joint venture arrangements with landowners and the ability to finance these projects through unit pre-sales, it is relatively easy for smaller players to enter into this business. There is, therefore, competition for land that is suitable for project development. There is also competition among various developers for residential real estate brokers.

Currently, the Company's competitors in its residential development business include companies such as Filinvest Land, Inc., Extraordinary Development Corporation, Sta. Lucia Realty, Megaworld Corporation, Robinsons Land Corporation ("Robinsons"), 8990 Holdings, Inc. and others. On the basis of publicly available information and its own market knowledge, the Company believes that it is the leading integrated property developer in the Philippines that is focused on the mass market. The Company's management also believes that the Company is able to offer competitive commissions and incentives for brokers and that the Company is able to compete on the basis of the pricing of its various products, which span all income segments, as well as brand recognition.

The Company also faces strong competition in the condominium market. The Company believes that its main competitors in these markets include companies such as Ayala Land Inc., DMCI Development Homes, Inc., Megaworld Corporation, Robinsons Land Corporation, SM Development Corporation and others.

Based on publicly available information, the total real estate sales/revenue for the year ended December 31, 2022 of the seven major listed property companies including VLL amounted to about ₱210 billion, where SMPH, ALI, MEG, RLC, and FLI contributed 19%, 42%, 17%, 10% and 6%, respectively. The Company contributed

6% of the total. The Company believes that this information reflects the relative size and financial strength of its competitors.

Retail Mall Development and BPO Commercial Center Business

Vista Land Commercial Groups' retail mall business competes with other retail malls in the geographic areas in which they operate. The other major retail mall operators in the Mega Manila area are Robinsons, SM Prime and Ayala Land. These national mall operators serve principally the "A", "B" and "upper C" segments of the population. In the mass market retail segment, where the Group serves the "B", "Upper C", "Broad C" and "D" segments, competitors consist principally of smaller mall operators such as the Ever Gotesco Group and City Malls. The Group believes that it is well positioned to face increased competition in the retail mall industry given its competitive advantages including, among other things, the location of its existing retail malls, the land bank of the Group, a successful tenant mix and selection criteria and synergies within the Group.

The Company is also serves the "A", "B" and "upper C" segments of the population in locations where the catchment area are in those segments such as in Evia Lifestyle Center and Vistamall Sta. Rosa.

Based on publicly available information, the total rental income for the year ended December 31, 2022 of the six major listed retail companies including STR amounted to about ₱86 billion where SMPH, ALI, MEG, RLC, and FLI contributed 43%, 20%, 11%, 11% and 5%, respectively. The Company contributed 10% of the total. The Company believes that this information reflects the relative size and financial strength of its competitors.

Supplier

The Group has a broad base of suppliers.

Customers

Vista Land has a broad market base including local and foreign individual and institutional clients. In addition, its Vista Land Commercial Group mass market retail mall and BPO platform dominantly focuses on a mass market consumer base.

Transactions with related parties

Please refer to Item 12 of this report ("Certain Relationships and Related Transactions).

Intellectual Property

The Company and its subsidiaries have a number of trademarks for its development projects as well as applications for the registration of various trademarks of its property developments pending with the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its subsidiaries' property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

The Company has also registered a number of the business names it uses for its property developments with the Department of Trade and Industry. Registering a business name with the Department of Trade and Industry precludes another entity engaged in the same or similar business from using the same business name as one that has been registered. A registration of a business name shall be effective for five years from the initial date of registration and must be renewed within the first six months following the expiration of the five-year period from the date of original registration. Pursuant to the Philippine Department of Trade and Industry Administrative Order No. 11 (Series of 2008), where the business name of a corporation appears in its articles of incorporation as the corporate name, registration is no longer necessary. A corporation may also use a business name or style different from its corporate name provided such name or style appears in its articles of incorporation.

Trademark	Registrant	Registration Date	Renewal Date	Term	Principal Condition/s
VISTA LAND	Vista Land & Lifescapes, Inc.	09 June 2008	09 June 2019	10 Years	(1) Registrant must file a declaration of actual use within 1 year from the date of renewal and pay the required fee (2) Registrant must again file a declaration of actual use or non-use together with the evidence of use or reasons for non-use within 1 year from the 5th Anniversary of the date of renewal and pay the required fee
BRITTANY	Brittany Corporation	11 February 2008	11 February 2018	10 Years	
CROWN ASIA	Crown Asia Properties, Inc.	04 February 2008	04 February 2018	10 Years	
COMMUNITIES PHILIPPINES	Camella Homes, Inc.	03 March 2008	03 March 2018	10 Years	
CAMELLA	Camella Homes, Inc.	04 February 2008	04 February 2018	10 Years	
BRITTANY	Brittany Corporation	11 February 2008	11 February 2019	10 Years	
CAMELLA CONDO HOMES	Camella Homes, Inc.	07 June 2012	07 June 2022	10 Years	
VISTA RESIDENCES	Vista Residences, Inc.	11 March 2016		10 Years	(1) Renewable upon payment of the prescribed fee and filing of request (2) Registrant must file a declaration of actual use within 3 years from the filing of the application and pay the required fee (3) Registrant must again file a declaration of actual use or non-use together with the evidence of use or reasons for non-use within 1 year from the 5th anniversary of registration and pay the required fee
LUMINA	Prima Casa Land and Houses, Inc.	15 Jan 2021		10 Years	
CAMELLA CONDO HOMES	Camella Homes, Inc.	07 June 2012		10 Years	
COMMUNICITIES	Fine Properties, Inc.	25 August 2019		10 Years	
VISTALAND & LIFESCAPES	Vista Land & Lifescapes, Inc.	18 January 2018		10 Years	
VISTA CITY (2)	Brittany Corporation	27 Feb 2020		10 Years	
VISTAMALL	Vista Land & Lifescapes, Inc.	25 August 2019		10 Years	
LESSANDRA	Household Development Corporation	08 Nov 2020		10 Years	
VISTALAND HOMEBUILDER BOND	Vista Land & Lifescapes, Inc.	10 July 2020		10 Years	
VINTAHANAN	Fine Properties, Inc.	30 Sept 2016		10 Years	
THE VCON	Vista Land & Lifescapes, Inc.	24 October 2021		10 Years	
THE VICONFERENCE	Vista Land & Lifescapes, Inc.	24 October 2021		10 Years	
THE VICON	Vista Land & Lifescapes, Inc.	24 October 2021		10 Years	
THE VILLAR CONFERENCE	Vista Land & Lifescapes, Inc.	24 October 2021		10 Years	
VHEALTHY VINFORMED VIMMUNE	Vista Land & Lifescapes, Inc.	13 December 2021		10 Years	
LESSANDRA STOREYS	Household Development Corporation	12 November 2021		10 Years	

Trademark	Registrant	Registration Date	Renewal Date	Term	Principal Condition/s
STARMALL (Revised design)	Starmalls, Inc.	28 May 2015		10 Years	
STARMALL	Vistamalls, Inc.	16 August 2016		10 Years	
MELLA	Vista Residences, Inc.	03 December 2016		10 Years	

Government approvals/regulations

The Company secures various government approvals such as license to sell, development permits, environmental compliance certificate, etc. as part of the normal course of its business

The Company has no principal products that has pending government approval as of December 31, 2022.

As of December 31, 2022, except for the pending tax reform program and proposed land conversion moratorium, the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company's business operations.

In terms of amount spent for development activities (representing our capital expenditures) as a percentage of revenue from real estate sales 113% in 2020, 122% in 2021, and 176% in 2022.

The Company typically spends about 1% of the total costs of development for environmental laws compliance. By doing such compliance, the company is able to help in the preservation of the environment as part of its social corporate responsibility.

Employees

The Company and its subsidiaries, had a total of 1,867 and 1,638 employees as of December 31, 2022 and 2021, respectively. This is broken down by function as follows:

Function	Number of employees	
	2022	**2021**
Administrative	736	672
Operations	675	549
Technical	456	417
Total	**1,867**	**1,638**

The Company recognizes that there may be a need to hire additional personnel to handle increase in the volume of business over the next twelve months. However, all such hiring decisions will be made taking into account the uncertainties surrounding the current market environment in addition to the long-term requirements of the business. As such, the Company does not anticipate a significant increase in the number of employees this year.

The Company has no collective bargaining agreements with its employees and none of the Company's employees belong to a union. The Company believes it has a good relationship with its employees and there has been no turnover of key personnel during the past three years.

The Company provides employees with on-the-job-training and other development programs that assist them in effectively carrying out their jobs and that prepare them for career advancement in the Company.

The Company continuously strives to position itself as an employer of choice in the Philippine real estate industry. It offers what it believes to be competitive salary and benefits packages that allow it to compete in the job market for quality employees. The Company has no employee stock option plan.

Risks related to the Company's Business

Risks relating to competition

The Company faces significant competition in the Philippine residential and commercial property development market. In particular, the Company competes with other developers in locating and acquiring (either directly or through joint venture arrangements) parcels of land of suitable size in prime locations and at attractive prices. This is particularly true for land located in Mega Manila, as well as in other urbanized areas throughout the Philippines. The Company's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that yield reasonable returns.

Based on the Company's current development plans, the Company believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

The Philippine residential and commercial property development market is highly competitive. The Company's existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers, including several leading developers from Asia and other parts of the world. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater name recognition than the Company. Competition from other developers may adversely affect the Company's ability to develop and sell its products, and continued development by other market participants could result in saturation of the residential real estate market.

To mitigate this risk, Vista Land conducts regular market study and business intelligence updates in order to understand industry and market dynamics.

Risks relating to land acquisition and land bank management

The Company's future growth and development are heavily dependent on its ability to acquire or enter into agreements to develop additional tracts of land suitable for the Company's planned real estate projects. The Company faces strong competition from fellow developers for ideal parcels of land suitable for development. In addition, other factors make the task of acquisition difficult, including (a) ideal location; (b) suitable size; (c) economically acceptable price; and (d) legal and informal settler issues. In this area of the Company's operations, it faces greater difficulty in sourcing parcels of land located within Metro Manila and other urban areas throughout the Philippines.

The Company may have difficulty in attracting land owners to enter into joint venture agreements with it. Key issues revolve around profit and development cost sharing which affect expected investment returns. Other issues could be differences in intangible objectives, land ownership squabbles and other non-economic hindrances.

In the event the Company is unable to acquire suitable land, or to enter into agreements with joint venture partners to develop suitable land at acceptable prices, with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

a) The Company also faces risks relating to the management of its land bank, which could adversely affect its margins.

The land banking function is critical to the success and future operations of the Company. The Company must continuously acquire land for replacement and expansion of land inventory within its current markets. The risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. The Company cannot assure investors that the measures it employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its balance sheet, as well as reduce the amount of property available for sale. Any of the foregoing events would have a material adverse effect on Vista Land's business, financial condition and results of operations.

The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

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

The Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government); however, it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. From time to time the Company has had to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company.

Historically, these claims have not had a material adverse effect on the Company and its business, but in the event that a greater number of similar third-party claims are brought against the Company in the future, or any such claims are made against land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending against such claims. Should any of these claims prosper, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could adversely affect the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company uses legal and technical research to establish the integrity of the legal title to any piece of land before concluding any transaction, be it an acquisition or joint venture.

Risk relating to joint venture agreements and transactions

The interests of joint venture partners for the Company's housing and land development projects may differ from the Company's and they may take actions that adversely affect the Company.

The Company has entered into joint venture agreements with landowners and, as part of its overall land acquisition strategy, intends to continue to do so. Under the terms of most of these joint venture agreements, the Company takes responsibility for project development and project sales, while its joint venture partner typically supplies the project land. A joint venture partner may have economic or business interests or goals inconsistent with or different from those of the Company's. A joint venture partner may also take actions contrary to the Company's instructions or requests or in direct opposition to the Company's policies or objectives with respect to the real estate investments. A joint venture partner may not meet its obligations under the joint venture arrangement. Disputes between the Company and a joint venture partner could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investment in the project. The Company's reliance on its joint venture arrangements could therefore have a material adverse effect on the Company's results of operations and financial condition.

To mitigate this risk, the Company as a standard policy to ensure that a binding agreement/contract with any joint-venture partner is made at the start of any partnership. Further, a constant open communication is maintained with all business partners.

Risk relating to property development and construction management

a) The Company is in a business that carries significant risks distinct from those involved in the ownership and operation of established properties. This includes the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. Slippages may occur in obtaining required Government approvals and permits, resulting in more costs than anticipated, or inability to complete the project on schedule and within budget.

   Likewise, the time and the costs involved in completing the development and construction of projects can be adversely affected by many factors, including: (a) shortages of materials, equipment, skilled labor; (b) adverse weather conditions; (c) peso depreciation; (d) natural disasters; (e) labor disputes with contractors and subcontractors; (f) accidents; (g) changes in laws or in Government priorities; and (h) other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or informal settlers, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns.

   The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its results of operations or financial condition.

   To mitigate this risk, the Company continuously seeks to improve its internal control procedures and internal accounting and to enhance project management and planning. Further, the Company substantially finances its development projects through pre-sales and internally generated funds, which allows it to maintain some flexibility in timing the progress of its projects to match market conditions.

b) The Company relies to a significant extent on independent contractors for the development and construction of the Company's products. Their availability and quality of workmanship may not meet the Company's quality standards, or cause project delays and cost overruns. The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

   The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fitting-out works. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor who is willing to undertake a particular project within the Company's budget, which could result in costs increases or project delays. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's quality standard requirements. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

   If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the

Company's ability to pre-sell its housing and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

As with most major property development companies, the Company manages these development and construction risks by ensuring that contractual arrangements with builders, engineers, suppliers and other contractors clearly specify costs, responsibilities and the appropriate benefits or penalties that may accrue to all parties in the event of favorable or adverse developments. The Company also maintains an experienced in-house team of engineers and technicians who are tasked to oversee and manage each project. As and when needed, the Company may also avail of the services of independent project managers and quantity surveyors to supplement its in-house project management capabilities.

Risks relating to specific target markets

Vista Land's sales to OFs and expatriate Filipinos comprise a significant portion of the Company's revenues. While the Company sees this segment as continuously growing, and providing it with buyers in the years to come, it is also prone to downturns, which can affect the Company's performance. These downturns may lead to (a) reduced deployment of new OFs; (b) reduced remittances from abroad; (c) a lower purchasing power of expatriate Filipinos than currently enjoyed; or (d) any combination or all of the above, and could adversely affect demand for Vista Land's projects from OFs and expatriate Filipinos. Such reduction in demand could have a material adverse effect on Vista Land's business, financial condition and results of operations.

To mitigate the possible impact of a sudden downturn in the OF market, it is Vista Land's business strategy to diversify its product offerings to serve as wide a market as possible. Any adverse developments in any one property sector may be offset or mitigated by more positive developments in other sectors. The Company also closely monitors the factors that may affect the OF market so that Vista Land can take the necessary corrective measures.

Risks relating to external marketing groups

The Company engages third-party brokers to market and sell its residential housing and land development projects domestically and internationally. It is a known practice in the Philippine real estate industry that these same brokers may also be promoters and sellers for other developers in the same markets in which the Company operates. More importantly, there can be no assurance that they will not favor the interests of their other clients over the interests of the Company in any lease or sale opportunities, or otherwise act in the Company's best interests.

The intense competition for the services of reputable and successful third-party brokers in the Philippines impels industry competitors to try to recruit brokers away from competing companies. The Company is not immune to such attempts. Competitors of the Company attempt to recruit brokers away from the Company from time to time. If a large number of these third-party brokers were to stop selling for the Company, this could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

The Company mitigates this risk by establishing its own in-house sales force, who are tasked to market and sell only Company products. The Company also provides its brokers and sales agents with competitive commission schemes and other incentives. Beyond this, the Company gives its sales force skills-build-up programs as a way of planning and managing their career growth with the Company. A parallel effort is the continuous recruitment of competent brokers and sales agents.

Risks relating to project and end-buyer financing

a) Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Vista Land's and its customers' ability to obtain financing.

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

- In connection with Vista Land's property development business, higher interest rates make it more expensive for Vista Land to borrow funds to finance ongoing projects or to obtain financing for new projects.

- Because a substantial portion of the Company's customers procure financing (either from banks or using the Company's in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

In order to mitigate these risks, Vista Land substantially finances its development projects through pre-sales and internally generated funds. In this way, Vista Land maintains some flexibility in timing the progress of its development projects to match market conditions. Vista Land attempts to keep its costs down and selling price stable by lowering material costs through purchasing in bulk.

b) Vista Land is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company offers in-house financing to customers, which may expose the Company to risks of customers missing on their payments and/or defaulting on their obligations that may lead to sales cancellations. The Company cannot adequately assure the resale of any property whose prior sale has been cancelled.

The Company has used funds obtained from receivables rediscounting facilities with commercial banks to balance its liquidity position. An inability to sell receivables would remove a source of potential external financing, increasing its reliance on internally generated funds or non-receivable external financing.

To mitigate these risks, the Company attempts to decrease the occurrence of financial defaults and sales cancellations due to the inability to pay by enforcing strict credit investigation policies and procedures. For ongoing in-house loans, the Company monitors each and every account to assist buyers and to provide immediate remedial measures in problem cases. The Company also spreads the financing risk by encouraging buyers to avail of commercial bank retail financing facilities.

c) The Company's business and financial performance could be adversely affected by a material number of sales cancellations.

As a developer and seller of residential real estate, the Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

Historically, the Company has not experienced a material number of cancellations to which the Maceda Law has applied; however, this is no assurance that such an event will not happen. An economic downturn, high interest rate episodes, and others could trigger such sales cancellations. Should this happen, the Company may not have enough funds on hand to pay the necessary cash refunds to buyers, or the Company may have to incur indebtedness in order to pay such cash refunds. As mentioned earlier, the Company cannot assure the resale of a cancelled property, particularly during periods of economic slowdowns or downturns. Any of these events would adversely affect the Company's business, financial condition and results of operations.

In the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical income statements as indicators of the Company's future revenues or profits.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions and sells installment contract receivables. The Company ensures that all buyers are made aware of their responsibilities and obligations, and the resulting penalties for non-compliance. Each and every account is monitored to assist buyers and to provide immediate remedial measures in problem cases.

Risk relating to management of growth

a) The Company may not be able to successfully manage its growth.

The Company intends to continue to pursue an aggressive growth strategy for its residential property and land development business. The Company foresees that this strategy will mean that management resources will be reallocated from the Company's current operations. The growth strategy will also entail creating and managing relationships with a larger group of third parties such as customers, suppliers, contractors, service providers, lenders, etc. This expansion of the Company's operations will require significant capital expenditure to finance new housing and land development projects, causing the Company to take on additional debt. It thus becomes necessary to manage the internal control and compliance functions so that compliance with legal and contractual obligations is maintained and, at the same time, operational and compliance risks are minimized.

Even with these safeguards, there is no assurance that the Company will not experience any difficulties in the course of implementing its growth strategy. These difficulties can come in the form of capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. An inability or failure to successfully adapt to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could adversely affect the Company's reputation, the business, and results of operations or financial condition.

To mitigate this risk, the Company substantially finances its development projects through pre-sales and internally generated funds. In this way, the Company maintains some flexibility in timing the progress of its development projects to match market conditions.

b) The Company is still in the process of fully upgrading and integrating its operational and financial reporting systems and may experience difficulty in providing the Company's management and investors with financial information, particularly for interim periods.

Until recently, each of Vista Land's business units had operated as an independent company, with its own management and financial teams as well as its own information and technology (IT) systems. With the integration of the operations, records and database, Vista Land may experience delays in generating period-end financial information, particularly in situations where manually recorded financial information is required to be reconciled with information generated by the consolidated system. There can be no assurance that these constraints will not materially hinder the timeliness of such information in the future or affect Vista Land's ability to generate and management's and investors' ability to receive promptly information regarding Vista Land's consolidated financial condition and results of operations.

To mitigate this risk, Vista Land conducts regular meetings and requires briefing from key departments.

Risks relating to natural catastrophes

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

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

Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could adversely affect the Company's business, financial condition and results of operations.

Risks relating to over-reliance on some key Company personnel

The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. While the Company has provided its Directors and key Senior Management with generous compensation, a highly skilled and reputable executive is always subject to piracy by competitors. Additionally, key personnel could also be lost due to catastrophic diseases (i.e., cerebral stroke, cancer, heart attacks), incapacitated by an accidents and death.

To lessen the potential negative impact of these events, the Company has institutionalized critical operational systems and procedures as a way of minimizing the over-dependence on individuals. The Company also has established organizational development policies and procedures to ensure the continuous development of its officers and staff. Performances are regularly monitored and appraised, and appropriate and timely action is taken to reward or correct the performances of its officers and staff. The Company maintains a continuous training program and an informal apprenticeship agenda to provide a constant pool of executive-calibre personnel ready for promotion.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects and engineers. However, this valuable human resource is also in demand not only by the Company's competitors, but also from companies outside the Philippines, particularly companies operating in the Middle East. It is important to point out that other development companies face the same risks.

Any inability on the part of Company to hire and, more importantly, retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house. If these situations occur, the Company will be left with no recourse but engage third-party consultants thereby incurring additional costs.

To mitigate this risk, the Company provides its technical personnel with competitive compensation and incentive programs.

Risks relating to the Company's reputation

Infringement of the Company's intellectual property rights over the various names, brands and logos which are used for its operations, including the names "Vista Land," "Camella," "Communities Philippines," "Crown Asia," "Brittany," "Vista Residences," and "Vistamalls," would have a material adverse effect on the Company's business. There can be no assurance that the actions the Company has taken will be adequate to prevent third parties from using these names, brands and logos or from naming their products using the same.

In addition, there can be no assurance that third parties will not assert rights in, or ownership of the Company's name, trademarks and other intellectual property rights. Because Vista Land believes that the reputation and track record it has established under its brands is key to its future growth, the Company's business, financial condition and results of operations may be materially and adversely affected by the use of these names and of any associated trademarks by third parties or if the Company was restricted from using such marks.

The Company, through its corporate communications team maintains a clear, accurate brand and company image and perception in the market to mitigate this risk. The legal team also monitors all intellectual ownership issues of the Company.

Other risks that the Company may be exposed are the following:

- Risks relating to the general Philippine economic condition
- Risks relating to operating in a highly-regulated environment
- Risks relating to political uncertainties
- Risks relating to international credit valuators
- Risks relating to Philippine foreign ownership limitations
- Risks relating to changes in construction material, labor, power and other costs.

To mitigate the above mentioned risks, Vista Land shall continue to adopt appropriate risk management tools as well as conservative financial and operational controls and policies to properly manage the various business risks it faces.

Working Capital

Vista Land finances its working capital requirements through a combination of internally-generated cash, pre-selling, joint ventures, borrowings and proceeds from sale of installment receivables.

Domestic and Export Sales

Amounts of revenue, profitability and identifiable assets attributable to domestic and foreign operations for 2021, 2020 and 2019 follow:

(in Php)	**2022**	**2021**	**2020**
Revenues			
Domestic	28,840,823,286	29,631,970,871	31,256,080,944
Foreign	–	–	–
Net operating Income			
Domestic	13,650,455,752	11,690,787,458	10,150,438,583
Foreign	–	–	–
Net income			
(attributable to equity holders of VLL)			
Domestic	6,119,908,897	6,426,541,859	6,056,015,749
Foreign	–	–	–
Total Assets			
Domestic	322,214,067,564	313,986,627,597	284,056,771,250
Foreign	–	–	–

Item 2. Properties

Details of the Company and its subsidiaries raw land inventory as of December 31, 2022 are set out in the table below:

Location	Area (in has.)
Mega Manila	1,672.3
Other parts of Luzon	501.3
Visayas	485.3
Mindanao	243.6
Total	**2,902.5**

Land includes Vistamalls 144.1 hectares of raw land as of December 31, 2022.

As of December 31, 2022, land and improvements are not used to secure the borrowing of the Group (see Note 20 of the 2022 Audited Financial Statements).

Properties for lease

The Company and its subsidiaries' properties for lease are mainly land and commercial centers. In the year 2022, 2021, and 2020, rental earned from investment properties amounted to ₱13.7 billion, ₱9.3 billion and ₱7.1 billion, respectively. Lease payments and terms vary depending on the type of property and tenant (see Note 14 of the 2022 Audited Financial Statements).

Item 3. Legal Proceedings

The Company is not subject to any civil or criminal lawsuit or other legal actions. The Subsidiaries are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases include adverse claims against a Subsidiary's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. From time to time, the Subsidiaries also dispute taxes that have been assessed against them by the Philippine Bureau of Internal Revenue. In the opinion of the Company's management, none of the lawsuits or legal actions to which the Subsidiaries are currently subject will materially affect the daily operations of their business nor will they have a material adverse effect on the Company's consolidated financial position and results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of security holders during the fourth quarter of 2022.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

Market Information

Vista Land's common shares are listed with the Philippine Stock Exchange. The company was listed on June 25, 2007. Data on the quarterly stock price movement of Vista Land for the years 2023, 2022, 2021, and 2020:

	2023			2022			2021			2020		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	2.01	1.62	1.71	3.53	2.57	2.61	4.81	3.72	3.74	7.60	3.07	4.08
2nd				2.84	1.92	1.98	3.88	3.40	3.80	4.41	3.25	3.69
3rd				2.26	1.60	1.60	3.87	3.38	3.50	3.97	2.91	3.41
4th				1.73	1.39	1.65	3.86	3.35	3.53	5.29	3.19	4.68

The market capitalization of VLL as of December 31, 2022 based on the closing price of ₱1.65/share on December 29, 2022, the last trading date for the fourth quarter of 2022, was approximately ₱20.95 billion.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

Stockholders

Common

There are approximately 942 holders of common equity security of the Company as of December 31, 2022 (based on the number of accounts registered with the Stock Transfer Agent).

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

	Name	No. of Shares	Percentage[1]
1	FINE PROPERTIES, INC.[2]	7,125,545,458	56.12%
2	PCD NOMINEE CORPORATION (FILIPINO)	1,881,482,474	14.82%
3	PCD NOMINEE CORPORATION (FOREIGN)	1,596,619,698	12.57%
4	ALTHORP HOLDINGS, INC[3]	1,235,292,469	9.73%
5	MANUELA CORPORATION [4]	752,208,215	5.92%
6	MANUEL B. VILLAR, JR. [4]	293,969,986	2.32%
7	MANUEL PAOLO A. VILLAR [5]	222,796,324	1.75%
8	JOHN T. LAO	2,853,000	0.02%
9	SULFICIO TAGUD JR. &/OR ESTER TAGUD	401,000	0.00%
10	ACRIS CORPORATION	300,000	0.00%
11	CHRISTIAN A. AGUILAR	290,617	0.00%
12	BENJAMARIE THERESE N. SERRANO	200,000	0.00%
13	MARIBETH TOLENTINO	200,000	0.00%
14	CHERYL JOYCE YOUNG	200,000	0.00%
15	LUCIO W. YAN &/OR CLARA Y. YAN	150,000	0.00%
16	MAXIMO S. UY &/OR LIM HUE HUA	120,000	0.00%
17	LUCIO WONG YAN	100,000	0.00%

	Name	No. of Shares	Percentage[1]
18	ALBERTO MENDOZA &/OR OR JEANIE MENDOZA	94,635	0.00%
19	LUCIANO H. TAN	50,000	0.00%
20	VICENTE DE VERA	47,000	0.00%
	TOTAL	**13,112,876,826**	**103.27%**
	OTHER STOCKHOLDERS	1,215,500	0.01%
	TREASURY SHARES – AS OF DECEMBER 31, 2022	(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 December 31, 2022*
[2] *Includes 3,338,599,797 lodged under PCD Nominee Corp. (Filipino)*
[3]*Includes 10,983,363 shares owned by ML&H Corporation which have been merged with Althorp Holdings, Inc. and 1,224,309,106 lodged under PCD Nominee Corp. (Filipino)*
[4]*Lodged under PCD Nominee Corp. (Filipino)*
[5]*Includes 222,596,324 lodged under PCD Nominee Corp. (Filipino)*

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

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

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

₱0.0500 per share Regular Cash Dividend
Declaration Date: September 30, 2020
Record date: October 16, 2020
Payment date: October 30, 2020

₱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: October 30, 2017

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

Dividend Policy

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

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

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

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the 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 March 31, 2022, the Company has obtained a Five-Year Corporate Note Facility amounting to PHP 6.0 billion. The Group made an initial drawdown of PHP 4.0 billion at a fixed rate of 6.6416% per annum. On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of PHP 2.0 billion due 2027, at a fixed interest of 6.6416% per annum.

On December 28, 2022, the Company entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Note Facility due 2025 amounting of up to PHP 12.0 billion. The Group made an initial drawdown of PHP8.6 billion at a fixed rate of 7.9314% per annum.

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

Stock Options

None.

Item 6. Management's Discussion and Analysis or Plan of Operation

REVIEW OF YEAR END 2022 VS YEAR END 2021

Revenues

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

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

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

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

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

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

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

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

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

Costs and Expenses

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

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

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

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

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

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

Provision for Income Tax

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

Net Income

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

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

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

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

FINANCIAL CONDITION

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

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

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

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

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

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

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

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

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

- Income tax payable increased by 155.8% from ₱49.7 million as of December 31, 2021 to ₱127.1 million as of December 31, 2022 due primarily to the higher taxable income for the year coming from the commercial segment.

- Dividend payable increased by 505.6% from ₱15.9 million as of December 31, 2021 to ₱96.0 as of December 31, 2022 due primarily to the remaining dividends for the year.

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income tax payable increased by 155.8% from ₱49.7 million as of December 31, 2021 to ₱127.1 million as of December 31, 2022 due primarily to the higher taxable income for the year coming from the commercial segment.

Dividend payable increased by 505.6% from ₱15.9 million as of December 31, 2021 to ₱96.0 as of December 31, 2022 due primarily to the remaining dividends for the year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REVIEW OF YEAR END 2021 VS YEAR END 2020

Revenues

Real Estate

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

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

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

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

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

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

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

Interest income from installment contract receivable and investments
Interest income from installment contract receivable and investments slightly increased by 13% from ₱2,065.5 million for the year ended December 31, 2020 to ₱2,323.9 for the year ended December 31, 2021. The increase was primarily attributable to the increase in interest income from investments of 8% to ₱1,549.4 million for the year ended December 31, 2021 and the increase in the interest income from installment contract receivables of 23% to ₱774.4 million for the year ended December 31, 2020.

Parking, hotel, mall administrative and processing fees and others
Income from parking, hotel, mall administrative and processing fees and others increased by 32% from ₱1,630.5 million for the year ended December 31, 2020 to₱2,146.9 for the year ended December 31, 2021.

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

<u>Costs and Expenses</u>

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

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

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

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

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

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

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

Provision for Income Tax

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

Net Income

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

For the year ended December 31, 2021, except as discussed in *Notes 36 – Other Matters* of the 2021 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

FINANCIAL CONDITION

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

Total assets as of December 31, 2021 were ₱313,986.6 million compared to ₱284,056.8 million as of December 31, 2019, or a 11% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments, available-for-sale financial assets (excluding equity securities), held-to-maturity investments and investments at amortized costs slightly increased by 25% from ₱49,596.0 million as of December 31, 2020 to ₱ 62,0101.1 million as of December 31, 2021 due primarily to cash from operations and financing activities.

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

- Receivables including non-current portion thereof increased by 10% from ₱64,627.8 million as of December 31, 2020 to ₱71,233.4 million as of December 31, 2021 due to an increase in the various receivables of the company such as installment contracts receivable, accounts receivable from tenants, and accrued rental receivables.

- Receivables from related parties - net decreased by 100% from ₱5,687.7 million as of December 31, 2020 to ₱6,085.2 million as of December 31, 2021 due to additional advances for the year.

- Real estate inventories including raw land for residential development and construction materials increased by 12% from ₱44,371.1 million as of December 31, 2020 to ₱49,596.9 million as of December 31, 2021 due to the increase in the subdivision land for sale as well as the increase in the construction materials which is included in the account.

- Project development costs increased by 174% from ₱2,681.4 million as of December 31, 2020 to ₱1,274.1 million as of December 31, 2021 due settlements for the year.

- Investment properties increased by 7% from ₱105,872.9 million as of December 31, 2020 to ₱112,991.8 million as of December 31, 2021 due primarily to the additions to commercial developments during the year as well as the increase in the right of use asset for leased properties.

- Pension assets increased by 73% to ₱283.0 million as of December 31, 2021 from ₱164.0 million as of December 31, 2020 as a result of actuarial adjustment for the company's retirement program.

- Other assets, cost to obtain contract including current portions thereof decreased by 11% from ₱8,298.3 million as of December 31, 2020 to ₱7,416.3 million as of December 31, 2021 due primarily the decrease in cost to obtain contract.

Total liabilities as of December 31, 2021 were ₱201,459.7 million compared to ₱178.377.1 million as of December 31, 2020, or a 3% increase. This was due to the following:

- Accounts and other payables decreased by 9% to ₱15,221.4 million as of December 31, 2021 from ₱16,770.3 million as of December 31, 2020 due to the increase in the various payables and decrease in the current portion of retention payable due to longer than usual completion of projects due to quarantine restrictions imposed by the Government specifically in the provincial areas.

- Current portion of security deposits and advance rent increased by 106% to ₱1,729.3 million as of December 31, 2021 from ₱839.8 million as of December 31, 2020 due to renewal of lease contract and new tenants of our commercial segment..

- Income tax payable decreased by 55% from ₱109.3 million as of December 31, 2020 to ₱49.7 million as of December 31, 2021 due primarily to the application of creditable withholding taxes for the year.

- Dividend payable decreased by 44% from ₱28.1 million as of December 31, 2020 to ₱15.8 million as of December 31, 2021 due primarily to the lower dividends declared during the year.

- Notes payable including non-current portion increased by 9% from ₱99,003.6 million as of December 31, 2020 to ₱107,930.2 million as of December 31, 2020 due primarily to the issuance of dollar notes during the year.

- Bank loans including non-current portion increased by 34% from ₱42,373.8 million as of December 31, 2020 to ₱56,992.3 million as of December 31, 2021due primarily to the availments during the year.

- Loans payable including non-current portion decreased by 13% from ₱4,321.9 million as of December 31, 2019 to ₱3,779.5 million as of December 31, 2020 due to settlements during the year.

- Lease Liabilities including non-current portion increased by 13% from₱2,674.9 million as of December 31, 2019 to ₱5,435.8 million as of December 31, 2020 due to renewal of a land lease that resulted to a higher lease liabilities recognition.

- Deferred tax liabilities – net increased by 29% from ₱3,837.6 million as of December 31, 2020 to ₱4,924.3 million as of December 31, 2021 due to the additional deferred tax liabilities recognized for the year.

- Other noncurrent liabilities decreased by 37% from ₱5,551.1million as of December 31, 2020 to ₱3,521.4 million as of December 31, 2020 due primarily to the decrease in the retention payable as well as increase in security deposits and advance rent for the year.

Total stockholder's equity increased by 6% from ₱105,679.6 million as of December 31, 2020 to ₱112,526.9 million as of December 31, 2020 due to the net income recorded for the year ended December 31, 2020 and increase in non-controlling interest.

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

Receivables including non-current portion thereof increased by 10% from ₽64,627.8 million as of December 31, 2020 to ₽71,233.4 million as of December 31, 2021 due to an increase in the various receivables of the company such as installment contracts receivable, accounts receivable from tenants, and accrued rental receivables.

Receivables from related parties - net decreased by 100% from ₽5,687.7 million as of December 31, 2020 to ₽6,085.2 million as of December 31, 2021 due to additional advances for the year.

Real estate inventories including raw land for residential development and construction materials increased by 12% from ₱44,371.1 million as of December 31, 2020 to ₱49,596.9 million as of December 31, 2021 due to the increase in the subdivision land for sale as well as the increase in the construction materials which is included in the account.

Project development costs increased by 174% from ₱2,681.4 million as of December 31, 2020 to ₱1,274.1 million as of December 31, 2021 due settlements for the year.

Investment properties increased by 7% from ₱105,872.9 million as of December 31, 2020 to ₱112,991.8 million as of December 31, 2021 due primarily to the additions to commercial developments during the year as well as the increase in the right of use asset for leased properties.

Pension assets increased by 73% to ₱283.0 million as of December 31, 2021 from ₱164.0 million as of December 31, 2020 as a result of actuarial adjustment for the company's retirement program.

Other assets, cost to obtain contract including current portions thereof decreased by 11% from ₱8,298.3 million as of December 31, 2020 to ₱7,416.3 million as of December 31, 2021 due primarily the decrease in cost to obtain contract.

Accounts and other payables decreased by 9% to ₱15,221.4 million as of December 31, 2021 from ₱16,770.3 million as of December 31, 2020 due to the increase in the various payables and decrease in the current portion of retention payable due to longer than usual completion of projects due to quarantine restrictions imposed by the Government specifically in the provincial areas.

Current portion of security deposits and advance rent increased by 106% to ₱1,729.3 million as of December 31, 2021 from ₱839.8 million as of December 31, 2020 due to renewal of lease contract and new tenants of our commercial segment..

Income tax payable decreased by 55% from ₱109.3 million as of December 31, 2020 to ₱49.7 million as of December 31, 2021 due primarily to the application of creditable withholding taxes for the year.

Dividend payable decreased by 44% from ₱28.1 million as of December 31, 2020 to ₱15.8 as of December 31, 2021 due primarily to the lower dividends declared during the year.

Notes payable including non-current portion increased by 9% from ₱99,003.6 million as of December 31, 2020 to ₱107,930.2 million as of December 31, 2020 due primarily to the issuance of dollar notes during the year.

Bank loans including non-current portion increased by 34% from ₱42,373.8 million as of December 31, 2020 to ₱56,992.3 million as of December 31, 2021due primarily to the availments during the year.

Loans payable including non-current portion decreased by 13% from₱4,321.9 million as of December 31, 2019 to ₱3,779.5 million as ofDecember 31, 2020 due to settlements during the year.

Lease Liabilities including non-current portion increased by 13% from₱2,674.9 million as of December 31, 2019 to ₱5,435.8 million as of December 31, 2020 due to renewal of a land lease that resulted to a higher lease liabilities recognition.

Deferred tax liabilities – net increased by 29% from ₱3,837.6 million as of December 31, 2020 to ₱4,924.3 million as of December 31, 2021 due to the additional deferred tax liabilities recognized for the year.

Other noncurrent liabilities decreased by 37% from ₱5,551.1million as of December 31, 2020 to ₱ 3,521.4 million as of December 31, 2020 due primarily to the decrease in the retention payable as well as increase in security deposits and advance rent for the year.

Total stockholder's equity increased by 6% from ₱105,679.6 million as of December 31, 2020 to ₱112,526.9 million as of December 31, 2020 due to the net income recorded for the year ended December 31, 2020 and increase in non-controlling interest.

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

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

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

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

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

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

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

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

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

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

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

<u>REVIEW OF YEAR END 2020 VS YEAR END 2019</u>

RESULTS OF OPERATIONS

<u>Revenues</u>

Real Estate
The Company recorded revenue from real estate sales amounting to ₱21,800.6 million for the year ended December 31, 2020, a decrease of 34% from ₱32,827.9 million in same period last year. This was primarily attributable to the decrease in the overall completion rate of sold inventories of its business units as a result of the enhanced community quarantine ("ECQ") implemented on March 16, 2020 that prohibited construction activities. 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 slightly increased by 2% to ₱2,467.1 million for the year ended December 31, 2020 from ₱2,418.6 million for the year ended December 31, 2019. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the year including that of the prior years. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Crown Asia decreased by 25% to ₱793.1 million for the year ended December 31, 2020 from ₱1,062.0 million for the year ended December 31, 2019. The decrease was principally attributable to the decrease in the number of completed units sold for the year of projects in the Mega Manila area in the middle-income housing segment.

- Real estate revenue of Communities Philippines decreased by 34% to ₱9,712.4 million for the year ended December 31, 2020 from ₱14,608.9 million for the year ended December 31, 2019. This was principally attributable to the decrease in the number of sold homes completed or under construction outside the Mega Manila area in the affordable housing segment during the year.

- Real estate revenue of Camella Homes decreased by 38% to ₱8,808.9 million for the year ended December 31, 2020 from ₱14,284.7 million for the year ended December 31, 2019. This was principally attributable to the decrease in the number of sold homes completed or under construction in the Mega Manila area in the affordable housing segment during the year.

- Real estate revenue of Brittany decreased by 96% to ₱19.1 million for the year ended December 31, 2020 from ₱453.7 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 decreased by 7% from ₱7,748.4 million for the year ended December 31, 2019 to ₱7,196.7 million for the year ended December 31, 2020. The decrease was primarily attributable to the mall closures during lockdown starting March 16, 2020 but was offset by the tenant mix of the malls being majority essential thus they were allowed to operate as soon as the lockdown were gradually lifted. In addition, the group provided concession to tenants on a case by case rather than an across the board concessions.

Interest income from installment contract receivable and investments
Interest income from installment contract receivable and investments slightly decreased by 1% from ₱2,085.7 million for the year ended December 31, 2019 to ₱2,065.5 for the year ended December 31, 2020. The decrease was primarily attributable to the decrease in interest income from investments of 5% to ₱1,437.3 million for the year ended December 31, 2020 offset by the increase in the interest income from installment contract receivables of 9% to ₱628.2 million for the year ended December 31, 2020 as some of our buyers availed of the deferrals of payment (Bayanihan Law).

Parking, hotel, mall administrative and processing fees and others
Income from parking, hotel, mall administrative and processing fees and others decreased by 7% from ₱1,744.1 million for the year ended December 31, 2019 to ₱1,630.5 for the year ended December 31, 2020. The decrease was primarily attributable to the 74% decrease from our income from hotel operations to ₱48.5 million for the year ended December 31, 2020, a 39% decrease from parking fees from our malls to ₱117.6 million offset by a 21% increase from income from mall administrative and processing fees to ₱546.1 million.

Costs and Expenses

Cost and expenses decreased by 23% to ₱21,105.6 million for the year ended December 31, 2020 from ₱27,255.6 million for the year ended December 31, 2019.

- Cost of real estate sales decreased by 24% from ₱15,768.5 million for the year ended December 31, 2019 to ₱12,020.7 million for the year ended December 31, 2020 primarily due to the decrease in the overall recorded sales of Vista Land's business units. The company also recorded a non-cash adjustment to cost out borrowing costs previously capitalized on certain real estate inventories sold during the year.

- Operating expenses decreased by 21% from ₱11,487.1 million for the year ended December 31, 2019 to ₱9,084.9 million for the year ended December 31, 2020 primarily due to the following:

  - a decrease in advertising and promotions from ₱1,428.0 million for the year ended December 31, 2019 to ₱714.0 million for the year ended December 31, 2020 resulting from subsequent decrease in marketing expenses due to the pandemic and shift to digital marketing.

  - a decrease in occupancy costs from ₱1,167.3 million for the year ended December 31, 2019 to
    ₱499.7 million for the year ended December 31, 2020 due to the decrease in utilities expenses due to the implementation of telecommuting as a result of the implementation of the enhanced community quarantine in relation to the COVID-19 pandemic.

  - a decrease in commission expenses from ₱1,566.7 million for the year ended December 31, 2019 to ₱1,031.5 million in the year ended December 31, 2020 due to decrease in real estate sales for the year and to the shift to digital marketing.

Interest and other financing charges
Interest and other financing charges increased by 11% from ₱3,567.9 million for the year ended December 31, 2019 to ₱3,971.9 million for the year ended December 31, 2020. The increase was primarily attributable to the full year recording of interest from loans acquired in December 2019 net of capitalization of interest.

Provision for Income Tax

Provision for income tax decreased by 38% from ₱1,973.4 million for the year ended December 31, 2019 to ₱1,229.2 million for the year ended December 31, 2020 primarily due to a lower taxable base for the year.

Net Income

As a result of the foregoing, the Company's net income decreased by 45% to ₱6,386.6 million for the year ended December 31, 2020 from ₱11,609.2 million for the year ended December 31, 2019.

For the year ended December 31, 2020, except as discussed in *Notes 36 – Other Matters* of the 2020 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

FINANCIAL CONDITION

As of December 31, 2020 vs. December 31, 2019

Total assets as of December 31, 2020 were ₱284,056.8 million compared to ₱272,538.6 million as of December 31, 2019, or a 4% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments, available-for-sale financial assets (excluding equity securities), held-to-maturity investments and investments at amortized costs slightly increased by 3% from ₱47,948.2 million as of December 31, 2019 to ₱49,596.0 million as of December 31, 2020 due primarily to the cash conversation measures especially on the cutting of capital expenditure program for the year.

- Investments at fair value through other comprehensive income slightly decreased from ₱117.5 million as of December 31, 2019 to ₱116.5 million as of December 31, 2020 due to the decrease in fair value of quoted equity securities for the year.

- Receivables including non-current portion thereof increased by 12% from ₱57,833.6 million as of December 31, 2019 to ₱64,627.8 million as of December 31, 2020 due to an increase in the various receivables of the company such as installment contracts receivable, accounts receivable from tenants, and accrued rental receivables primarily because of the availment of payment deferrals by some buyers and customers.

- Receivables from related parties - net increased by 10% from ₱5,155.6 million as of December 31, 2019 to ₱5,687.7 million as of December 31, 2020 due to payments made by the Group on certain advances from the Parent Company during the year.

- Real estate inventories including raw land for residential development and construction materials slightly increased by 1% from ₱43,908.7 million as of December 31, 2019 to ₱44,371.1 million as of December 31, 2020 due to the projects launched during the year.

- Project development costs decreased by 35% from ₱4,150.6 million as of December 31, 2019 to ₱2,681.4 million as of December 31, 2020 due settlements for the year.

- Property and equipment decreased by 9% from ₱2,547.3 million as of December 31, 2019 to ₱2,305.5 as of December 31, 2020 due to the corresponding depreciation and no new substantial acquisitions for the year.

- Investment properties increased by 4% from ₱101,434.9 million as of December 31, 2019 to ₱105,872.9 million as of December 31, 2020 due primarily to the additions to commercial developments during the year.

- Pension assets decreased by 39% to ₱164.0 million as of December 31, 2020 from ₱267.9 million as of December 31, 2019 as a result of actuarial adjustment for the company's retirement program.

- Other assets, cost to obtain contract including current portions thereof decreased by 3% from ₱8,542.8 million as of December 31, 2019 to ₱8,298.3 million as of December 31, 2020 due primarily the decrease in cost to obtain contract.

Total liabilities as of December 31, 2020 were ₱178.377.1 million compared to ₱172,586.0 million as of December 31, 2019, or a 3% increase. This was due to the following:

- Accounts and other payables increased by 27% to ₱16,770.3 million as of December 31, 2020 from ₱13,164.1 million as of December 31, 2019 due to the increase in trade payables and other payables specifically current portion of retention payable due to longer than usual completion of projects due to quarantine restrictions imposed by the Government.

- Current portion of security deposits and advance rent decreased by 43% to ₱839.8 million as of December 31, 2020 from ₱1,469.5 million as of December 31, 2019 due to renewal of contract that resulted to reclassification of the payables to noncurrent.

- Income tax payable increased by 63% from ₱67.1 million as of December 31, 2019 to ₱109.3 million as of December 31, 2020 due primarily to higher tax payable after the application of creditable withholding taxes for the year.

- Dividend payable decreased by 59% from ₱68.9 million as of December 31, 2019 to ₱28.1 as of December 31, 2020 due primarily to the lower dividends declared during the year.

- Notes payable including non-current portion increased by 6% from ₱93,190.2 million as of December 31, 2019 to ₱99,003.6 million as of December 31, 2020 due primarily to the issuance of dollar notes during the year.

- Bank loans including non-current portion decreased by 10% from ₱47,175.1 million as of December 31, 2019 to ₱42,375.1 as of December 31, 2020 due primarily to the settlements during the year.

- Loans payable including non-current portion increased by 27% from ₱3,405.0 million as of December 31, 2019 to ₱4,321.9 million as of December 31, 2020 due to increase in sold receivables during the year.

- Deferred tax liabilities – net increased by 9% from ₱3,523.5 million as of December 31, 2019 to ₱3,837.6 million as of December 31, 2020 due to the additional deferred tax liabilities recognized for the year.

- Other noncurrent liabilities increased by 25% from ₱4,434.2 million as of December 31, 2019 to ₱5,551.1 million as of December 31, 2020 due primarily to the increase in the retention payable as well as increase in security deposits and advance rent for the year.

Total stockholder's equity increased by 6% from ₱99,952.7 million as of December 31, 2019 to ₱105,679.6 million as of December 31, 2020 due to the net income recorded for the year ended December 31, 2020 and increase in non-controlling interest.

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

Key Performance Indicators	12/31/2020	12/31/2019
Current ratio [(a)]	3.16:1	3.96:1
Liability-to-equity ratio [(b)]	1.69:1	1.73:1
Interest expense/Income before Interest expense [(c)]	34.3%	20.8%
Return on assets [(d)]	2.2%	4.3%
Return on equity [(e)]	6.0%	11.6%

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, 2020 decreased from that of December 31, 2019 due primarily to the increase in the current liabilities specifically the lease liabilities.

Liability-to-equity ratio slightly decreased due to the higher increase in total equity compared to increase in total liabilities for the year.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2020 compared to the ratio for the year ended December 31, 2019 due to the higher interest expense for the year.

Return on asset decreased in the year ended December 31, 2020 compared to that on December 31, 2019 due the lower income recorded for the period.

Return on equity decreased due primarily to the lower income reported for the year ended December 31, 2020.

Material Changes to the Company's Balance Sheet as of December 31, 2020 compared to December 31, 2019 (increase/decrease of 5% or more)

Receivables including non-current portion thereof increased by 12% from ₱57,833.6 million as of December 31, 2019 to ₱64,627.8 million as of December 31, 2020 due to an increase in the various receivables of the company such as installment contracts receivable, accounts receivable from tenants, and accrued rental receivables primarily because of the availment of payment deferrals by some buyers and customers.

Receivables from related parties - net increased by 10% from ₱5,155.6 million as of December 31, 2019 to ₱5,687.7 million as of December 31, 2020 due to payments made by the Group on certain advances from the Parent Company during the year.

Project development costs decreased by 35% from ₱4,150.6 million as of December 31, 2019 to ₱2,681.4 million as of December 31, 2020 due settlements for the year.

Property and equipment decreased by 9% from ₱2,547.3 million as of December 31, 2019 to ₱2,305.5 as of December 31, 2020 due to the corresponding depreciation and no new substantial acquisitions for the year.

Pension assets decreased by 39% to ₱164.0 million as of December 31, 2020 from ₱267.9 million as of December 31, 2019 as a result of actuarial adjustment for the company's retirement program.

Accounts and other payables increased by 27% to ₱16,770.3 million as of December 31, 2020 from ₱13,164.1 million as of December 31, 2019 due to the increase in trade payables and other payables specifically current portion of retention payable due to longer than usual completion of projects due to quarantine restrictions imposed by the Government.

Current portion of security deposits and advance rent decreased by 43% to ₱839.8 million as of December 31, 2020 from ₱1,469.5 million as of December 31, 2019 due to renewal of contract that resulted to reclassification of the payables to noncurrent.

Income tax payable increased by 63% from ₱67.1 million as of December 31, 2019 to ₱109.3 million as of December 31, 2020 due primarily to higher tax payable after the application of creditable withholding taxes for the year.

Dividend payable decreased by 59% from ₱68.9 million as of December 31, 2019 to ₱28.1 as of December 31, 2020 due primarily to the lower dividends declared during the year.

Notes payable including non-current portion increased by 6% from ₱93,190.2 million as of December 31, 2019 to ₱99,003.6 million as of December 31, 2020 due primarily to the issuance of dollar notes during the year.

Bank loans including non-current portion decreased by 10% from ₱47,175.1 million as of December 31, 2019 to ₱42,375.1 as of December 31, 2020 due primarily to the settlements during the year.

Loans payable including non-current portion increased by 27% from ₱3,405.0 million as of December 31, 2019 to ₱4,321.9 million as of December 31, 2020 due to increase in sold receivables during the year.

Deferred tax liabilities – net increased by 9% from ₱3,523.5 million as of December 31, 2019 to ₱3,837.6 million as of December 31, 2020 due to the additional deferred tax liabilities recognized for the year.

Other noncurrent liabilities increased by 25% from ₱4,434.2 million as of December 31, 2019 to ₱ 5,551.1 million as of December 31, 2020 due primarily to the increase in the retention payable as well as increase in security deposits and advance rent for the year.

Total stockholder's equity increased by 6% from ₱99,952.7 million as of December 31, 2019 to ₱105,679.6 million as of December 31, 2020 due to the net income recorded for the year ended December 31, 2020 and increase in non-controlling interest.

Material Changes to the Company's Statement of Income for the year ended December 31, 2020 compared to the year ended December 31, 2019 (increase/decrease of 5%or more)

Revenue from real estate sales amounting to ₱21,800.6 million for the year ended December 31, 2020, a decrease of 34% from ₱32,827.9 million in same period last year. This was primarily attributable to the decrease in the overall completion rate of sold inventories of its business units as a result of the enhanced community quarantine ("ECQ") implemented on March 16, 2020 that prohibited construction activities. The Company uses the Percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

Rental income decreased by 7% from ₱7,748.4 million for the year ended December 31, 2019 to ₱7,196.7 million for the year ended December 31, 2020. The decrease was primarily attributable to the mall closures during lockdown starting March 16, 2020 but was offset by the tenant mix of the malls being majority essential thus they were allowed to operate as soon as the lockdown were gradually lifted. In addition, the group provided concession to tenants on a case by case rather than an across the board concessions.

Income from parking, hotel, mall administrative and processing fees and others decreased by 7% from ₱1,744.1 million for the year ended December 31, 2019 to ₱1,630.5 for the year ended December 31, 2020. The decrease was primarily attributable to the 74% decrease from our income from hotel operations to ₱48.5 million for the year ended December 31, 2020, a 39% decrease from parking fees from our malls to ₱117.6 million offset by a 21% increase from income from mall administrative and processing fees to ₱546.1 million.

Cost of real estate sales decreased by 24% from ₱15,768.5 million for the year ended December 31, 2019 to ₱12,020.7 million for the year ended December 31, 2020 primarily due to the decrease in the overall recorded sales of Vista Land's business units. The company also recorded a non-cash adjustment to cost out borrowing costs previously capitalized on certain real estate inventories sold during the year.

Operating expenses decreased by 21% from ₱11,487.1 million for the year ended December 31, 2019 to ₱9,084.9 million for the year ended December 31, 2020 primarily due to the following: a decrease in advertising and promotions from ₱1,428.0 million for the year ended December 31, 2019 to ₱714.0 million for the year ended December 31, 2020 resulting from subsequent decrease in marketing expenses due to the pandemic and shift to digital marketing; a decrease in occupancy costs from ₱1,167.3 million for the year ended December 31, 2019 to ₱499.7 million for the year ended December 31, 2020 due to the decrease in utilities expenses due to the implementation of telecommuting as a result of the implementation of the enhanced community quarantine in relation to the COVID-19 pandemic; and a decrease in commission expenses from ₱1,566.7 million for the year ended December 31, 2019 to ₱1,031.5 million in the year ended December 31, 2020 due to decrease in real estate sales for the year and to the shift to digital marketing.

Interest and other financing charges increased by 11% from ₱3,567.9 million for the year ended December 31, 2019 to ₱3,971.9 million for the year ended December 31, 2020. The increase was primarily attributable to the full year recording of interest from loans acquired in December 2019 net of capitalization of interest.

Provision for income tax decreased by 38% from ₱1,973.4 million for the year ended December 31, 2019 to ₱1,229.2 million for the year ended December 31, 2020 primarily due to a lower taxable base for the year.

Net income decreased by 45% to ₱6,386.6 million for the year ended December 31, 2020 from ₱ 11,609.2 million for the year ended December 31, 2019.

For the year ended December 31, 2020, except as discussed in *Notes 36 – Other Matters* of the 2020 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

Factors which may have material impact in Company's operations

Economic factors

The economic situation in the Philippines significantly affects the performance of the Company's business. For the residential products, the Company is sensitive to changes in domestic interest and inflation rates. Higher interest rates tend to discourage potential buyers of residential units as mortgages become unaffordable to them. An inflationary environment will adversely affect the Company, as well as the real estate industry, by increases in costs such as land acquisition, labor and material. Although the Company may pass on the additional costs to buyers, there is no assurance that this will not significantly affect the Company's sales.

Competition

Please refer to the discussion on Competition found in Item 1 of this report.

Capital Expenditures

The table below sets out the Company's capital expenditures in 2020, 2021 and 2022.

	Expenditure
	(in ₱ millions)
2020 (actual)	24,611.5
2021 (actual)	21,139.6
2022 (actual)	22,516.3

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

Components of the Company's capital expenditures for 2020, 2021 and 2022 are summarized below:

	For the years ended December 31,		
	2020	**2021**	**2022**
		(in ₱ millions)	
Land acquisition/Advances to joint venture partners	2,391.5	1,646.6	1,353.8
Land development	5,769.4	5,096.4	5,539.3
Construction	16,450.6	14,396.6	15,623.3
Total	**24,611.4**	**21,139.6**	**22,516.3**

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2022 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

SGV & Co., independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2020, 2021 and 2022, 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 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.

External Audit Fees and Services

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

	2021	2022
	(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	₱ 30,350	₱ 35,502
All other fees	–	–
Total	**₱ 30,350**	**₱ 35,502**

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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, 2020, 2021 and 2022 included in this report.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The overall management and supervision of the Company is undertaken by the Board. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists of seven members, of which two are independent directors.

All of the directors were elected at the Company's annual stockholders meeting on June 15, 2022 and will hold office until their successors have been duly elected and qualified.

The table below sets forth the members of the Company's Board as of December 31, 2022.

Name	Age	Position	Citizenship
Manuel B. Villar, Jr.	73	Chairman of the Board	Filipino
Manuel Paolo A. Villar	47	Vice Chairman of the Board, President and Chief Executive Officer	Filipino
Cynthia J. Javarez	60	Director, Chief Operating Officer	Filipino
Camille A. Villar	38	Director, Managing Director of Vista Land Commercial Division	Filipino
Frances Rosalie T. Coloma	60	Director	Filipino
Justina F. Callangan	70	Independent Director	Filipino
Romulo L. Neri	73	Independent Director	Filipino

The table below sets forth Vista Land's executive officers in addition to its executive directors listed above as of December 31, 2022.

Name	Age	Position	Citizenship
Brian N. Edang	44	Chief Financial Officer and Head Investor Relations	Filipino
Gemma M. Santos	61	Corporate Secretary	Filipino
Ma. Nalen SJ Rosero	52	Chief Legal Counsel, Chief Information Officer and Compliance Officer	Filipino
Lorelyn D. Mercado	53	Controller	Filipino
Melissa Camille Z. Domingo	36	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, 73, 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 MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.).He is a member of the following organizations: Makati Business Club, Manila Golf Club, Management Association of the Philippines, Financial Executive Institute of the Philippines (FINEX), Philippine Institute of Certified Public Accountants, and the Villar Social Institute for Poverty Alleviation and Governance (SIPAG).

Manuel Paolo A. Villar. *Vice Chairman of the Board and President & Chief Executive Officer.* Mr. Villar, 47, 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., VistaREIT, 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, 60, 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, 38, 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 MV Holdings, Inc. (formerly 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*, 60, 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 MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.).

Justina F. Callangan, *Independent Director*, Atty. Callangan, 70, graduated cum laude from the University of the East with the degree of Bachelor of Arts in Political Science in 1973, and from San Sebastian College with the degree of Bachelor of Laws in 1980. She was a Political Science Instructor of the University of the East from 1974 to 1981 and became an Assistant Professor in Taxation and Business Laws from 1981 until her retirement from the university in 1995. Atty. Callangan started her career in the Securities and Exchange Commission as Analyst II in 1982 and held various positions with the Commission until she became Director of the Corporation Finance Department (now the Corporate Governance and Finance Department) from February 2001 to October 2017. She was also an Assistant Vice President of the Legal Department of the Urban Bank from November 1995 to November 2000. From November 2018 to December 2019, Atty. Callangan served as consultant in the Listings Department of the Philippine Stock Exchange. She was elected in August 2020 as Director representing the Public Sector in the Securities Investors Protection Fund, Inc. Currently, she is an Independent Director of ORIX Metro Leasing and Finance Corporation, Panasonic Manufacturing Philippines Corp. and AIB Money Market Fund, a SEC-registered mutual fund. She is also a consultant to ASA Philippines Foundation, Inc. and to Divina Law Office since 2018. Atty. Callangan is a Mandatory Continuing Legal Education (MCLE) Lecturer on various SEC matters in both UP Law Center Institute for the Administration of Justice and Center for Global Best Practices.

Romulo L. Neri. *Independent Director,* 73, Mr. Neri graduated magna cum laude and class valedictorian from the University of the Philippines with the degree of Bachelor of Science in Business Administration in 1970. He took Master in Business Administration Major in Finance and International Management from the University of California in Los Angeles in 1979. Mr. Neri was a faculty member of the University of the Philippines from 1970 to 1971 and was an Asian Professor for Corporate Financial Management from 1986 to 1990 and Associate Professor from 1990-2002 both in Asian Institute of Management. Mr. Neri held various positions in the Philippine Government, including: Director General of the Congressional Planning and Budget Office from 1990 to 2002; Secretary of Socio-Economic Planning and Director General of the National Economic Development Authority from 2002 to 2005 and from 2006 to 2007; Secretary of the Department of Budget and Management from 2005 to 2006; Monetary Board Member from 2005 to 2008; Chairman of the Commission on Higher Education from 2007 to 2008; and President and Chief Executive Officer of the Social Security System from

2008 to 2010. Mr. Neri also rendered various consultancy services such as Capacity Building Programs for the Public Private Partnership (PPP) Center under ADB sponsorship and review of various studies by World Bank, ADB, JICA and FEF on Bangsa Moro and Mindanao Development programs. He was also Consultant to the Energy Regulation Commission from 2019 to 2020 and to Faberco Life Sciences from 2020 up to 2021.

Brian N. Edang. *Chief Financial Officer and Head Investor Relations.* Mr. Edang, 44, 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). He is also currently serving as a director of VistaREIT, Inc.

Gemma M. Santos. *Corporate Secretary*. Atty. Santos, 61, 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 MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.) and VstaREIT, Inc. and a director of Philippine Associated Smelting and Refining Corporation (PASAR), Fine Properties, Inc., Bulacan Water District and Bulakan Water Co., Inc.

Ma. Nalen S.J. Rosero. *Chief Legal Counsel, Chief Information Officer and Compliance Officer.* Atty. Rosero, 52, 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 currently serving as the Chief Compliance Officer and Assistant Corporate Secretary of VistaREIT, Inc. 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.

Lorelyn D. Mercado. *Controller*, Ms. Mercado, 53, 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, 36, graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration & Accountancy in 2008. She is a Certified Public Accountant. In 2011, she took the Certified Internal Auditor examination and was part of the Top 50 successful examinees globally. Prior to joining Vista Land in 2013 as Senior Financial Analyst, she was with SGV & Co. (EY Philippines) as Associate Director. She was the Finance Head of Vista Land until she assumed the Chief Audit Executive position in June 2019. She is also currently serving as a director, and then Chief Financial Officer, Treasurer, and Head, Investor Relations of VistaREIT, Inc.

Family relationships

The Chairman of the Board, Mr. Manuel B. Villar, Jr., is the father of Mr. Manuel Paolo A. Villar, who is the President and Chief Executive Officer of the Company and Ms. Camille A. Villar who is a director and the Managing Director of Vista Land Commercial.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best knowledge of the Company, during the past five (5) years up to the date of this report, none of the above-named directors or executive officers has been subject to the following:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or
- Found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

Executive Compensation

The Company paid compensation to its directors and executive officers. However, other executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage.

The compensation for its executive officers for the years 2021 and 2022 (actual) and 2023 (projected) are shown below:

Names	Position	Year	Salary	Bonus	Others
Manuel Paolo A. Villar	President & CEO				
Cynthia J. Javarez	COO				
Brian N. Edang	CFO & Head IR				
Ma. Nalen S.J. Rosero	Chief Legal Counsel/ CIO				
Lorelyn D. Mercado	Controller				
Aggregate executive compensation for above named officers		Actual 2021 Actual 2022 Projected 2023	₱56.2M ₱56.9M ₱58.1M	₱7.8M ₱8.8M ₱9.0M	None None None
Aggregate executive compensation of all other officers and directors, unnamed		Actual 2021 Actual 2022 Projected 2023	₱132.4M ₱151.6M ₱157.6M	₱20.4M ₱23.4M ₱24.3M	None None None

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 2020, 2021 and 2022.

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 2020, 2021 or 2022 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between Vista Land 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.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of our voting securities as of December 31, 2022 are shown below:

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
Common	Fine Properties, Inc LGF, Bldg B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City Shareholder	Fine Properties, Inc./ Record Owner is also beneficial Owner[2]	Filipino	3,786,945,661	23.671%
Common	PCD Nominee Corporation 6764 Ayala Avenue, Legazpi Village, Makati City Shareholder	Fine Properties, Inc./ Record Owner is not the beneficial Owner[2]	Filipino	3,338,599,797	20.869%
Preferred	Fine Properties, Inc LGF, Bldg B, Evia Lifestyle Center, Daang Hari, Almanza Dos,Las Piñas City Shareholder	Fine Properties, Inc./ Record Owner is also beneficial Owner[2]	Filipino	3,300,000,000	20.628%
Common	PCD Nominee Corporation 6764 Ayala Avenue, Legazpi Village, Makati City Shareholder	Record Owner is not the beneficial Owner[4]	Filipino	1,804,498,641	11.280%
Common	PCD Nominee Corporation 6764 Ayala Avenue, Legazpi Village, Makati City Shareholder	Record Owner is not the beneficial Owner[4]	Non-Filipino	1,673,559,481	10.461%
Common	Althorp Holdings, Inc. 3L Starmall Las Pinas, CV Starr Ave.,Pamplona, Las Pinas City Shareholder	Fine Properties, Inc./Record Owner is not the beneficial Owner[3]	Filipino	1,235,292,469	7.722%

[1] Based on the total issued and outstanding capital stocks as of December 31, 2022 of 15,998,007,676 shares (common and preferred).
[2] Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of Fine Properties, Inc. The right to vote the shares held by Fine Properties, Inc. has in the past been, and in this annual meeting is expected to be, exercised by either Mr. Villar or Ms. Cynthia J. Javarez.
[3] Fine Properties Inc. is the controlling shareholder of Althorp Holdings, Inc. Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of Fine Properties, Inc. The right to vote the shares held by Fine Properties, Inc. has in the past been, and in this annual meeting is expected to be, exercised by either Mr. Villar or Ms. Cynthia J. Javarez.
[4] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. Except as indicated above, as of Record Date, the

Company is not aware of any investor beneficially owning shares lodged with the PCD which comprise more than five percent (5%) of the Company's total outstanding capital stock.

Security Ownership of Management

Security ownership of certain management as of December 31, 2022:

Title of Class	Name of beneficial owner	Amount of beneficial ownership	Nature	Citizenship	Percent of Class[1]
Common	Manuel B. Villar, Jr.	293,969,986	Direct[2]	Filipino	1.838%
	C. Masibay St. BF Resort Village, Talon, Las Pinas City	9,113,046,142	Indirect[3]	Filipino	56.964%
Preferred	Manuel B. Villar, Jr. C. Masibay St. BF Resort Village, Talon, Las Pinas City	3,300,000,000	Indirect[4]	Filipino	20.628%
Common	Manuel Paolo A. Villar	200,000	Direct	Filipino	0.001%
	C. Masibay St. BF Resort Village, Talon, Las Pinas City	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%
Common	Camille A. Villar C. Masibay St. BF Resort Village, Talon, Las Pinas City	1,000	Indirect	Filipino	0.000%
Common	Frances Rosalie T. Coloma 1-10 Granwood Villas, BF Homes, Quezon City	4,815	Direct	Filipino	0.000%
Common	Justina F. Callangan B164 L17 Castello St., Casa Milan Subd., Fairview, Quezon City	75	Direct	Filipino	0.000%
Common	Romulo L. Neri 28 Palali, Barangay Sienna, Quezon City	1,000	Indirect	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 Pianini St. Napoli Di Citta Italia, Molino, Bacoor, Cavite	100	Direct	Filipino	0.000%
Common	Brian N. Edang B11 L16 Pacita 2, San Pedro, Laguna	-	N/A	Filipino	0.000%
Common	Ma. Nalen SJ. Rosero Blk 5 Lot 1A New Victorianne Row, La Posada Subd., Sucat, Muntinlupa	-	N/A	Filipino	0.000%
Common	Melissa Camille Z. Domingo 62A Labo St., Sta. Mesa Heights, Brgy. San Isidro Labrador, Quezon City	-	N/A	Filipino	0.000%
TOTAL		**12,929,820,602**			**80.821%**

[1] *Based on the total outstanding, issued and subscribed shares of 15,998,007,676 (common and preferred) as of December 31, 2022.*
[2] *Shares lodged under PCD Nominee Corporation (Filipino)*
[3] *Includes 7,125,545,458 shares held thru Fine Properties, Inc., 1,235,292,469 shares held thru Althorp Holdings, Inc. and 752,208,215 shares held thru Manuela Corp.*
[4] *Shares held thru Fine Properties, Inc.*

Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

Voting Trust Holders of 5.0% or More

As of December 31, 2022, 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.

Item 12. Certain Relationships and Related Transactions

As of December 31, 2022, the Villar Family Companies held 74.42% 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.

The Company's most significant related party transactions primarily involve Camella Homes. Camella Homes, from time to time, extends advances to the Villar Family Companies to finance the latter's accumulation of raw land intended for eventual development by Camella Homes' operating subsidiaries. Pending completion of the documentation of these acquisitions and transfer of legal title to the appropriate operating subsidiaries of Camella Homes, these advances are temporarily booked by Camella Homes as receivables from affiliates.

For further information on the Company's related party transactions, see Note 29 to the Company's consolidated financial statements as of and for the years ended December 31, 2020, 2021 and 2022 included in this report.

PART IV – CORPORATE GOVERNANCE

Item 13. Annual Corporate Governance Report (ACGR)

Annual Corporate Governance Report will be filed separately

PART V – SUSTAINABILITY REPORT

VISTA LAND & LIFESCAPES, INC.

Annex A: Reporting Template

CONTEXTUAL INFORMATION

Name of Organization	Vista Land & Lifescapes, Inc. (PSE: VLL)
Location of Headquarters	LGF, Building B Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g., subsidiaries) included in this report*	This Annex reports on the following projects and operations of VLL: ● Brittany Corporation ● Camella Homes, Inc. ● Communities Philippines, Inc. ● Crown Asia Properties, Inc. ● Vista Residences, Inc. Vistamalls, Inc. (PSE: STR), a subsidiary of VLL, publishes its sustainability report separately.
Business Model, including Primary Activities, Brands, Products, and Services	Vista Land & Lifescapes, Inc. (also referred as “the Company”) is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country. The Company is present in 147 cities and municipalities in 49 provinces across the country. It operates its residential property development and commercial property development businesses through six distinct business units – Camella Homes, Communities Philippines, Crown Asia, Brittany, Vista Residences, and Vistamalls.
Reporting Period	January 1, 2022 – December 31, 2022
Highest Ranking Person responsible for this report	**Brian N. Edang** Chief Financial Officer and Head of Investor Relations

MATERIALITY PROCESS

The GRI and SASB Standards are the guidelines used by VistaLand, as well as the rest of the Villar Group of companies in their materiality processes.

The methods are as follows:

Pre-identification of Topics – Different references such as the sector-specific publications from GRI and SASB standards for Real Estate, and industry peers were collated. The list was simplified using common topics defined in previous reports, with a few additional ones to ensure that the economic, environmental, social, and governance (EESG) aspects of the organization are covered.

1. **Identification of Material Topics** – The Company conducts a review of the list to assess if the topics are material to the operations and their stakeholders. An online form is provided that allowed the Company to identify topics that are material by selecting ‘Yes’ or ‘No’.

2. **Materiality Assessment** – Topics deemed as material are processed into an online survey which measures each topic’s critical impact using a five-point scale with 1 as low to no impact and 5 with the highest impact.

In 2022, they determined some major risks that may impact the sustainability of the Company. These include the following:

- Natural catastrophes and Global Warming
- Unavailability of affordable construction materials
- Lack of available raw lands
- Pandemic

These scenarios may result in failure to deliver quality service and to keep up with agreed timelines.

Therefore, the respondents suggest Vista Land to set up sustainability goals such as boost digital marketing; do awareness campaigns that promotes the existing sustainability efforts and how to improve them; explore and implement innovations in the development phase, construction method, or use of materials; invest in environment-friendly technologies and practices such as renewable energy; and prioritize the well-being of people i.e., people and homeowners.

To engage more in the Company’s sustainability, majority of the respondents believe that having a proactive communication and implementation of the above goals will encourage them to be in sync to achieve organizational goals.

Table 1. Vista Land 2022 Material Topics[1]

2022 Topics	
1	Customer Satisfaction
2	Ethical Business Practices
3	Occupational Health and Safety
4	Innovation
5	Governance
6	Community
7	Well-being
8	Human Rights
9	Data Protection and Cyber Security
10	Green Buildings
11	Land Use
12	Regulatory Compliance
13	Training and Development
14	Energy
15	Landscape Impacts
16	Economic Performance
17	Tax
18	Responsible Supply Chain
19	Procurement Practices
20	Local Employment

Consistent with the 2020 and 2022 results, Vista Land positions Customer Satisfaction as the number one material topics for 2022. Being the largest homebuilder in the Philippines, it is important for the Company to provide the needs of Filipinos with trust and quality.

Next to Customer Satisfaction, Vista Land brings back Ethical Business Practices as the second most critical material topic to the business and its stakeholders. Built with the highest ethical standards, the Company sees importance to commit to the principles of good governance in achieving corporate and sustainability goals.

With the ease of COVID protocols to alert level 1 status, Vista Land believes that the health and safety of people remain its top priority in 2022. Booster shots were encouraged and completed across all its internal stakeholders. The Villar Group, including Vista Land, continues to invest in providing a clean, healthy, and safe workplace for its employees and clients. Strict implementation of safety protocols, and regular disinfection of facilities have become standard business procedures.

1 Topics with similar rankings indicate similar weighted averages.

Figure 1. Vista Land 2022 Materiality Matrix

ECONOMIC & GOVERNANCE DISCLOSURES

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in millions PhP)		
	2022	2021	2020
Direct economic value generated (revenue)	28,841.82	29,631.97	31,256.08
Direct economic value distributed:			
a. Operating costs	7,207.73	7,210.64	6,884.43
b. Employee wages and benefits	1,352.71	1,240.16	1,276.76
c. Payments to suppliers, other operating costs	1,070.91	22,819.00	12,020.71
d. Dividends given to stockholders and interest payments to loan providers	10,112.06	10,475.54	10,585.86
e. Taxes given to government	3,108.08	2,914.63	2,152.93
f. Investments to community (e.g., donations, CSR)	5,542.97	240.65	5,326.51

Impact	Stakeholders Affected
Vista Land & Lifescapes, Inc., posted a core net income of P7.7 billion for 2022, up 10% from 2021. The Company launched a total of P40.0 billion worth of projects across the country which was four times higher than the projects launched in 2021. The Company remains bullish with the industry for 2022 especially with the level of our project lunches last 2021. Vista Land has a pipeline in place for their projects going into 2023 and are slated to launch more projects for 2022 as buyer's confidence is back. The Company sustained growth in Overseas Filipinos (OF) remittance which is projected to grow by 4% this year. Demand from OF remained strong which resulted in the 12% growth in our reservation sales of P65.5 billion in 2022. Vista Land also reported real estate revenue at Php12.8 billion, while leasing income was strong at Php13.7 billion, up by 48% compared to previous year's performance. As of end December 31, 2022, the group has accumulated a total of over 1.6 million sqm of gross floor areas of investment properties consisting of 45 malls, 56 commercial centers and 7 office buildings.	Employees, Investors, Business Partners, and Customers

Management Approach to Impacts
Following the accelerated digital transformation of Vista Land in previous years, the Company is bent on continuing its upgrade and development to its various digital initiatives in 2022 to "future-proof" the Company while increasing the quality of service to its customers and expand its reach.

Vista Land has fully utilized its digital platform in order to continue serving its customers and have replaced traditional on-site visits to properties with the more convenient and optimized-reaching virtual property tours. The Company also augmented its social media platforms and messaging application to connect more with its customers.

Developments in 2022

In 2022, Vista Land development takes its operation to another level. During the pandemic, the group was able to identify more areas in our land bank that are ripe for development into sustainable communities that will nurture even for future generations. Like its parent company, Vista Land, Vista Estates continues to expand its geographic reach in Metro Manila and across growth centers in the country. The estate' s lifestyle hub is dedicated to shopping strips, upscale vertical residences, active zones, office blocks, a medical center, transport hub, and vibrant spaces bringing business and leisure in one buzzing spot.

In the same year, Camella Turns 45, after an excellent track record in house and lot development, the country's most trusted real estate brand Camella, is making a name in condominium development with its resort-themed, mid-rise vertical villages in key cities nationwide. To date, Vista Land has developed communities in 49 Philippine provinces and 149 key cities and municipalities. Camella believes that a reason for its longevity is its five brand pillars. Everything they do, build, and take through their day-to-day activities are based upon, framed by, and focused on these five aspirations: Dream Communities; Convenience and Accessibility; Safety and Security; Wise investment; and Value for Money.

The year has been very optimistic to Vista Residences, the premier condominium arm of the Philippines' largest integrated property developer, Vista Land. The bullish property market has allowed pre-pandemic growth and expansion, with house-and-lot and condominium developments taking the lion's share of real estate investments. Condominiums, in particular, took the third largest share in the country quarter-on-quarter, with focus on mid-sized abodes with one or two bedrooms. Renewed interest in residences located in Metro Manila and other established cities has taken flight, given the ease in restrictions and improved confidence in the stabilizing economy.

Risks	Stakeholders Affected
The COVID-19 pandemic continues to be a challenge for Vista Land during the first months of 2022 due to Omicron virus. This imposes a potential impact on the Company's sales due to a reduced confidence among buyers to commit large purchases (i.e., housing units) as well as a possible decline in sales to overseas Filipinos in countries that are severely affected by the pandemic. In particular, sales of investment-type residential products may be significantly affected during this period. Other risks include the following: ● Potential cancellation of prior years' sales ● Potential delay in bank releases due to longer due diligence for consumer loans	Employees, Investors, Business Partners, and Customers

- Potential decline in footfall of malls and a possible impact on the sales of the tenants with variable rental rate. There is also a risk of a potential decline in footfall for its malls as well as a possible impact on sales of its mall tenants with variable rental rates due to COVID-19, especially in Metro Manila
- Potential termination of contract by office tenants

Despite the continued presence of identified risks in 2022, it is worth noting that there are positive developments in our operations, as they have returned to pre-pandemic levels.

Management Approach to Risks
The Board of Directors at Vista Land oversees the vetting of business decisions, weighing opportunities with the business risks in terms of the economic, social, and environmental impact. The Vista Land Management Committee is tasked with ensuring that financial resources are prudently optimized. Risk management is handled by its Enterprise Risk Management (ERM) team while financial risk management is the key responsibility of the Board Risk Oversight Committee. The Company is guided by the Philippine Financial Reporting Standards when preparing its financial reports to ensure that it abides by the principles of transparency, materiality and completeness. An external auditing firm reviews and audits the reports annually to validate the reports on its financial and operating performance following the set standards. Vista Land also conducts press and analyst briefings on a quarterly basis for its financial and operating reports. The Company files and submits its financial statements to relevant regulatory agencies on a quarterly and annual frequency contingent to guidelines. Vista Land employees receive base pay and enjoy benefits such as medical insurance, car plans, housing plans and allowances. Vista Land also offers a non-contributory defined benefit pension plan for all of its regular employees. The benefits are computed based on current salaries, years of service, and related compensation based on the last year of employment. The Company places great importance in compliance to mitigating risks related to above mentioned in the way it does business. Periodic evaluations are held particularly in reviewing income tax positions taken in situations where the applicable tax regulations are subject to interpretation and other gray areas. The Company assesses whether it is probable that those income tax positions will be accepted by the tax authorities, if not, the Company recognizes additional income tax expense and liability relating to those positions. The Controller and Chief Financial Officer (CFO) formally reviews and approves the tax strategy of the Company. Vista Land's Legal team and its relevant external parties are tasked to review all tax-related issues.

Opportunities	Stakeholders Affected
Vista Land will maintain its stance on minimal land acquisition thereby maximizing its existing land bank and will be conservative in terms of its leasing space expansion program.	Employees, Investors, Business Partners, Customers, and Local

As of the end of December 2022, the Company has 2,902.5 hectares of land. The Company recently listed VREIT, its flagship Real Estate Investment Trust (REIT) company, with an initial portfolio of 10 community-based malls and two office buildings. VREIT is a wholly-owned subsidiary of Vista Land, maintaining a diversified portfolio of commercial and office properties strategically located within Vista Land integrated communities. The funds raised for this exercise will be deployed to various real estate developments including additional commercial spaces.	Communities
Management Approach to Opportunities	
Vista Land maintains its business strategy to maximize the synergy between its residential and leasing businesses, and implement innovations homebuyers and customers have come to expect in a Vista Land property.	

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	The Board of Directors ("Board") is tasked to sustain the long-term success of the business, its competitiveness, and profitability that are consistent with the corporate objectives and best interests of its stakeholders. The Board defines and monitors key areas and performance indicators in order to mitigate risks against its operational and financial viability. Its Board Risk Oversight Committee (BROC) oversees the Company's Risk Management System which includes climate-related risks and opportunities that impact its functionality and effectiveness.
b) Describe management's role in assessing and managing climate- related risks and opportunities	The Management provides accurate and timely information to all the members of the Board. Any climate-related risks and opportunities are filtered and vetted by the BROC.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	As a corporate resident of the Philippines, Vista Land is exposed to natural disasters such as typhoons, massive flooding, droughts, volcanic eruptions, and earthquakes.

2 Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	In cases when an uninsured loss or a loss in excess of insured limits occur, Vista Land faces the risks of losing all or a portion of any capital invested in its properties, as well as the anticipated future turnover from such properties, while remaining liable for any project construction costs or other financial obligations related to the properties.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2^0C or lower scenario	Vista Land conducts a thorough technical due diligence and environment scanning on all its land acquisitions and project launches, all in consideration of the Company's exposure to climate-related risks. Technical due diligence includes environmental studies in specific land parcels and adjacent areas. As Vista Land progresses to more resilient design for its future developments, it will consider additional measures for pressing climate-related events including the 2^0C or lower scenario such as sea-level rise and intensified patterns of precipitation in its Enterprise Risk Management ("ERM").
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	Vista Land's processes for identifying and assessing climate- related risks are laid out in the Company's ERM. This is assessed annually by the BROC in close coordination with the Chief Risk Officer ("CRO").
b) Describe the organization's processes for managing climate-related risks	The Company's processes for managing climate-related risks are defined and discussed in its Enterprise Risk Management plan.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Vistal Land's Risk Management System primary goal is to reduce any potential impacts of risks to the business as a means of enhancing shareholding value by effectively and efficiently balancing risks and rewards. Its Risk Policy details how each identified risk are assessed to formulate strategies in mitigating or eliminating said risk.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Natural disasters directly affect the Company's operations. These are measured as follows: ● Number of days of delays in project timeline ● Number of days of property downtime and business disruption ● Costs of repair or replaced damage or destroyed assets ● Costs for maintenance due to wear and tear on or damage to buildings

b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Vista Land implements the following business operation protocols to mitigate or eliminate identified risks: • Conduct regular preventive check and maintenance of all assets • Retrofit buildings and other developments • Track the frequency of discussions with the Board and Management on climate-related risks • Track the frequency of communication and training with employees regarding protocols in situations related to natural catastrophes or severe weather conditions.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	2022	2021	2020
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100%	100%	100%

Impact	Stakeholders Affected
Vista Land contributes to the local economy by sourcing its supply requirement from a broad base of local suppliers. The Company employs the services of the local workers in its host community/ies, thus strengthening the relationship with the local residents.	Local suppliers, Business partners
Management Approach to Impacts	
Vista Land employs an unbiased policy of a healthy competition among its suppliers, regardless of origin. In a fair market, however, the Company favors local partners in the belief that proximity and a common cultural background aid in faster communication and thus more efficient operations.	

Risks	Stakeholders Affected
Vista Land identified the following procurement risks that are inherent to the Company: ● Local suppliers may lack the technical capability or other resources needed to support the Company's requirements. This may result in less efficiency to their production capabilities and therefore less competitive in their offers. ● The Company is in the business of constructing houses that uses materials such as steel, cement, and other raw materials that are subject to price fluctuations. It is also vulnerable to labor shortages especially with the government ramping up its infrastructure programs.	VLL Community
Management Approach to Risks	
Vista Land requires that all its suppliers are not only professionally responsible but also financially and economically stable. Suppliers undergo thorough evaluation and assessment of their technical capabilities. They are required to undertake a rigorous background investigation, submit complete and	

updated financial documents, government permits and certifications, company and plant visits, and other relevant inquiries.

Vista Land's in-house purchasing group facilitates the suppliers' accreditation process.

The Company ensures that all transactions with suppliers are compliant with rules and regulations of the Company. Its employees are expected to avoid conflict of interest situations and should always act with the Company's interest in mind.

Opportunities	Stakeholders Affected
Vista Land aims to be present in 200 cities and municipalities across the country. This ambition will open doors to more local suppliers in communities which will host its future development projects. The purchasing group will continuously review the supplier base to maintain a reliable and diverse pool.	Local suppliers and VLL Community

Management Approach to Opportunities
Vista Land believes in establishing long-term relationships with local suppliers which will in turn benefit the local economy. The Company invests in learning development by providing the necessary training sessions to further improve its employees' skills as procurement professionals. They are sent to conventions, trade fairs, and symposia not only to keep up with the latest technological trends and innovations but also to continually find ways to improve current business processes.

Governance

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	2022	2021	2020
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	100
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	100
Percentage of directors and management that have received anti-corruption training	100	100	100
Percentage of employees that have received anti-corruption training	100	100	100

Incidents of Corruption

Disclosure	2022	2021	2020
Number of incidents in which directors were removed or disciplined for corruption	0	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	0

Impact	Stakeholders Affected
The Company abides by the principles of good corporate governance. It has made a policy to maintain the employees' high awareness level of operating in an ethical workplace through regular training on anti-corruption policies and procedures. The Company has a zero-tolerance approach to bribery and corruption, i.e. extortion, fraud, insider dealing, money laundering, kickbacks and facilitation payments. The Company continuously strives for excellence in work and integrity in its business conduct. Vista Land operates within the laws and regulations and in accordance with the highest ethical standards. To date, Vista Land reported zero incidents of corruption and related issues.	Employees, Investors, Business Partners, Directors and Management, and Customers

Management Approach to Impacts
The Board has institutionalized adopting anti-corruption policies in the Company, including Whistleblowing and Anti-Bribery Policy. These policies were crafted in compliance with the principles and best practices set out in the Company's Manual on Corporate Governance. The employees are trained on these policies during job orientations, and refresher training is conducted during Vista Land's annual corporate values session. These are facilitated by the Human Resources (HR) Department via Zoom. These policies are posted in the Company's website as a convenient reference for all its stakeholders. The Board and Management also participates in the Annual Corporate Governance Seminar that reinforces the internal stakeholders' knowledge on the different sound governance practices and continuance of building an ethical culture in Vista Land. Details of this seminar can also be viewed from the Company's website.

Risks	Stakeholders Affected
The Company recognizes its exposure to corruption risks if anti-corruption and other related policies are not well communicated. This may result in reported incidents that may negatively impact the Company.	Employees, Business Partners, Directors and Management, Investors, and Customers

Management Approach to Risks
Vista Land, through its HR team, ensures that discussion of the Anti-Corruption Policies of the Company are made a part of the on-the-job orientation and conducted during the annual corporate values session of the Company. Audit procedures are in place to ensure that appropriate disclosures and accounting are strictly enforced.

Vista Land’s Code of Business Conduct and Ethics describes the provisions on the proper and moral transactions within and outside the Company. Any misconduct or failure to exercise good judgment will be subjected to corrective actions based on due process in accordance with the labor laws.

The Company is committed to continuously improve its governance practices as aligned with the company's Code of Business Conduct and Ethics and other company policies, i.e. Whistle-blowing Policy, Conflict of Interest Policy, Insider Trading Policy, and Related Transactions Policy.

Opportunities	Stakeholders Affected
Vista Land will continue to seek opportunities that will uphold a cooperative, efficient, and productive work environment and business organization.	Employees, Business Partners, Directors and Management, Investors, and Customers

Management Approach to Opportunities
To ensure adherence to corporate principles and best practices, the Compliance Officer is responsible for the following: a) Monitor compliance with the provisions and requirements of this Manual on Corporate Governance (“Manual”) and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation; b) Appear before the Securities and Exchange Commission when summoned in relation to compliance with this Manual; and c) Issue a certification every January 30th of the year on the extent of the Corporation’s compliance with this Manual for the completed year, and, if there are any deviations, explain the reason for such deviation.

ENVIRONMENT DISCLOSURES

Resource Management

Energy consumption within the organization[3]

Disclosure	2022[4]	2021	2020
Gasoline (in GJ)			
Communities Negros, Inc. (Communities Philippines, Inc.)	7,909.09	7,768.73	346.95
Communities Koronadal, Inc. (Communities Philippines, Inc.)	4,442.58	4,342.70	578.53
Communities Gapan, Inc. (Camella Homes, Inc.)	3,179.23	2,988.86	85.02
Communities Taal (Camella Homes, Inc.)	3,854.23	3,774.95	246.60
Crosswinds (Brittany Corporation)	-	-	-
Crown Asia Valenza (Crown Asia Properties, Inc.)	60.12	50.41	2.10
Vista Hub (Vista Residences)	See note[5]	See note	202.92
Electricity (in kWh)			
Communities Negros, Inc. (Communities Philippines, Inc.)	113,262.44	116,515.57	109,389.17
Communities Koronadal, Inc. (Communities Philippines, Inc.)	32,296.50	31,174.23	117,700.13
Communities Gapan, Inc. (Camella Homes, Inc.)	20,619.43	19,999.45	5,227.58
Communities Taal (Camella Homes, Inc.)	32,917.77	31,590.95	49,040.17
Crosswinds (Brittany Corporation)	303,595.75	299,404.09	85,293.72
Crown Asia Valenza (Crown Asia Properties, Inc.)	289,031.84	283,642.63	29,852.56
Vista Hub (Vista Residences)	See note[4]	See note[4]	4,556.00

Reduction[6] of energy consumption

Disclosure	2022 vs 2021	2021 vs 2020	2020 vs 2019
Gasoline (in GJ)			
Communities Negros, Inc. (Communities Philippines, Inc.)	-140.36	7,421.78	224.28
Communities Koronadal, Inc. (Communities Philippines, Inc.)	-99.88	3,764.17	-326.98
Communities Gapan, Inc. (Camella Homes, Inc.)	-190.37	2,903.84	331.57
Communities Taal (Camella Homes, Inc.)	-79.28	3,528.35	300.67
Crosswinds (Brittany Corporation)	-	-	-
Crown Asia Valenza (Crown Asia Properties, Inc.)	-9.71	48.31	58.44
Vista Hub (Vista Residences)	See note[5]	See note[5]	-120.21
Electricity (in kWh)			
Communities Negros, Inc. (Communities Philippines, Inc.)	3,253.13	7.206.40	46,815

3 Communities and sites included in the scope are projects that are not yet turned over to the Homeowners' Association (HOA).
4 The 2022 data shows a higher consumption in Gasoline and Electricity due to economic reopening and longer operating activities.
5 Energy consumption in Vista Hub is not available as of 2022 and 2021. This will be disclosed in the next reporting year.
6 Reduction is computed as the difference between the previous and current energy consumption. Negative values mean an increase in consumption versus the previous consumption.

Communities Koronadal, Inc. (Communities Philippines, Inc.)	-1,122.27	-86,525.90	-20,587
Communities Gapan, Inc. (Camella Homes, Inc.)	-619.98	14,771.86	39,600
Communities Taal (Camella Homes, Inc.)	-1,326.82	17,449.22	2,432
Crosswinds (Brittany Corporation)	-4,191.66	214,110.37	370,799
Crown Asia Valenza (Crown Asia Properties, Inc.)	-5.389.21	253,790.07	210,811
Vista Hub (Vista Residences)	See note[5]	See note[5]	901,508

Impacts and Risks	Stakeholders Affected
Vista Land manages the energy consumption of common areas such as streetlights, clubhouses, parks, and other open spaces as part of its business operations. The Company's operations may be inherently affected by power interruptions due to natural disasters.	VLL Community, Homeowners

Management Approach to Impacts and Risks
Vista Land manages energy consumption by monitoring the electricity and gas consumption of its residential projects and continuously finds ways on how to achieve effective and efficient use of these resources. The Company also makes sure that the communities are serviced by a reliable electricity provider that is capable of restoring power in the fastest time possible after the event of natural disasters.

Opportunities and Management Approach	Stakeholders Affected
Vista Land is continuously exploring the viability of installing technologies that enable efficient use of energy from renewable sources in malls. While the Company is using retail electricity supplier to aggregate power, it sustains initiatives designed to improve the efficiency of energy use especially of gas and electricity.	Communities, Homeowners

Water consumption within the organization

Disclosure	2022	2021	2020
Water withdrawal (in m^3)	N/A	N/A	N/A
Water consumption (in m^3)			
Communities Negros, Inc. (Communities Philippines, Inc.)	4,701.93	4,609.74	8,548.13
Communities Koronadal, Inc. (Communities Philippines, Inc.)	8,030.90	7,873.43	20,456.63
Communities Gapan, Inc. (Camella Homes, Inc.)	1,436.16	310.88	1,408.00
Communities Taal (Camella Homes, Inc.)	18,829.93	18,213.85	18,281.49
Crosswinds (Brittany Corporation)	104,385.74	128,176.75	98,477.12
Crown Asia Valenza (Crown Asia Properties, Inc.)	26,161.58	25,573.39	10,741.15
Vista Hub (Vista Residences)	See note[7]	See note[7]	10,786.00
Water recycled and reused (in m^3)	N/A	N/A	N/A
Total volume of water discharges	N/A	N/A	N/A
Percent of wastewater recycled	N/A	N/A	N/A

Impacts and Risks	Stakeholders Affected
Vista Land manages water consumption of common areas such as swimming pools, clubhouses, parks, and other open spaces as part of its regular operations. Its residential developments may experience periodic water shortages during the summer season that will inconvenience the homeowners.	VLL Community, Homeowners

Management Approach to Impacts and Risks
Vista Land manages its water consumption by keeping track of the activities in projects to achieve effective and efficient use of such resources. The Company ensures that its residential communities' water consumption needs are provided with a reliable distributor. In addition, Vista Land's residential developments are equipped with elevated water tanks.

Opportunities and Management Approach	Stakeholders Affected
Vista Land is looking for the possibility of installing water- recycling equipment to divert discharges to other uses such as landscape maintenance.	VLL Community

7 Water consumption in Vista Hub are not available as of 2021 and 2022. This will be disclosed in the next reporting year.

Materials used by the organization

Vista Land identified Materials as not a material topic in 2022.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Vista Land reports no significant impacts to lands with high biodiversity value or near protected areas. Before acquiring any property, Vista Land conducts market research to meet the demands of future homeowners.

The Company considers the following criteria in its land acquisition study:

- the general economic condition of the environment surrounding the property;
- proximity of land to areas to existing products and service brought about by nearby developments;
- accessibility to roads and major thoroughfares;
- availability of electric facilities, telephone lines, and water systems; and
- overall competitive landscape and neighboring environment and amenities.

Vista Land also considers the feasibility of obtaining required governmental licenses, permits, authorizations, and developing necessary improvements and infrastructure, including sewage, roads, and electricity.

While landscapes play a big factor in a prospective homeowner's selection of a residential community, Vista Land looks at landscapes beyond mere embellishment. Rather it is an investment into nurturing a lush and green environment for future generations.

Vista Land's teams of horticulturists are encouraged to follow a landscaping philosophy that seeks to create forests and gardens where there were none and just the way nature intended. They prioritize the use of plants endemic to the country and its specific regions. With the vision of recreating the country's natural habitats the way nature intended, the Company is hopeful that the return of endemic flora and fauna will arrive as well–the end being the creation of nature sanctuaries within the communities.

On occasions when mandatory aesthetics require the introduction of unfamiliar species into the landscape mix, research is done into the possible effects the new species will have on the environment and countermeasures are created to make sure the endemic plant life does not suffer simply "for the sake of beauty."

It is Vista Land's ambition to mitigate climate change one plant at a time. This is demonstrated by designing landscapes that have the added effect of influencing the country's climate to make it cleaner, cooler, and more conducive to life. By creating microclimates within the communities, the Company believes that it is creating residential oases that are healthier places to live, especially with the looming global warming and the pollution problems plaguing cities. It predicts that the benefits of these microclimates will create a halo around the surrounding areas and thus influencing the temperature and air quality in many parts of the country as well originating from each Vista Land host community.

The key in creating these microclimates is allowing for better carbon sequestration. The Vista Land landscape is designed such that it is not only pleasing to the eye, but must carry a collection of plants that will better accumulate carbon dioxide and efficiently transform it into oxygen—improving air quality effectively.

Environmental Impact Management

Air Emissions

GHG (in tCO_2e)

Disclosure	2022	2021	2020
Direct (Scope 1) GHG Emissions			
Communities Negros, Inc. (Communities Philippines, Inc.)	528.82	519.43	23.51
Communities Koronadal, Inc. (Communities Philippines, Inc.)	297.04	290.36	39.20
Communities Gapan, Inc. (Camella Homes, Inc.)	212.57	199.84	5.76
Communities Taal (Camella Homes, Inc.)	257.70	252.4	16.71
Crosswinds (Brittany Corporation)	-	-	-
Crown Asia Valenza (Crown Asia Properties, Inc.)	4.02	3.37	0.14
Vista Hub (Vista Residences)	See note[8]	See note[8]	13.75
Energy indirect (Scope 2) GHG Emissions			
Communities Negros, Inc. (Communities Philippines, Inc.)	80.67	82.98	77.91
Communities Koronadal, Inc. (Communities Philippines, Inc.)	25.18	24.31	91.77
Communities Gapan, Inc. (Camella Homes, Inc.)	14.69	14.24	3.72
Communities Taal (Camella Homes, Inc.)	23.44	22.5	34.93
Crosswinds (Brittany Corporation)	216.22	213.24	60.75
Crown Asia Valenza (Crown Asia Properties, Inc.)	205.8	202.01	21.26
Vista Hub (Vista Residences)	See note[8]	See note[8]	3.24
Emission of ozone-depleting substances (ODS)	N/A	N/A	N/A

8 Direct and Indirect GHG Emissions in Vista Hub are not available as of 2021 and 2022. This will be disclosed in the next reporting year.

Air Pollutants

Vista Land has no available monitoring system to track air pollutants.

Impacts and Management Approach	Stakeholders Affected
For 2022, gas consumption largely contributes to the overall emissions of the Company. As occupants in the developments increased, more people appreciate the amenities provided in the subdivisions, hence increasing the demand for gas-powered equipment. Effects of continuous emissions may manifest in the air quality which, directly or indirectly, impacts the health of homeowners, tenants, and surrounding communities. Vista Land manages its electricity consumption through regular monitoring and documenting of consumption. Moreover, it considers the feasibility of clean energy technologies to engage homeowners and tenants to source their electricity to cost-efficient and cleaner means.	Homeowners, Tenants, Nearby communities

Opportunities	Stakeholders Affected
Vista Land will continue monitoring the gas and electricity consumption in all its properties and implement sustainable practices for all its homeowners and tenants.	Homeowners, Tenants, VLL Community
Management Approach to Opportunities	
The Villar Social Institute for Poverty Alleviation and Governance (SIPAG), an implementing arm of Vista Land, advocates for programs and activities in its developments that encourages communities to switch into a more sustainable lifestyle. Greenscapes, its horticulture initiative, aims to improve the air quality within the immediate vicinity and provide cooler surroundings by growing different endemic plants in property grounds. In this way, the Company reverts the impact of emissions from their properties.	

Solid and Hazardous Wastes

Included in the scope of this report are not yet turned over residential developments by Vista Land. However, the data is not available as of 2022.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2022	2021	2020
Total amount of monetary fines for non- compliance With environmental laws and/or regulations	0	0	0
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	0
No. of cases resolved through dispute resolution mechanism	0	0	0

Impact	Stakeholders Affected
Compliance to the different environmental laws enables Vista Land to freely advertise its projects and promote good corporate reputation. There are no fines and sanctions on record due to non-compliance with environmental laws and regulations in 2022.	VLL Community

Management Approach to Impacts
Vista Land has a technical services team that tracks environmental law compliances from business development to post-business development stage. Regular department updates on permit/license requirements are done to ensure minimal or non-material incidents of non- compliance.

Risks	Stakeholders Affected
Non-compliance with the environmental laws may result in a decline of property sales corresponding to an adverse impact on the financial standing of Vista Land. Exposure to risks relating to pending compliances may also negatively lead to failure in project launches.	VLL Community

Management Approach to Risks
Vista Land updates its operations, most especially its construction and property management, with the modern technologies being introduced as means to efficiently implement sanitation, environment, and safety laws and regulations regardless of cost.

Opportunities and Management Approach	Stakeholders Affected
Vista Land considers entering certifications and other environmental initiatives such as ISO 140001 to largely contribute to the betterment of the environment. The Company continuously conducts research on how to improve its existing practices to help preserve the environment.	VLL Community

SOCIAL DISCLOSURES

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	2022	2021	2020
Total number of employees[9]	1,867	1,638	1,407
a. Number of female employees	1,215	1,276	1,053
b. Number of male employees	652	362	354
Attrition rate[10]	0.25%	12%	-14%
Ratio of lowest paid employee against minimum wage	1:01	1:1	1:1

Employee Benefits

List of Benefits	Y/N	% of female employees who availed in 2022	% of male employees who availed in 2022
SSS	Y	25	13
PhilHealth	Y	3	0
Pag-IBIG	Y	2	1
Parental leaves	Y	4	1
Vacation leaves	Y	97	97
Sick leaves	Y	72	62
Medical Benefits (aside from PhilHealth)	Y	83	88
Housing assistance (aside from Pag- IBIG)	Y	11	10
Retirement fund (aside from SSS)[11]	Y	0	0
Telecommuting	Y	14	16
Flexible-working Hours[12]	N	N/A	N/A

Diversity and Equal Opportunity

Disclosure	2022	2021	2020
% of females in the workforce	65	78	75
% of males in the workforce	35	22	25
Number of employees from indigenous communities and/or vulnerable sector[13]	Not Measured		

9 Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
10 Attrition rate = (no, of new hires – no. of turnover)/(average of total no, of employees of previous year and total no. of employees of current year)
11 The Company has a noncontributory defined benefit pension plan covering substantially all its regular employees. The benefits are based on current salaries and related compensation on the last year of employment. For 2022, none has availed of this benefit as no one retired for the mentioned year.
12 This benefit is available and can be granted to employees on a case-to-case basis.
13 Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Management Approach to Impacts

Vista Land takes pride in its people and considers them its prime assets.

The Company invests in its employees by providing competitive salaries and benefits. In the belief that a well-compensated staff has increased work productivity and job satisfaction. In addition to statutory benefits, eligible Vista Land employees enjoy additional perks such as leave credits, health care insurance, salary increases based on performance, mobile plan, car plan, long-term incentives such as housing assistance and retirement plans, and opportunities to promote career growth through training and webinars. Employees can also avail of an emergency loan during times of need, as an additional bonus. A 2022 poll resulted in Vista Land employees assessed as "very satisfied" with the Company's benefits packages.

Vista Land's employee retention program also focuses on continuous learning and ensuring a safe workplace and collaborative culture. For more details, refer to the following sections: Employee Training and Development and Workplace Conditions, Labor Standards, and Human Rights.

Vista Land considers itself an Equal Opportunity Employer that hires staff regardless of age, gender, marital status, cultural background, or place of origin. Employment is given to the rightful candidates based on needed skills and experience required for the role. The Company includes diversity in its recruitment policy as it believes that the broader pool of talent opens a greater chance of finding the qualified person for the job.

A competitive salary program benefits the Company to attract and hire quality hires; retain motivated or engaged employees; and can be a leverage for an employee's overall job satisfaction.

Employees can avail the salary advance or financial assistance upon request. For long-term assistance, the nature and merit of request is carefully reviewed before endorsing for implementation. Aside from the minimum requirements by the regulatory institutions, the Company extends what are deemed necessary for employees, like HMO with one (1) dependent, allowance, mobile plan for communication, company car allocation (based on level/rank), etc.)

Risks

The Company's success is contingent upon its ability to recruit, retain, and educate an effective workforce equipped with the necessary skills and knowledge to serve customers. It is evident that the pandemic created big changes among all businesses and organizations on how to retain and engage its workforce. Common challenges are mental health and well- being of the employees, public transportation, employee communication, managing remote work or seeking alternative work arrangement, to work hybrid or remotely from home.

Management Approach to Risks

Vista Land, through its Human Resource Department, continuously engages its employees remotely through maximization of various online platforms such as Zoom & Microsoft Teams. Employees were still able to celebrate annual company-wide gatherings via VPortal, Vista Land's internally developed e-conference facility.

With the easing of community quarantine restrictions in 2022, the work-from-home rule was applied only for employees with symptoms, exposed or tested as positive to COVID. Vista Land continues to ensure the safety of its employees by giving COVID-19 tests for free, office disinfectants and sanitations, and providing shuttle services to employees manning the offices. Furthermore, the

Company, along with the other companies in the Villar Group, has provided booster vaccines from Moderna to their employees, as well as to their families and households.

One method of candidate development involves job rotations within the organization. This not only provides key performers the opportunity to gain experience and new skills in working in other departments but also allows the opportunity to identify, prepare and develop the designated "number 2" to ensure proper workplace succession. Management education and mentoring through leadership training and management development programs are also provided to employees.

Opportunities and Management Approach

Being present in 147 cities and municipalities across 49 provinces, Vista Land also provides employment opportunities to these locations. As it plans to expand to 200 cities and municipalities, it is expecting to gain more talents from those areas.

The Company aims to become a powerful employer brand, increase the efficiency of the recruitment process by investing in digital technology, and continue efforts towards digital transformation.

In the year 2022, it has digitalized the following platforms:

- Electronic Document Tracking System (EDTS) - system application for payment request processing
- Human Resource Information System (HRIS) –intended for accessing all employee- related data and for requests for leave approval, Certificate of Employment (COE), Certificate of Employment with Compensation (COEC), and other employee-related documents
- IT Helpdesk – intended for all IT-related concerns
- Building Information Modeling Helpdesk – intended to monitor and manage the requests for information and approval raised during the plan development stage up to the construction of each project.

Vista Land will continue to focus on employee wellness in view of operating challenges in the New Normal.

Employee Training and Development

Disclosure	2022	2021	2020
Total training hours			
a. Female employees	2,506	9,210	8,616
b. Male employees	1,276	3,680	2,960
Average training hours[14]			
a. Female employees	2.06	0.14	0.12
b. Male employees	1.96	10.17	8.36

Impact

Training and development offer employees the following advantages:

- enhance the employees' skills and exposes them to the latest trends and issues related to the nature of their job;
- prepares them for the next level of responsibilities they will assume;
- expands their network; and
- allows them to share best practices with other players in the industry.

14 Amended figures following the formula from SEC Guidelines (total training hours/total employee (gender)

Prior to the pandemic, Vista Land targeted to send all employees to 16-24 hours of training per year.

Due to the limitations of the face-to-face formal training, the online platform was maximized for the purpose.

Management Approach to Impacts

The training program that the Company provides is divided into four levels to address employees' training needs based on the rank/level they are in:

1. Fundamental and Mandatory Trainings (FMT);
2. Skills Enhancement Training;
3. Leaders Enhancement & Development;
4. Executive Education.

In 2022, the Company implemented orientation and awareness seminars on COVID-19 vaccination and prevention through the V-Healthy program.

Training and Assistance Programs

New Employee Onboarding / Orientation Training. Required training for newly hired employees to adopt and integrate in the company

SEO (Search Engine Optimization) Training. In keeping with the Company's desire to sustain its upgraded digital platforms. This training seeks to develop skills that can optimize website content for the best possible search engine ranking. Each course is intended to build on skills in a specific area and open the doors to a career in digital marketing or online content development, including on-page and off-page optimization, optimizing for local and international audiences, conducting search-focused website audits, and aligning SEO with overall business strategies

Customer Relation Management (CRM) Training. Intended to equip attendees with the skills in using CRM systems.

All Properties Website Training. Intended for all Sales and Marketing employees to provide the skills in using All Properties Website.

Basic Training for Pollution Control Officer (PCO). Intended for the designated (Pollution Control Officer) of the Company in compliance with the mandatory requirements of DENR.

Training Course for Managing Head. Intended for the designated Managing Head of the Company in compliance with the mandatory requirements of DENR.

Risks and Management Approach

Training and seminars are believed to be most effective in a classroom set-up. However, because of the pandemic, facilitating activities on-site were limited. Therefore, Vista Land is in the process of developing a Learning Management System that will effectively facilitate the training and development initiatives of the Company.

Opportunities and Management Approach

Vista Land recognizes employees who have done exceptional work in their respective fields. The Company evaluates employee performance annually based on two indicators: performance factors and behavioral factors.

Employees need to accomplish an assessment form as part of the evaluations. Based on the annual performance appraisal, the Company recognizes the employee's performance through merit increase and promotion to the next rank. Specific ranks come with specific benefits such as mobile plan and car plan. Aside from promotion to the next rank with salary increment, the Company rewards an employee's excellent performance through travel incentives.

Every second week of December, the Villar Group holds a Christmas party (also called as MBV (Manuel B. Villar)) that includes recognition of personnel with tenure of at least five years. Employees with exemplary marks or performances are also recognized in the event.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2022	2021	2020
Safe Man-Hours	3,847,840	N/A	N/A
No. of work-related injuries	0	0	0
No. of work-related fatalities	0	0	0
No. of work-related ill-health	0	0	0
No. of safety drills	2	2	2

Impacts, Risks, and Opportunities

With COVID-19 protocols still maintained at Alert Level 1 in 2022, the Villar Group prioritizes measures that will ensure the health and safety of its people.

The Company recognizes the need to be proactive about mitigating the risk of an employee's exposure through physical modifications in the workspace in reducing contact, changing work schedules to limit the number of employees physically present in the office, encouraging social distancing, and strictly enforcing cleaning hygiene.

By the end of 2022, majority of its staff and management are fully vaccinated with updated boosters.

Management Approach to Impacts, Risks, and Opportunities

All companies of the Villar Group promote the creation of a healthy and safe workplace for its employees and clients.

The Group provided Moderna and Oxford-AstraZeneca vaccines to employees and their families and households. Employees working on-site are given COVID-19 tests for free. Office disinfectants and sanitations are still being done regularly while shuttle services are still provided for most especially to areas where public transportation still has certain restrictions.

The Group has also contributed to the efforts of the government to fight COVID-19 by converting forum halls to COVID-19 facilities and providing hospital beds and freezers for swabbing facilities; donating disinfecting apparatus, face masks and drinking water to various hospitals, food and accommodation to frontliners, and installation of public handwashing stations, among others.

Vista Land partners with a Health Maintenance Organization (HMO) and ensures its employees' health and wellness by mandating employees to undergo annual physical examinations (for staff to middle managers) and executive check-ups (for senior managers and up).

Occasionally, the Company would sponsor fitness activities, mostly online but sometimes in-person (F2F), including sports fest, Zumba, and weight management contests to encourage participation. It also implements Occupational Health and Safety (OHS) policies and programs to promote Vista Land as a drug-free workplace, to prevent illnesses like Hepatitis B, HIV/AIDS, and Tuberculosis. These activities, policies and programs are communicated through the Post Master, the Company's official corporate communication platform. The Company participates in the different fire and earthquake drills as part of emergency preparedness.

Health and Safety Committees are formed per cluster as part of the Company's OHS Management System. The committee is responsible for doing risk assessments for the Company. Committee members undergo two critical training: a 40-hour Occupational Health and Safety (OSH) training and a 40-hour First Aid (FA) and basic life support training. It also conducts risk assessments and meetings to reduce the likelihood of risks to happen in the workplace. In case of serious injuries, illnesses, or fatalities, assessments are done by the highest-ranking personnel or officer-in-charge in the area. Results of assessments are reported to the HR Department. If the employee needs to be brought to the hospital, the HR coordinates with the partner HMO.

The Company identifies occupational safety hazards and risks through risk assessment and hazard assessment. Any identified risk is dealt at once. Accident Reporting and Investigation Procedure is in place for any work-related hazards or incidents.

The general training for disaster preparedness involves the following: Employees and workers responsibilities, Identification of possible threats or disaster and its protective action, and discussion of the following procedures: disaster communication, emergency preparedness and response, emergency evacuation and accountability procedure, including the use of emergency equipment.

Labor Laws and Human Rights

Disclosure	2022	2021	2020
No. of legal actions or employee grievances involving forced or child labor	0	0	0

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If yes, cite reference in the company policy
Forced labor	N	N/A
Child labor	N	N/A
Human Rights	Y	**Sexual Harassment Policies and Procedures** – The Company will not tolerate any behavior that amounts to sexual harassment and any officer or employee found to have committed sexual harassment shall be subjected to disciplinary action, up to and including dismissal.

Labor-Management Relations

Disclosure	2022	2021	2020
% of employees covered with Collective Bargaining Agreements	0	0	0
Number of consultations conducted with employee concerning employee-related policies	At least once a year company-wide discussion		

Impact
In 2022, there were zero incidents reported in relation to human rights violation or discrimination. Vista Land continues to abide by labor laws and respect human rights in the workplace. No employee is involved in any worker union. The Company's policies governing employees follow the existing labor laws and regulations.

Management Approach to Impacts

Employee Engagement in Vista Land

The Company encourages proactive communication across ranks. It encourages employee participation using platforms like quarterly surveys, focus-group discussions, regular staff meetings, and coordination meetings. Company-wide meetings are done at least annually while per department meetings may vary. Some meet at least quarterly but others, especially marketing groups, meet weekly.

To keep the employees informed and on track of the organizational goals and objectives, the Company conducts a monthly Jumpstart Activity – an event where employees of a cluster/group convene to present monthly goals, targets, and performance. This activity is delivered via Zoom in 2022. During this activity, open discussion is encouraged to hear suggestions and inputs of the employees.

In this culture of open communication, employees are encouraged to freely disclose to HR, immediate Heads, or to any officer level in the organization with whom an employee is more comfortable disclosing their concern without fear of retribution. The Company also organizes regular values sessions, done per department or per division, where company values are reiterated and at the same time becomes an avenue for employees to voice out their concerns.

Complaints Management

Any complaints received pertaining to discrimination will be dealt promptly and with fairness. The complainant is protected by a non-retaliation policy of the Company. Same as other offenses, the Human Resource Department will investigate based on the incident report, testimony of the witnesses, and other evidence related to the commission of the offense. All employees shall be afforded with due process before implementation of the sanction, if applicable.

Each employee also has responsibility to the Company to avoid situations where a conflict of interest might occur. Employees are required to disclose to the Company any interest or benefits they have that may conflict with the business or interests of the Company. They are expected to devote their full attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with the performance of their responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company.

The Company issues a Notice to Explain to the erring employee. If the violation is related to dishonesty, loss of confidence, or gross negligence, the employee will be put on a 30- day preventive suspension. A committee composed of the internal audit head, accounting head, COO and the specific brand of the erring employee, will hold an administrative hearing before the release of the final decision.

Risks

Failure to comply with labor laws and human rights will have an impact on the productivity of employees (should a worker strike occurs) and Vista Land's reputation. Additionally, the pandemic has forced businesses to alter workplace setups, resulting in new norms.

Management Approach to Risks

The Company does not tolerate, engage in, or support human trafficking, forced labor or child labor of any kind. Furthermore, the Company recognizes and respects the rights and dignity of each individual and commits to respect human rights in the conduct of its business and comply with applicable local laws and international human rights standards and protocols.

The Board has established policies, programs, and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance. The Board likewise established a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices without fear of retaliation, and to have direct access to an independent member of the Board and a unit created to handle whistleblowing concerns. Due to the pandemic, the Company re- assessed and adjusted existing policies and processes to conform with the new requirements of the Inter-Agency Task Force in the workplace.

The Human Resources Department is mandated to welcome, accommodate, and address the concerns of the employees. Vista Land organizes regular values sessions, done per department or per division, where the Company values are reiterated and at the same time becomes an avenue for employees to voice out their concerns without fear of retaliation. Employees are protected by an existing whistle blowing policy that allows them to freely communicate their concerns and to have direct access to an independent member of the Board or unit to handle whistleblowing concerns. Suppliers may reach the company through the Procurement team, either through email or company mobile number.

Opportunities

Vista Land has grievance mechanisms in place that encourage employees to freely communicate their concerns (including workplace discrimination and bullying) without fear of retaliation. Through the different programs that encourage employee participation, the Company becomes aware of and will immediately work to address the employees' concerns.

Management Approach to Opportunities

Vista Land offers open various communication channels to encourage employees and suppliers to raise their concerns.

The Company has an existing whistle blowing mechanism consistent with the corporate values and the Code of Conduct set by the Board. The Management values the inputs of employees through the KISS (Keep It Straight and Simple) Campaign wherein the employees are encouraged to suggest ways to simplify and streamline the existing practices of the Company.

Supply Chain Management

Vista Land has a supplier accreditation policy that includes the following topics:

Topic	Cite Reference in the Company Policy
Environmental performance	Annex 1 - Quality Management - ISO 14000 or equivalent, DENR Permits/Certifications
Forced labor	Annex 1 - Quality Management - DOLE DO#18 requirement (Sections 6-7)
Child labor	Vista Land requires suppliers to be compliant with the Labor Code Book III.
Human Rights	
Bribery and corruption	Included in the Company Accreditation process

Impact

Vista Land's supply chain process begins with determining market demand in the target area. It is reflected in the number of units for turn-over. Once demand is identified, suppliers are asked to provide the materials and services based on the projected timeline and actual demand of the construction group. After passing all requirements of the Company, products and/or services are ready for deployment in accordance with the agreed timeline. Materials are delivered to warehouses either as stock or direct items. The Materials Management team monitors inventory use and replenishment, and issues requisitions accordingly. In case of additional requirements on site, the Procurement team issues a Purchase Order. This cycle repeats until the project is complete.

There were no significant environmental and social impacts in VLL's supply chain in 2022.

Management Approach to Impacts

Vista Land promotes an unbiased selection and welcomes all suppliers who employ workers from the disadvantaged groups or have sustainability initiatives in place.

The Company has an established accreditation process that assesses the suppliers' ability to meet the requirements, including proof of their production capacity, their compliance with set standards and regulations, and the legitimacy of their operations.

Specifically, suppliers are chosen based on their capacity to fulfill the requirements, competitiveness of their offer, historical performance, and results of background checking, among others. Through their submissions, their environmental and social impacts are also reflected. Above all, suppliers are also expected to always adhere to the Philippine laws and act ethically.

Risks

Any construction or infrastructure failures, design flaws, significant project delays, and quality control issues or otherwise, could reflect on Vista Land's capability to deliver and may cause difficulty attracting new customers.

Management Approach to Risks
Vista Land evaluates suppliers' performance on a regular basis. Suppliers with recurring concerns are issued with a maximum of three warnings, after which they will be tagged as "Banned". Non-compliant incidents are reported to the Company by key persons on-site. Once a formal report is filed, the Management takes the necessary action to address the issue immediately. Banned suppliers will not be entertained by the Company for future transactions. The Company offers various communication channels to facilitate doing business with suppliers. Suppliers may reach the Company through the Procurement team, either through email or company's designated mobile number.

Opportunities and Management Approach
Vista Land maintains long-term partnerships with over 300 accredited independent contractors and deals with each of them on an arm's-length basis. To this end, it is important that the contractors and suppliers share Vista Land's mission-vision of building homes for every Filipino by monitoring their environmental and social impacts to all their stakeholders.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant impacts on local communities	Vista Land designs communities that are self-contained and walkable. Housing developments are integrated with commercial spaces, green and open spaces, schools, and churches.
Location	Cagayan de Oro, Iloilo, Antipolo
Vulnerable groups[15]	Children and Youth
Does the particular operation have impacts on indigenous people?	VLL's operations may have an indirect impact to indigenous people.
Collective or individual rights that have been identified that or particular concern for the community	Right to education, worship, rest, and leisure
Enhancement measures	Vista Land constructs churches in support of the activities of religious organizations within subdivisions. For instance, Deux Pointe, a Swiss-designed church, was established in Crosswinds as a place of worship for the homeowners.

15 Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Operations with significant impacts on local communities	Villar SIPAG Farming School has trained thousands of participants on agriculture-related courses including modern farming for free. As of 2022, there are 2,805 accredited farm schools nationwide available for farmers and plant enthusiasts.
Location	Las Piñas
Vulnerable groups[14]	Children and Youth
Does the particular operation have impacts on Indigenous people?	VLL's operations may have an indirect impact to indigenous people.
Collective or individual rights that have been identified that or particular concern for the community	Right to education, work, be free from hunger
Enhancement measures	Started in 2001, Vista Land's Corporate Social Responsibility (CSR) arm, the Villar Social Institute for Poverty Alleviation and Governance (Villar SIPAG), continued to search for students nationwide who have excelled in elementary and secondary education to be awarded with the Villar Excellence Award. Because of this, students are encouraged to pursue exemplary performance in their studies. Additionally, more livelihood programs outside Las Piñas are encouraged.

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: **N/A**

Corporate Social Responsibility Programs

Name of the Program	Overview of Program
Tree-planting activity in Brittany project locations	Brittany's tree-planting activity aims to engage its employees, sales networks, and homeowners to plant and nurture pine trees within its developments. The general public may perceive Brittany to be a socially-responsible, environment-sensitive company. Tree-planting can be considered good for publicity or feel like a "greenwashing" effort. Tree planting may be considered as the sole or core strategy to adopt to be considered as a conscious, sustainable company. Current activity is not sustainable.
CAMELLA: Redefining community - living through verdant transformations	Camella's team of horticulturists combines their skills and passion for greenery to create living communities that grow into habitats ideal for plants, wildlife, and, of course, families. Working with Camella's engineers, architects, master planners, and property managers, the group designs the landscaping, public areas, and clubhouse gardens to bring to life the many verdant Camella communities. The group sources endemic saplings and flora that go into

	the designs and manages central and commercial nurseries to support the developments.

Impacts, Risks, and Opportunities

Vista Land interacts with the local communities where the Company is present from the time the project was launched up to its completion hence, making them part of an integrated community. The Company partners with its host communities, giving employment, sourcing materials from them, and offering them sponsorships for their programs and initiatives towards the environment. This creates opportunities for Vista Land to expand integrated urban developments across the country.

In 2022, there were no recorded significant negative impact or risks to/involving the local communities.

Management Approach to Impacts, Risks, and Opportunities

Vista Land annually allocates budget for its CSR program activities as approved by the Board and Management. It partners with one local non-stock and non-profit organization.

The Company integrates volunteerism into its corporate culture with the guidance of its management committee. Employees are invited to participate in their program which includes activities like coastal clean-up, relief operations, and tree planting among others. Employees are also encouraged to share their inputs for volunteer work.

Various Villar SIPAG programs are in line with its key advocacies such as livelihood generation, jobs creation, environment protection, assistance to the OFWs, development of community enterprises, church-building, and agricultural training through the Villar Farm Schools. Vista Land has also established long-term and sustainable projects such as providing training to residents of the barangay beneficiaries that gives birth to numerous livelihood opportunities, helping in transformation of critical habitats to thriving eco-tourism destinations, among others.

The Company has also contributed to the efforts of the government to fight COVID-19 by converting forum halls into COVID-19 facilities with hospital beds and freezers for swabbing; donating disinfecting apparatus, face masks, and drinking water to various hospitals, food, and accommodation to frontliners; and installation of public handwashing stations among others.

Vista Land partnered with other organizations in 2020 and provided funding for building laboratory testing centers for procurement of laboratory supplies to expand community and pooled testing. Moreover, the VHealthy program was introduced in 2021 and continued in 2022. The group-wide immunization program made it possible to administer the Moderna and Oxford-AstraZeneca vaccinations to Villar Group employees as well as follow-up Moderna booster doses in 2022.

There are no significant negative impacts on its local communities reported for 2022.

Customer Management

Customer Satisfaction[16]

Disclosure	2022	2021	2020[17]
Customer Satisfaction	97	80	-
Conducted by third party?	-	-	-

Impact and Management Approach

In a recent survey by Philippine Survey and Research Center (PSRC) on its Project Mana: A Quantitative Usage, Attitude and Image Study on Real Estate, the Company enjoys a brand awareness/preference of 97%, which is like a fast-moving good product.

The Company is committed to delivering the Vista Land standard of living to its customers through its integrated communities – real estate developments that integrate beautiful and quality homes with commercial establishments, office buildings, leisure areas and socio- civic amenities. Vista Land ventured into integrated development to provide a future worth living for and to make life more beautiful for those who already trusted the Company to build their homes.

Vista Land offers top-tier leisure condominium and residential properties in the country's most scenic and exquisite locales, and offers hotel amenities and services (for condominiums). Its projects are also located in the most accessible and attractive locations across Philippines and in key tourist destinations, near main transportation hubs and right across premier colleges and universities.

Since Vista Land projects are widespread across the country, the Company has a hotline (023-Camella) so customers and homebuyers can easily call for inquiries or concerns. In response to the COVID-19 pandemic, Vista Land fully utilized its digital platform such as virtual property tours to continue serving its customers who prefer not to physically visit the site. The Company also boosted social media platforms and messaging applications such as Vista Home – especially created for the homebuyers – and Vista Chat to connect more with customers to reach the organization for inquiries or concerns.

Aside from the above platforms, Vista Land mandated all its employees in all departments to be the customer service ambassadors for all buyers. This initiative made sure that customers can rely on any of the Vista employees should they have questions or clarifications on their transactions.

In 2022, Vista Estates expanded its footprint in Luzon, Visayas and Mindanao. These projects are located in key cities and municipalities across the country, making amazing lifescapes more accessible to thousands of Filipinos who are in the market for real estate investments that are sustainable, innovative, lifestyle-driven, world-class, and primed for growth.

Risks

In 2022, majority of the concerns of the Company's homebuyers raised pertains to payment concerns. When the community quarantine was first imposed in 2020, settling of monthly amortizations in Vista Land offices were halted and physical visits to sites and offices were restricted. Existing digital platforms may not capture all inquiries and concerns of the customers.

16 Brand awareness
17 The supposed 2020 survey did not push through because of the pandemic.

Management Approach to Risks

To address such concerns, Vista Land expanded its online payment options beyond banks and implemented it across the brands. All communication lines remained open and accessible for all stakeholders of Vista Land. The Company beefed up its digital capacity not just for the platforms to sell the products, but also to further engage its customers via Vista Home and Vista Chat. This is in addition to the then launched 023-Camella hotline for customers to easily call for concerns or inquiries.

Opportunities and Management

Through Vista Land's platforms and programs of getting customers' feedback, the Company was able to address their concerns. Hence, the Company continues to do its best effort to address them as soon as possible and to lower the number of complaints to a minimum or even zero if possible.

The Company has a dedicated team that supports and receives all the concerns raised by its customers. Customer portals across all digital platforms will be improved to include mechanisms that capture customer feedback.

Health and Safety

Disclosure	2022	2021	2020
No. of substantiated complaints on product or service health and safety[18]	0	0	0
No. of complaints addressed	0	0	0

Impacts, Risks, & Management Approach

Inventories/houses in the housing developments are first inspected and punch listed to ensure that they are safe and fit to live in before they are turned over to the prospective homeowners. The Technical Services Department conducts the punch listing along with the contractor hired.

To ensure the health and safety of tenants and homeowners in Vista Land properties, Globalland Property Management, Inc. (Globalland) manages all properties and acts as oversight of the homeowners' association's activities. Globalland is also responsible for the financial management, security, landscape maintenance, and association of social activities. The Company also hired a third-party security agency to ensure safety of tenants and homeowners.

The Company also partners with Globalland to develop extensive health and safety protocols that will ensure the well-being of customers and homebuyers especially the condominium dwellers who are the most exposed in using shared facilities and compact spaces such as elevators.

COVID-19 presented the Company with an unprecedented set of challenges. Construction of residential developments were halted due to the community quarantine implemented by the local government units (LGUs). When the lockdowns were lifted, Vista Land was able to fast track the construction from the usual six months to an average of four months to finish a housing unit.

In the commercial business, some of the gross floor areas (GFA) were temporarily closed during the lockdown. Since the majority of the tenants are categorized as essential, Vista Land managed to increase the operating GFA from 60% to 95% in May 2021. As of end 2022, operating GFA is 100%.

18 Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies. This definition also applies to the disclosures under Marketing and Labeling and Customer Privacy.

Additionally, sanitation is provided and temperature checks are done in all entrances of Vista Land establishments.

Marketing and Labeling

Disclosure	2022	2021	2020
No. of substantiated complaints on marketing and labeling	0	0	0
No. of complaints addressed	0	0	0

Impact
The Company fully utilized its digital platform and print ads in order to continue serving its customers such as virtual property tours to do away with actual site visits. Also augmented our social media platforms and messaging app to connect more with our customers. Also, VistaLand will be focusing on mixed used developments with a combination of vertical and commercial developments in key cities with the launch of their new Vista Estates development.,

Management Approach to Impacts

Since Vista Land is widespread across the country, each local office has a dedicated team on the ground that spearheads monthly events for its sales network and prospect homebuyers. Before marketing materials are published, the Corporate Communications group reviews and approves them. After which, local marketing teams produce the materials through the accredited suppliers. There are more than 10,000 sales agents nationwide as of 2022.

The Company conducts monthly virtual events for its sales network such as sales rally, open house, and sales seminars.

Vista Land conducts monthly meetings with the sales and marketing teams to revisit and to improve, if necessary, its existing marketing efforts. The Company ensures all public marketing materials are compliant with the Ad Standards Council (ASC). Moreover, all project launches must be registered with the Housing and Land Use Regulatory Board (HLURB).

Vista Land has provided major contributions in the country's real estate industry and is currently one of the leading integrated property developer. In 2022, the Company decided to take on the launch of its master planned developments across growth centers in the country under Vista Estates.

The end-to-end processes of Vista Estates are all done in-house, transcending the typical standards of a thoughtfully designed megalopolis by creating cities-within-cities that are sustainable, innovative, lifestyle-driven, world-class, and primed for growth. Each of the launched 11 estates in 2022 are uniquely themed - in consideration of the shape of the land's surface or its topography and in conjunction with the economic vision of the local government units (LGU) they are a part of.

Aside from building Vista Estates on a deep understanding of what Filipinos hope for, five cornerstones make sure it stays on track. These pillars frame everything Vista Estates does as a builder:

Sustainable. Meeting needs without compromising the ability of future generations to meet theirs.
Lifestyle-Driven. Developing communities specifically designed with residents' needs and lifestyle in mind.
Primed for Growth. Committed to delivering excellent long-term growth for our stakeholders' investments.
Innovative. Adapting a forward-thinking approach that brings to life cutting-edge ideas.
World Class. Bringing home the best in the world for Filipinos to experience.

Vista Estates are designed to allow divergent individuals, families, and groups to find their dream places in the world and to grow and thrive there. These communities are located in flourishing urban centers yet have become a break from the noise and bustle that are the burdens of teeming and strenuous cities. Thoughtfully master planned and moving in time with the preferences and aspirations of its residents, Vista Estates offer sanctuaries that extend beyond the home.

Vista Estates is and will continue to expand in key cities and municipalities across the country, building lifescapes that truly makes one aspire for amazing. Vista Estates has launched 11 master planned communities in 2022 alone, all with individual concepts from creation to execution accomplished in-house.

The expansion of Vista Estates has been exponential. For 2022 alone, it has amassed a total property value of about PHP 10 billion for its initial launches. Like its parent company, Vista Land, Vista Estates continues to expand its geographic reach in Metro Manila and across growth centers in the country.

Vista Land is investing into these master planned developments, making good on its promise to its homebuyers and investors to continue to create superior offerings, and more importantly, deliver excellent long-term investment growth.

Risks and Management Approach

With the reopening of the economy due to easing quarantine restrictions imposed by the Government amidst COVID-19, Vista Land's continuously improving its marketing strategy by mixing traditional marketing with the digital platforms, which are on-site marketing activities, print ad campaigns, online campaigns, as well as distribution of printed marketing materials.

In response, the Company strengthened its digital initiatives that included implementation of virtual property tours and step by step reopening to the public the actual site visits. It also augmented its social media platforms across the brands, and maximized online payment facilities. In 2022, the majority of the sales produced from the time restrictions imposed came from online sales.

Opportunities and Management Approach

With the shift of marketing initiatives to digital platforms, Vista Land believes that it will reach more target buyers and customers safely and more quickly. The Company will continue to maximize its digital initiatives such as online reservations, virtual property tours, and online sales platforms and innovations that are geared towards providing for what its integrated communities need.

The year 2022 became a landmark year for Vista Land when it unveiled prime developments of Vista Estates across major growth centers all over the nation. Each Vista Estates development comprises business parks and IT zones, institutional complexes, such as learning institutions, places of worship, events venues, and healthcare centers, commercial and retail districts, leisure and wellness hubs, and horizontal and vertical residential enclaves. Vista Estates transcends the typical standards of a master planned megalopolis by building cities-within-cities that are inspiring in vision, compelling in creativity, and grand in diversity.

With over 20 estates in the pipeline for launching in 2023, Vista Estates is bracing for another exciting year, infusing billions worth of investments into each of these estates.

Customer privacy

Disclosure	2022	2021	2020
No. of substantiated complaints on customer privacy	0	0	0
No. of complaints addressed	0	0	0
No. of customers, users, and account holders whose information is used for secondary purposes	0	0	0

Data Security

Disclosure	2022	2021	2020
No. of data breaches, including leaks, thefts, and losses of data	0	0	1

Impact

Vista Land further strengthened its privacy and security infrastructure in 2022. No data security incident for 2022

In June 2020, the Company reported an incident regarding the defacement of its website. Within twenty-four (24) hours from discovery by a contracted provider, the Company, through its DPO, reported the breach incident to the National Privacy Commission (NPC). Subsequently and upon request of the NPC, the Company submitted all pertinent requirements for the investigation of said breach. As investigated by the NPC, the incident did not qualify as a major breach and the risk is low and negligible.

To avoid repeating such an incident, Vista Land revamped the whole website. It purchased a web scanning software, Qualys, as a long-term solution in protecting customer privacy. The software will help see vulnerabilities ahead of time without the need to outsource for vulnerability assessment and penetration testing (VAPT).

Management Approach to Impacts

Vista Land and Lifescapes, Inc. and its officers, employees, third-party providers, professional advisors are fully aware of and strictly comply with the terms set out in the Company's Privacy Manual. The most salient points of the Company's privacy policies are duly disseminated throughout the organization by means of regular offline and online briefings with all departments and their respective staffs and officers.

The Data Privacy Officer (DPO) and Compliance Officer for Privacy (COP) monitor changes or updates in data privacy legislation or in the laws, rules and regulations and policies regarding privacy and, if need be, recommend suggested actions or changes in the privacy approach of the Company.

The Company continues to implement reasonable and appropriate Organization Security Measures, Physical Security Measures, and Technical Security Measures and other procedures intended for the protection of personal information or data against any accidental or unlawful destruction, alteration and disclosure even when there are no identified substantiated complaints as confirmed for year 2022.

Vista Land's websites are equipped with the Secure Socket Layer (SSL)/Transport Layer Security (TLS) protocol, in which all information entered in the website is processed securely. This lessens the chances of interception of data by cyber criminals. All client-facing materials in all platforms, either through physical forms or digital ones, includes a consent form which customers may agree to share their personal information with the Company.

The Company employs strict observance of the Data Privacy Act in the event of an incident of data breach or any other data security-related concerns. Its Privacy Policy attests to the Company's commitment for a more reliable data security system and respectful consent of collecting information. The Privacy Policy can be accessed here.

Risks
Gathering of information through VLL's online reservation portals which are hosted in secured websites and through contact tracing using physical forms or through an application via mobile phone increases the vulnerability of customer information for privacy and data security risks. Moreover, VLL acknowledges the risk of intrusion of data security protection and controls that may result to data breaches, leaks, thefts, and losses of data.

Management Approach to Risks
Vista Land follows the government's protocols regarding contact tracing and other platforms requiring customer information and ensures that all data submitted have signed consent forms. Contract tracing forms are accomplished either through physical forms or an application via mobile phone. Information shared in these forms are handled in accordance with the existing privacy laws and regulations. The collation and storage of the data collected are done by the authorized officers only. The Company uses an intrusion detection system to monitor security breaches and alerts the organization of any attempts to interrupt or to disturb the system. It also reviews and evaluates software applications before the installation thereof in computers and devices of the organization to ensure the compatibility of security features with the overall operation.

Opportunities
Customers are leaning towards transactions that can be conducted in the comforts of their homes. Hence, the demand of operational digitalization during the pandemic has significantly increased in avoidance for potential contact with the virus.

Management Approach to Opportunities
Vista Land continues to explore new technologies on top of its existing technologies to ensure data privacy and security. The Company also has a dedicated DPA team to address issues relating to data privacy and security. The Company conducts Privacy Impact Assessments for all systems annually. Results of which are discussed with and submitted to the Management for reference. The IT group also has standard procedures set to make sure that all suppliers follow the Company's privacy policies in working on projects.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Residential Development Business	
Societal Value / Contribution to UN SDGs	8 DECENT WORK AND ECONOMIC GROWTH	Vista Land is an Equal Opportunity Employer that provides employment opportunities in its host communities. With its increasing visibility to more cities and municipalities across the Philippines, more communities are given access to employment opportunities hence, contributing to the growth of the local economy.
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Part of Vista Land's land acquisition study is the proximity of transport services and other infrastructures to the residential development. This is incorporated in the strategic planning of the development that ensures uninterrupted supply of electricity and water, circulation within the property, and such related infrastructure improvements.
	11 SUSTAINABLE CITIES AND COMMUNITIES	Vista Land's continuous residential development decreases the housing requirement of the country. Master planning of residential projects employs strategic planning that integrates housing, commercial spaces, and access to green and open spaces which aims to make subdivisions self- contained and walkable.
	13 CLIMATE ACTION	Camella is to design landscapes that have the added effect of improving the country's climate to make it cleaner, cooler, and more conducive to life. By creating microclimates within the communities, Camella is creating residential oases that are healthier places to live, especially with the looming global warming and the pollution problem currently plaguing our cities.
	15 LIFE ON LAND	Brittany's tree-planting activity aims to engage its employees, sales networks, and homeowners to plant and nurture native pine trees within its developments. Planting trees can help to restore important ecosystem services in urban and suburban areas. Tree planting is a key strategy for becoming a conscious and sustainable company.

Potential Negative Impact of Contribution	The Company continues to cater to various housing tastes and needs in different cities and municipalities. While it continuously progresses towards its vision of being the leading home builder for every Filipino, its efforts may bring unfavorable impacts mostly to the environment and to the society. These may include the following: ● Potential displacement of biodiversity and communities ● Increase in volume of traffic and pollution in the area ● Higher occupancy rate increases water and energy demand ● Higher water demand results to more wastewater and higher wastewater treatment demand ● Higher density impacts the air quality ● Higher percentage of built surface cause heat island effect	
Management Approach to Negative Impact	**Reversing Migration:** Most projects are strategically selected and developed outside Metro Manila. This decreases the influx of population and the traffic volume in the urban areas which eventually lessens the impact to the ambient air quality in the metro.	
	Designing Self-contained and Sustainable Communities: Vista Land employs mixed-use development that encourages homeowners or tenants to support the local economy. This also lessens the need for traveling to other areas. Although increasing occupancy has a direct relationship with consumption of utility services, Vista Land is studying the feasibility of alternative and cost-effective technologies to ensure efficient use of electricity and water in the residential developments.	

PART VI – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2022.

The other exhibits, as indicated in the Index to Financial Statements and Supplementary Schedules are either not applicable to the Company or require no answer.

Reports on SEC Form 17-C

The following current reports have been reported by Vista Land during the year 2022 through official disclosure letters dated:

March 31, 2022
Corporate Notes Disclosure

April 18, 2022
Calling of Annual Stockholders' Meeting

May 4, 2022
Approval on the release of audited financial statements for the year ended 2021

May 30, 2022
Approval on the release of the unaudited Q1 2022 Unaudited Financial Statements

June 15, 2022
Results of the Organizational Meeting

August 12, 2022
Approval on the release of the 1H 2022 Unaudited Financial Statements

August 16, 2022
Press Release on the results of 1H 2022 Unaudited Financial Statements

September 30, 2022
Declaration of Dividends

October 3, 2022
Press Release

November 14, 2022
Approval on the release of the 9M 2022 Unaudited Financial Statements

November 15, 2022
Press Release on the results of 9M 2022 Unaudited Financial Statements

December 28, 2022
Corporate Notes Issuance - Drawdown

Reports on SEC Form 17-C, as amended (during the last 6 months)

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on APR 1 3 2023.

By:

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

GEMMA M. SANTOS
Corporate Secretary

BRIAN N. EDANG
Chief Financial Officer

LORELYN D. MERCADO
Controller

APR 1 3 2023

SUBSCRIBED AND SWORN to before me this APR 1 3 2023 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Manuel Paolo A. Villar	P4237701B	17 Dec 2019 / DFA Manila
Gemma M. Santos	P0067627C	14 May 2022 / DFA Malolos
Brian N. Edang	P9937644A	14 Dec 2018 / DFA NCR East
Lorelyn D. Mercado	P4265847B	26 Dec 2019 / DFA NCR South

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Page No. 71
Book No. IV
Series of 2023.

ATTY. ARBIN OMAR P. CARINO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL NO. 57146
IBP Lifetime Member No. 018537
PTR No. 5110555 / 04 Jan. 2023 / Mandaluyong City
MCLE Compliance No. VII-0020373 issued dated 03 June 2022
Notarial Commission Appointment No. 0388-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

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, 2022, 2021, and 2020 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 ____________ 2023.

APR 1 3 2023

MANUEL B. VILLAR, JR.
Chairman of the Board

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

BRIAN N. EDANG
Chief Financial Officer and Head Investor Relations

SUBSCRIBED AND SWORN, to before me this APR 1 3 2023 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	P4237701B	17 DEC 2019 / 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. 348
Page No. 71
Book No. IV
Series of 2023.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 07146
IBP Lifetime Member No. 016537
PTR No. 5110555 / 04 Jan. 2023 / Mandaluyong City
MCLE Compliance No. VII-0020373 issued dated 03 June 2022
Notarial Commission Appointment No. 0108-23
Vista ... Center, Upper G... Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	0	3	1	4	5

C O M P A N Y   N A M E

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

C O M P A N Y   I N F O R M A T I O N

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)
944	6/15	12/31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Vista Land and Lifescapes, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, 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, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 are prepared in all material respects, in accordance with the Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) 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; and (4) estimation of total project costs.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as payment history of the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of COVID-19 pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers 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 as determined by the accounting department relative to the estimated total project cost. In the estimation of total project costs, the Group requires technical determination by the Group's specialists (project engineers) to estimate all the inputs involved in the construction and development of the projects to include materials, labor and other costs directly related in the construction of the projects.

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

Audit Response

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

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the COVID-19 pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as official receipts and buyer's subsidiary ledger.

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, 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. For the estimation of total project costs, we obtained an understanding of the Group's budgeting and project close-out process. For the estimated project cost, we performed test of details (price and quantity) on a sampling basis, for the inputs for each of the major project development workstream. We also performed test of subsequent changes to the budget by vouching to certain documents such as approved memorandum on budget revision. For both ongoing and completed projects during the year, we compared the actual cost against the revised budget, performed inquiries with the project engineers for the basis of budget revisions and obtained related supporting documents. We visited selected project sites and made relevant inquiries with project engineers affecting the POC during the period, including inquiries on the impact of the COVID-19 pandemic. We performed test computation of the percentage of completion calculation of management.

Provision for Expected Credit Losses

The Group applies simplified approach in calculating expected credit loss (ECL) of its installment contracts receivable and receivable from tenants. Allowance for credit losses and the provision for credit losses as of and for the year ended December 31, 2022 amounted to ₱622.40 million and nil, respectively. Key areas of judgment include segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information (called overlays) in calculating ECL.

SGV
Building a better working world

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

Audit Response

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

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) assessed the methodology used in applying the ECL model by evaluating the key inputs, assumption and formula used; (c) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place; (d) tested historical loss rates by inspecting historical recoveries including the timing, related direct costs and write-offs, and the effects of any financial support and credit enhancements provided by any party; (e) compared the classification of outstanding exposures to their corresponding aging buckets; (f) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and the related industry of tenants, including the impact of the COVID-19 pandemic and; (g) tested the effective interest rate, or an approximation thereof, used in discounting the expected loss.

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 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, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by SEC, as described in Note 2 to the consolidated financial statements.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566009, January 3, 2023, Makati City

April 13, 2023

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

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 9, 31 and 32)	**₱15,070,204,626**	₱11,856,655,898
Short-term cash investments (Notes 10, 31 and 32)	**47,278,102**	336,019,645
Current portion of:		
Receivables (Notes 11, 29, 31 and 32)	**53,234,543,776**	50,916,730,101
Cost to obtain contract (Note 7)	**385,648,418**	448,192,229
Current portion of investments at amortized cost (Notes 10, 31, 32)	**9,440,433,583**	15,751,510,319
Real estate inventories (Note 12)	**53,533,899,417**	49,596,883,277
Other current assets (Note 13)	**5,724,758,578**	5,587,209,460
Total current assets	**137,436,766,500**	134,493,200,929
Noncurrent Assets		
Investments at amortized cost - net of current portion (Notes 10, 31 and 32)	**32,059,050,499**	34,065,939,520
Investments at fair value through other comprehensive income (Notes 10, 31 and 32)	**117,158,380**	124,499,183
Receivables - net of current portion (Notes 11, 29, 31 and 32)	**21,166,092,635**	20,316,701,320
Cost to obtain contract - net of current portion (Note 7)	**354,528,291**	450,471,485
Project development costs (Notes 16 and 29)	**1,269,160,947**	1,274,052,864
Advances to a related party (Note 29)	**7,042,276,334**	6,085,189,231
Investment in joint venture (Note 17)	**468,073,789**	458,771,799
Property and equipment (Note 15)	**2,301,086,488**	2,316,890,411
Investment properties (Note 14)	**118,343,597,899**	112,991,827,020
Goodwill (Note 8)	**147,272,020**	147,272,020
Pension assets - net (Note 26)	**320,711,689**	282,965,418
Deferred tax assets - net (Notes 6 and 27)	**111,464,269**	48,383,927
Other noncurrent assets (Note 17)	**1,076,827,824**	930,462,470
Total Noncurrent Assets	**184,777,301,064**	179,493,426,668
	₱322,214,067,564	₱313,986,627,597
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 18, 31 and 32)	**₱15,890,543,266**	₱15,221,445,720
Security deposits and advance rent (Note 19)	**1,856,523,789**	1,729,265,825
Income tax payable	**127,097,100**	49,677,202
Dividends payable (Notes 23, 29, 31 and 32)	**96,024,581**	15,856,454
Current portion of:		
Contract liabilities (Note 7)	**1,085,106,497**	1,234,626,386
Notes payable (Notes 21, 31 and 32)	**12,745,831,195**	24,170,708,067
Bank loans (Notes 20, 31 and 32)	**11,561,568,479**	8,067,321,815
Loans payable (Notes 20, 31 and 32)	**3,767,253,212**	3,460,145,095
Lease liabilities (Notes 28, 29 and 32)	**368,459,297**	348,214,986
Total Current Liabilities	**47,498,407,416**	54,297,261,550

(Forward)

	December 31	
	2022	2021
Noncurrent Liabilities		
Contract liabilities - net of current portion (Note 7)	**₱1,058,495,304**	₱566,844,304
Notes payable - net of current portion (Notes 21, 31 and 32)	**89,702,372,246**	83,759,525,456
Bank loans - net of current portion (Notes 20, 31 and 32)	**44,385,254,638**	48,925,020,048
Loans payable - net of current portion (Notes 20, 31 and 32)	**1,567,365,940**	319,365,919
Lease liabilities - net of current portion (Notes 28, 29 and 32)	**5,065,593,706**	5,087,625,454
Deferred tax liabilities - net (Notes 6 and 27)	**6,107,386,965**	4,982,650,639
Other noncurrent liabilities (Notes 22, 31 and 32)	**3,178,998,174**	3,521,405,356
Total Noncurrent Liabilities	**151,065,466,973**	147,162,437,176
Total Liabilities	**198,563,874,389**	201,459,698,726
Equity (Note 23)		
Attributable to equity holders of the Parent Company		
Preferred stock	**33,000,000**	33,000,000
Common stock	**13,114,136,376**	13,114,136,376
Additional paid-in capital	**30,684,713,292**	30,655,429,349
Retained earnings	**78,311,116,523**	72,539,569,939
Other comprehensive income (Notes 10 and 26)	**798,914,337**	778,073,767
Treasury shares (Note 8)	**(7,740,264,387)**	(7,740,264,387)
	115,201,616,141	109,379,945,044
Noncontrolling interest (Note 30)	**8,448,577,034**	3,146,983,827
Total Equity	**123,650,193,175**	112,526,928,871
	₱322,214,067,564	₱313,986,627,597

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
REVENUE			
Real estate (Notes 6 and 7)	**₱12,789,877,721**	₱17,397,931,318	₱21,800,563,600
Rental income (Notes 6, 14 and 34)	**13,742,258,197**	9,312,720,292	7,196,729,847
Interest income from installment contracts receivable (Notes 6, 11 and 25)	**701,342,313**	774,445,060	628,241,376
Parking, hotel, mall administrative and processing fees, and others (Notes 6 and 25)	**1,607,345,055**	2,146,874,201	1,630,546,121
	28,840,823,286	29,631,970,871	31,256,080,944
COSTS AND EXPENSES			
Costs of real estate sales (Notes 6, 12, and 24)	**5,542,966,656**	8,533,403,321	12,020,714,120
Operating expenses (Notes 6 and 24)	**9,647,400,878**	9,407,780,092	9,084,928,241
	15,190,367,534	17,941,183,413	21,105,642,361
OTHER INCOME (EXPENSES)			
Interest income from investments and other income (Notes 6, 9, 10, 13 and 25)	**981,195,770**	1,549,437,541	1,437,271,393
Interest and other financing charges (Notes 6, 20, 21, 25 and 28)	**(5,217,887,075)**	(4,315,329,854)	(3,971,907,603)
	(4,236,691,305)	(2,765,892,313)	(2,534,636,210)
INCOME BEFORE INCOME TAX	**9,413,764,447**	8,924,895,145	7,615,802,373
PROVISION FOR INCOME TAX (Note 27)	**2,021,114,107**	1,957,648,849	1,229,190,504
NET INCOME	**₱7,392,650,340**	₱6,967,246,296	₱6,386,611,869
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱6,119,908,898**	₱6,426,541,859	₱6,056,015,749
Noncontrolling interest	**1,272,741,442**	540,704,437	330,596,120
NET INCOME	**₱7,392,650,340**	₱6,967,246,296	₱6,386,611,869
BASIC/DILUTED EARNINGS PER SHARE (Note 30)	**₱0.512**	₱0.538	₱0.507

(Forward)

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱7,392,650,340**	₱6,967,246,296	₱6,386,611,869
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive gain (loss) to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments (Note 32)	**(18,488,017)**	73,378,653	3,850,321
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit obligation - net of tax (Notes 26 and 27)	**19,577,219**	113,161,254	(49,875,271)
Changes in fair value on equity investments at fair value through other comprehensive income (Note 10)	**22,000,000**	8,000,000	(1,000,000)
	23,089,202	194,539,907	(47,024,950)
TOTAL COMPREHENSIVE INCOME	**₱7,415,739,542**	₱7,161,786,203	₱6,339,586,919
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱6,140,749,468**	₱6,619,014,287	₱6,008,131,757
Noncontrolling interest	**1,274,990,074**	542,771,916	331,455,162
	₱7,415,739,542	₱7,161,786,203	₱6,339,586,919

See accompanying Notes to Consolidated Financial Statements.

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

	Capital Stock (Note 23)				Other Comprehensive Income					
	Preferred Stock	**Common Stock**	**Additional Paid-in Capital** (Note 23)	**Retained Earnings** (Note 23)	**Remeasurement Gains on Retirement Obligation** (Notes 26 and 27)	**Cumulative Translation Adjustments** (Note 32)	**Other Comprehensive Income** (Notes 10 and 23)	**Treasury Shares** (Notes 8 and 23)	**Noncontrolling Interest** (Notes 23 and 30)	**Total**
Balances as at January 1, 2022	**₱33,000,000**	**₱13,114,136,376**	**₱30,655,429,349**	**₱72,539,569,939**	**₱591,753,078**	**(₱225,416,876)**	**₱411,737,565**	**(₱7,740,264,387)**	**₱3,146,983,827**	**₱112,526,928,871**
Net income	–	–	–	**6,119,908,898**	–	–	–	–	**1,272,741,442**	**7,392,650,340**
Other comprehensive income	–	–	–	–	**17,328,587**	**(18,488,017)**	**22,000,000**	–	**2,248,632**	**23,089,202**
Total comprehensive income (loss) for the year	–	–	–	**6,119,908,898**	**17,328,587**	**(18,488,017)**	**22,000,000**	–	**1,274,990,074**	**7,415,739,542**
Increase in noncontrolling interest (Note 23)	–	–	**29,283,943**	–	–	–	–	–	**4,197,400,031**	**4,226,683,974**
Cash dividend declared	–	–	–	**(348,362,314)**	–	–	–	–	**(170,796,898)**	**(519,159,212)**
Balances as at December 31, 2022	**₱33,000,000**	**₱13,114,136,376**	**₱30,684,713,292**	**₱78,311,116,523**	**₱609,081,665**	**(₱243,904,893)**	**₱433,737,565**	**(₱7,740,264,387)**	**₱8,448,577,034**	**₱123,650,193,175**
Balances as at January 1, 2021	₱33,000,000	₱13,114,136,376	₱30,655,429,349	₱66,411,673,066	₱480,659,303	(₱298,795,529)	₱403,737,565	(₱7,740,264,387)	₱2,620,068,365	₱105,679,644,108
Net income	–	–	–	6,426,541,859	–	–	–	–	540,704,437	6,967,246,296
Other comprehensive income	–	–	–	–	111,093,775	73,378,653	8,000,000	–	2,067,479	194,539,907
Total comprehensive income for the year	–	–	–	6,426,541,859	111,093,775	73,378,653	8,000,000	–	542,771,916	7,161,786,203
Cash dividend declared	–	–	–	(298,644,986)	–	–	–	–	(15,856,454)	(314,501,440)
Balances as at December 31, 2021	₱33,000,000	₱13,114,136,376	₱30,655,429,349	₱72,539,569,939	₱591,753,078	(₱225,416,876)	₱411,737,565	(₱7,740,264,387)	₱3,146,983,827	₱112,526,928,871
Balances as at January 1, 2020	₱33,000,000	₱13,114,136,376	₱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
Net income	–	–	–	6,056,015,749	–	–	–	–	330,596,120	6,386,611,869
Other comprehensive income (loss)	–	–	–	–	(50,734,313)	3,850,321	(1,000,000)	–	859,042	(47,024,950)
Total comprehensive income (loss) for the year	–	–	–	6,056,015,749	(50,734,313)	3,850,321	(1,000,000)	–	331,455,162	6,339,586,919
Cash dividend declared	–	–	–	(597,289,973)	–	–	–	–	(15,326,523)	(612,616,496)
Balances as at December 31, 2020	₱33,000,000	₱13,114,136,376	₱30,655,429,349	₱66,411,673,066	₱480,659,303	(₱298,795,529)	₱403,737,565	(₱7,740,264,387)	₱2,620,068,365	₱105,679,644,108

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱9,413,764,447**	₱8,924,895,145	₱7,615,802,373
Adjustments for:			
Interest and other financing charges (Note 25)	**5,217,887,075**	4,315,329,854	3,971,907,603
Depreciation and amortization (Notes 14, 15, 17 and 24)	**2,638,853,067**	2,686,583,410	2,247,713,931
Loss from fire, net of proceeds received (Notes 14, 15 and 24)	**366,965,591**	–	–
Retirement expense, net of payments (Note 26)	**49,730,787**	44,574,335	34,390,695
Unrealized foreign exchange loss (gain)	**4,492,975**	(9,708,504)	3,068,988
Share in equity earnings from investment in joint venture (Note 17)	**(9,301,990)**	(7,043,055)	–
Interest income from investments and other income (Note 25)	**(981,195,770)**	(1,549,437,541)	(1,437,271,393)
Operating income before working capital changes	**16,701,196,182**	14,405,193,644	12,435,612,197
Decrease (increase) in:			
Receivables	**(3,266,159,674)**	(6,559,097,831)	(6,735,973,798)
Real estate inventories (excluding capitalized borrowing costs)	**(2,087,951,696)**	(2,820,564,171)	2,965,977,897
Other current assets and cost to obtain contract	**(1,535,795)**	827,822,686	(50,013,646)
Increase (decrease) in:			
Accounts and other payables	**(119,888,697)**	(752,702,714)	3,612,848,381
Contract liabilities	**342,131,111**	(864,515,875)	188,506,561
Security deposits and advance rent (including noncurrent portion)	**45,769,229**	60,231,281	96,835,288
Other noncurrent liabilities	**(45,803,311)**	(724,789,167)	109,647,135
Plan assets contributions (Note 26)	**(61,374,100)**	(58,425,850)	(3,000,000)
Net cash flows generated from operations	**11,506,383,249**	3,513,152,003	12,620,440,015
Income tax paid	**(886,982,696)**	(926,526,124)	(880,393,483)
Net cash flows provided by operating activities	**10,619,400,553**	2,586,625,879	11,740,046,532
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Maturity of investments at amortized cost (Note 10)	**24,898,766,326**	12,958,036,143	4,414,591,251
Short-term cash investments (Note 10)	**288,741,543**	–	93,887,444
Interest received	**1,080,150,454**	1,256,861,006	1,379,064,131
Proceeds from insurance company (Note 24)	**620,000,000**	–	–
Additions to:			
Investments at amortized cost (Note 10)	**(12,921,556,055)**	(17,452,430,148)	(14,358,230,661)
Investment properties (excluding capitalized borrowing costs) (Notes 14 and 33)	**(5,002,075,927)**	(4,876,747,527)	(3,858,965,384)
Property and equipment (Notes 15 and 33)	**(154,666,117)**	(231,410,097)	(123,425,578)
Short-term cash investments (Note 10)	**–**	(219,091,344)	–
Deductions from (additions to):			
Project development costs	**4,891,917**	1,073,057,252	1,469,215,374
Receivables from related parties	**(957,087,103)**	(14,709,230)	(532,159,473)
Restricted cash	**(105,669,636)**	388,437,931	165,667,619
Other noncurrent assets	**(75,965,633)**	(359,866,212)	102,145,546
Net cash flows provided by (used in) investing activities	**7,675,529,769**	(7,477,862,226)	(11,248,209,731)

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Bank loans (Notes 20 and 33)	**₱22,272,518,258**	₱23,377,375,534	₱4,002,692,725
Notes payable (Notes 21 and 33)	**14,600,000,000**	10,909,807,626	9,883,000,000
Loans payable (Notes 20 and 33)	**4,715,767,761**	2,859,085,791	2,066,281,574
Increase in noncontrolling interest (Notes 23 and 33)	**4,226,683,974**	–	–
Payments of:			
Lease liabilities (Notes 28 and 33)	**(375,018,792)**	(283,190,395)	(246,360,955)
Dividends (Notes 23 and 33)	**(438,991,085)**	(326,748,924)	(653,384,724)
Loans payable (Notes 20 and 33)	**(3,160,659,623)**	(3,401,469,422)	(1,149,367,749)
Interest and other financing charges (including capitalized borrowing cost) (Notes 12, 14 and 33)	**(9,716,182,535)**	(9,738,424,964)	(9,514,967,781)
Notes payable (Notes 21 and 33)	**(23,876,278,143)**	(5,657,071,600)	(2,170,841,600)
Bank loans (Notes 20 and 33)	**(23,324,728,434)**	(8,786,974,577)	(8,865,203,848)
Net cash flows provided by (used in) financing activities	**(15,076,888,619)**	8,952,389,069	(6,648,152,358)
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(4,492,975)**	9,708,504	(3,068,988)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,213,548,728**	4,070,861,226	(6,159,384,545)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**11,856,655,898**	7,785,794,672	13,945,179,217
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 9)	**₱15,070,204,626**	₱11,856,655,898	₱7,785,794,672

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

Vista Land & Lifescapes, Inc. (the Parent Company or VLLI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address is at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 65.84% and 65.17% owned by Fine Properties, Inc., (Ultimate Parent Company), as of December 31, 2022 and 2021, respectively, 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 to the development and sale of residential house and lot and residential condominium through its horizontal and vertical projects, respectively. Its commercial and others segment focuses on the development, leasing and management of shopping malls and commercial centers all over the Philippines and hotel operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

Initial public offering of VistaREIT
As of December 31, 2022, VistaREIT is 32.96% owned by MAPI, 17.40% owned by VRI, 5.92% owned by MC, 4.86% by Communities Pampanga, Inc., 3.49% owned by CAPI and 35.37% public after it was listed in the Philippine Stock Exchange on June 15, 2022. Effectively, VLLI's effective ownership in VistaREIT as of December 31, 2022 is now at 60.09% from 98.94% as of December 31, 2021 as a result of public offering (see Note 23).

2. Basis of Preparation and Statement of Compliance

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

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

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

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry
On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the following provisions of PIC Q&A 2018-12 until December 31, 2023:

a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
c. Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods under Philippine Accounting Standards (PAS) 23, *Borrowing Cost*, for Real Estate industry

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 3 to the consolidated financial statements.

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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022.

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

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

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

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

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

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

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

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

	Percentage of Ownership		
	2022	2021	2020
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
VistaREIT, Inc.**	**3.49**	19.61	–
VRI	**100.00**	100.00	100.00
Vista Leisure Club Corporation (VLCC)	**100.00**	100.00	100.00
Vista Hospitality Management Corp.	**100.00**	100.00	100.00
Malay Resorts Holdings, Inc. (MRHI)	**100.00**	100.00	100.00
Mella Hotel, Inc.	**100.00**	100.00	100.00
Balmoral Resources Corporation*	**37.22**	37.22	37.22
VProperty Management, Inc.	**100.00**	100.00	–
VistaREIT, Inc.**	**17.40**	19.61	–
CHI	**100.00**	100.00	100.00
Household Development Corporation (HDC)	**100.00**	100.00	100.00
Brittany Estates Corporation	**100.00**	100.00	100.00
Balmoral Resources Corporation*	**8.92**	8.92	8.92
Mandalay Resources Corp.	**100.00**	100.00	100.00
C&P International Limited	**100.00**	100.00	100.00
Camella Sales Specialists, Inc.	**100.00**	100.00	100.00
Vista Towers, Inc.	**100.00**	100.00	100.00
Prima Casa Land & Houses, Inc. (PCLHI)	**100.00**	100.00	100.00
CPI	**100.00**	100.00	100.00
Communities Batangas, Inc.	**100.00**	100.00	100.00
Communities Bulacan, Inc.	**100.00**	100.00	100.00
Communities Cebu, Inc.	**100.00**	100.00	100.00
Communities Cagayan, Inc.	**100.00**	100.00	100.00
Communities Davao, Inc.	**100.00**	100.00	100.00
Communities General Santos, Inc.	**100.00**	100.00	100.00
Communities Isabela, Inc.	**100.00**	100.00	100.00
Communities Leyte, Inc.	**100.00**	100.00	100.00
Communities Naga, Inc.	**100.00**	100.00	100.00
Communities Iloilo, Inc.	**100.00**	100.00	100.00
Communities Negros, Inc.	**100.00**	100.00	100.00
Communities Pampanga, Inc.	**100.00**	100.00	100.00
VistaREIT, Inc.**	**4.86**	19.61	–
Communities Pangasinan, Inc.	**100.00**	100.00	100.00
Communities Tarlac, Inc.	**100.00**	100.00	100.00
Communities Zamboanga, Inc.	**100.00**	100.00	100.00
Communities Ilocos, Inc.	**100.00**	100.00	100.00
Communities Bohol, Inc.	**100.00**	100.00	100.00
Communities Quezon, Inc.	**100.00**	100.00	100.00
VFund Management, Inc. (formerly Communities Palawan, Inc.)	**100.00**	100.00	100.00
Communities Panay, Inc.	**100.00**	100.00	100.00
VII	**100.00**	100.00	100.00
Vistamalls, Inc.	**88.34**	88.34	88.34
Manuela Corporation (MC)	**99.85**	99.85	98.85
VistaREIT, Inc.**	**5.92**	20.50	45.00
Masterpiece Asia Properties, Inc. (MAPI)	**100.00**	100.00	100.00
VistaREIT, Inc.**	**32.96**	19.61	–

**The Group effectively owns 100% of Balmoral Resources Corporation through Brittany, CAPI, VRI and HDC.*
***The Group effectively owns 60.09% and 98.94% of VistaREIT, Inc. (formerly Vista One, Inc.) through MC, MAPI, Communities Pampanga, Inc., CAPI and VRI and the rest are owned by individual shareholders, as of December 31, 2022 and 2021, respectively.*

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.

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

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

As at December 31, 2022, the percentage of noncontrolling interests pertain to (i) VistaREIT at 39.91% and (ii) Vistamalls, Inc. and its subsidiaries at 11.66%. As of December 31, 2021, the percentage of noncontrolling interests pertaining to Vistamalls, Inc. and its subsidiaries is at 11.66%. The voting rights held by the noncontrolling interests are in proportion of their ownership interest.

3. Changes in Accounting Policies

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Voluntary Change in Accounting Policy
Starting January 1, 2021, considering the experience from the pandemic, management made a comparison of the prevailing practice in the industry and noted that most of the big players in commercial and office spaces leasing are using the simplified approach. Given this, management decided to align its accounting policy with what is prevailing in the industry which resulted in voluntarily changing its accounting policy to measure loss allowance for its lease receivables from general to simplified approach. The Group now measures the loss rate using net flow methodology.

Under the simplified approach, in calculating expected credit loss (ECL), the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for lease receivables, analyzed into third party and related party tenants, that is based on historical credit loss experience and incorporating forward-looking information (called overlays). The change in accounting policy was applied retroactively resulting in additional provision amounting to ₱24.79 million in 2021 and no significant impact for 2020.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

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

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

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

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

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

  The amendments clarify:

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

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

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

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

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

The PIC Q&A provisions covered by the SEC deferral that the Group availed as of December 31, 2022 follows:

	Deferral Period
Exclusion of land in the determination of POC discussed in PIC Q&A No. 2018-12-E	Until December 31, 2023
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
Implementation of IFRS IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under PAS 23, *Borrowing Cost*) for Real Estate industry	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

a. The accounting policies applied;
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A;
c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted; and
d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto.

To assist real estate companies to finally adopt the said PIC and IFRIC pronouncements and enable them to fully comply with PFRS 15 and revert to full PFRS, the Commission en banc, in its meeting held on July 8, 2021, approved the amendment to the transitional provisions in the above MCs, under SEC Memo 8-2021, issued last July 2020 which would provide real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncements.

The Commission en banc, in the same meeting, likewise approved that the policy option be available to entities that cease availing of the above SEC financial reporting reliefs whether in full or in part.

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

Treatment of land in the determination of the percentage-of-completion
Adoption of this guidance would have impacted a reduction in revenue from real estate sales, installment contract receivables, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings. These would have not impacted the cash flows. As of December 31, 2022, the Group is still in the process of assessing the impact of excluding land in the determination of POC.

Assessing whether the transaction price includes a significant financing component
The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities. As of December 31, 2022, the Group is still in the process of assessing the impact of significant financing component.

Impact of implementing the IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost
Adoption of this guidance would have impacted a reduction in net income, real estate inventories, provision for deferred income tax, deferred tax liability, and the opening balance of retained earnings, and a corresponding increase in interest and other financing charges. These would have not impacted the cash flows. As of December 31, 2022, the Group is still in the process of assessing the impact of implementing the IFRIC Agenda Decision.

The Group is still evaluating whether to adopt the above changes using modified retroactive approach or full retroactive approach. If application is using modified retrospective approach, the impact will be recorded during the year of adoption and the opening retained earnings in the year of adoption while if application will be using full retroactive approach, the impact will be recorded in all years presented and the opening retained earnings in the earliest period presented.

4. Summary of Significant Accounting Policies

Current and Noncurrent Classification
The Group presents assets and liabilities in the 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 the Group.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of changes in value.

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 12 months. These investments earn interest at the respective short-term rates.

Financial Instruments
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; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

<u>Impairment of Financial Assets</u>
The Group recognizes expected credit losses (ECL) for:

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

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

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

As discussed above, starting January 1, 2021, the Group used simplified approach method in calculating its ECL for lease receivables from the previous general approach. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors (i.e., inflation, GDP growth rate) specific to the debtors and the economic environment.

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

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

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

Prior to retroactive adoption of the change in ECL methodology for lease receivables, the Group uses general approach in calculating its ECL. 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.

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

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

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

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

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

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

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

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

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

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

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

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

Financial liability
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and in event of insolvency or bankruptcy of the Group and all of its counterparties.

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

Cost includes:

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

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

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

Value-Added Tax (VAT)
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 Bureau of Internal Revenue (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 Taxes
Creditable withholding taxes pertain to taxes withheld on income payments and may be applied against income tax due. The balance of taxes withheld is recovered in future period.

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

Investment in Joint Venture
The Group's investment in joint venture is accounted for under the equity method of accounting.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

An investment is accounted for using the equity method from the day it becomes a joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and instead included in the determination of the share in the earnings of the investees.

Under the equity method, the investment in the investee company is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of comprehensive income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee company and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when its investment in investee company is reduced to zero. Unless otherwise, additional losses are not recognized when the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee company and the Group are identical and the investee company's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group reduces the carrying value of its investment based on average acquisition cost per share (historical cost) when the Group disposes the investment, or the investee reacquires its own equity instruments from the Group.

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

Advances for socialized housing credits
Advances for socialized housing credits pertain to advances made to a related party in relation to the Group's purchase of socialized housing credits in compliance with the requirements of Republic Act No. 7279 (Urban Development and Housing Act of 1992). Upon receipt of socialized housing credits, the advances is reclassified to subdivision lot for sale and is recognized in profit or loss consistent with the cost of real estate inventory.

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

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

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

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

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

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

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred. Depreciation and amortization commence once the investment properties are available for use and computed using the straight-line method over the estimated useful lives (EUL) of the assets, regardless of utilization. The EUL and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

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

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

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

Property and Equipment

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

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

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

	Years
Building and building improvements	10 to 40
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 EUL and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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

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

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

Model House Accessories
Model house accessories are measured at cost less accumulated amortization and any impairment in value. Amortization commences once the model house accessories are available for use and is calculated on a straight-line method over the estimated useful life of two (2) to three (3) years. Impairment of model house accessories follows the impairment policy of nonfinancial assets.

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

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

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

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

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Revenue and Cost Recognition for Real Estate Sales

Revenue from Contract with Customers

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

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

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

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

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

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

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

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

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

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

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 “Operating expenses” account in the consolidated statement of comprehensive income.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Revenue
Other revenue is recognized when earned.

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

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

Defined benefit costs comprise the following:

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

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

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

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

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred tax

Deferred tax is provided on temporary differences using the liability method, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized in OCI. Deferred tax items recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

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 these occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

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

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

Operating Expenses

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

Operating expenses are recognized:

- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Leases

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

Group as Lessee

Lease liabilities

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and Leases of low-value assets
The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group applies the low-value assets recognition exemption to leases of underlying assets with a value, when new, of ₱0.25 million and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessee recognizes the right-of-use assets and lease liability as a separate new lease after assessing that the consideration for the lease increases by an amount commensurate with the stand-alone price and any adjustments to that stand-alone price reflects the circumstances of the particular contract. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use assets, without affecting profit or loss. For lease termination, the difference between the right-of-use assets and lease liability is recognized in the profit or loss.

Group as a Lessor
Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Pretermination is defined as termination of lease contract by the lessee or lessor before the end of the lease term. In the case of pretermination of an operating lease, a lessor derecognizes the accrued rental receivable which is the effect of straight-line calculation of rental income and is charged against rental income in the statement of comprehensive income.

Foreign Currency Translation
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period.

The functional currency of C&P International Limited and VII is the US Dollar. As of reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses at the weighted average rates for the year. The exchange differences arising on the translation are recognized in OCI under “Cumulative Translation Adjustment”. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation shall be recognized in profit or loss in the consolidated statement of comprehensive income.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income attributable to the equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2022, 2021 and 2020, the Group has no potential dilutive common shares (see Note 30).

Segment Reporting
The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue from contracts with customers

Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property.

Management regularly evaluates the historical cancellations and back-outs after considering the impact of COVID-19 pandemic, 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, the 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.

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

Assessment on whether lease concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16. Consequently, this is treated as a variable lease.

The rent concessions granted by the Group for the years ended December 31, 2022, 2021 and 2020 amounted to ₱39.18 million, ₱240.65 million and ₱1,544.82 million, respectively (see Note 7).

Determination of the lease term
The Group determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Group determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the land where investment properties are situated that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Accounting for lease modification - the Group as lessee
In 2021, the Group and one of the lessors amended the lease contract covering parcels of land where one of the Group's commercial building is situated by extending the lease period and amending the lease rates. The Group assessed that the lease modification did not result in a separate lease and the Group remeasured the lease liability based on the amended lease period and lease rates and recognized the difference between the carrying amount of the modified lease liability and the carrying amount of the lease liability immediately before the modification as an adjustment to the right-of-use asset. The lease contract further subjects the lease payments starting 2036 to be reviewed by both parties in accordance with certain stipulations in the contract. As such, the Group used the market rate at the date the lease is modified for lease period where lease payments are yet to be agreed.

Definition of default and credit-impaired installment contracts receivable
The Group defines the account as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*
  The customer receives a notice of cancellation and does not continue the payments.

- *Qualitative criteria*
  The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

  a. The customer is experiencing financial difficulty or is insolvent
  b. The customer is in breach of financial covenant(s)
  c. An active market for that financial assets has disappeared because of financial difficulties
  d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
  e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information
The Group considers a range of relevant forward-looking macro-economic assumptions (i.e., inflation rate and GDP growth rate for commercial segment and bank lending rate, inflation rate or GDP growth rate for residential segment) for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more

optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Significant increase in credit risk
The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors. The Group's cash and cash equivalents, short-term cash investments, investments at amortized cost, and restricted cash are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates
Upon adoption of the Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments,* the Group has assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined based on its assessment, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

Assessment of Joint Control
The investment in VVTI is accounted for as investment in joint venture despite the Group owning 60%, this is because the relevant activities such as matters related to project development, approval of annual budget and programme, change in joint venture business structure and distribution of dividends among others of the Group and Mitsubishi Estate Co., Ltd. require the unanimous consent of both parties. Even though the Group holds 60% ownership interest on these arrangements, their respective joint arrangement agreements require unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of progress when revenue is recognized over time
The Group's real estate sales is recognized over time and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours expended, and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Total estimated project development cost involves significant estimate since it requires technical determination by management's specialists (project engineers). Estimated project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses.

Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

See Notes 7, 11, and 12 for the related balances.

Provision for expected credit losses of financial assets
Cash and cash equivalents, short-term cash investments, investments at amortized cost and restricted cash:

The Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group uses external credit rating approach to calculate ECL for cash and cash equivalents, short-term cash investments, investments at amortized cost, and restricted cash. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. These information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Installment contracts receivables, accounts receivable and accrued rental receivable:

The Group uses vintage analysis to calculate ECLs for installment contracts receivable. The PD rates using vintage analysis are based on default counts of contract issuances in a given period for groupings of various customer segments that have similar loss patterns (e.g., by customer's type of financing and employment).

The vintage analysis is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For third-party receivable from tenants and accrued rental receivables, the Group recognizes a loss allowance based on lifetime ECLs effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

For related party receivables from tenants, including the accrued rental receivable, the Group considers the ability to pay of the related party and considers factors whether the related party is a listed company or not, its current results of operations and the projected cash flows from operations given the expected continuing recovery from the COVID-19 pandemic. The assessment also includes the assumption of the liability of the related parties' parent company and future plans of payments for remaining uncollected receivables such as entering into property exchange or joint venture arrangements wherein land properties will be received as form of settlement, which are to be used in the Group's planned expansion activities. The collectability assessment also includes the continuing commitment to provide financial support to these related parties and common control entities by Fine Properties, Inc. and the assessment of the latter's capacity to provide such financial support.

The assessment of the relationship between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

In 2022, the Group has determined that the impact of COVID-19 pandemic to its current operations has significantly declined and the continuing and future business activities are expected to be on continuous recovery.

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 those working within the industry previously adversely affected by COVID-19 pandemic. Recoveries of these various industries were considered in the updating of assumptions.

Tenants which belong to micro, small and medium enterprise and those operating under entertainment, non-essentials and food industries were previously adversely affected due to temporary closure of mall operations which increased the risk of non-collection of the remaining receivables. The Group has updated its assumptions as various tenants has recovered from the impact of the pandemic.

Considering the above, the Group revisited the expected credit loss exercise as at December 31, 2022 and 2021 for its receivables.

For the installment contracts receivable, the calculation of the probability of default (PD) was updated by further segmenting the buyers tagged as overseas Filipino workers based on location of employment (e.g., Middle East, Europe, East Asia, etc.).

For installment contracts receivable and receivables from tenants, the PD scenario used in the calculation of ECL were assigned with 33% equal probability for all scenarios as of December 31, 2022, 30% best, 33% base, and 37% worse and 31% best, 33% base, and 36% worst case probability scenario as of December 31, 2021, and 31% best, 33% base, and 36% worse and 25% best, 33% base, and 42% worst case probability scenario as of December 31, 2020, respectively. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

As a result of the loss estimation, management recognized impairment loss for receivable from tenants and investments at amortized cost in each period presented. The Group, however, did not identify an impairment for installment contracts receivable primarily because of the recoveries from resale of repossessed inventories that are higher than the exposure at default.

Further details are provided in Notes 10, 11 and 32.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

Further details about the fair value of financial instruments are provided in Note 31.

Evaluation of net realizable value of real estate inventories
Real estate inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the estimated selling price of the real estate inventories in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of these assets. In determining the recoverability of these assets, management considers whether these assets are damaged, if their selling prices have declined and management's plan in discontinuing the real estate projects. Estimated selling price is derived from publicly available market data and historical experience, while estimated selling costs are basically commission expense based on historical experience. In line with the impact of COVID-19, the Group experienced limited selling activities that resulted to lower sales in 2022, 2021 and 2020. In evaluating NRV, recent market conditions and current market prices and expected continuing actively from the COVID-19 pandemic have been considered.

Further details are provided in Note 12.

Evaluation of impairment of nonfinancial assets
The Group reviews project development costs, investment in joint venture, property and equipment, investment properties, goodwill, and other nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant industry or economic trends, considering the expected continuing recovery from the impact of COVID-19 pandemic.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. Fair value less costs to sell pertain to quoted prices and for fair values determined using discounted cash flows or other valuation technique such as multiples. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect project development costs, investment in joint venture, property and equipment, investment properties, goodwill, and other nonfinancial assets.

For goodwill, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value in use of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the future cash flows for the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of cash flows.

Further details are provided in Notes 8, 13, 14, 15, 16, and 17.

Determining the fair value of investment properties
The Group discloses the fair values of its investment properties. The Group's investment properties consist of land and land developments and building and building improvements. For properties for leasing, the fair values were derived using income approach as determined by third party appraisers while land properties held for capital appreciation were based on market-based listing of the properties of the same features and locations as determined by management. Fair values of right of use asset were determined using the latest discount rate every end of reporting period based on remaining cash flows while that of construction in progress is aligned with cost as management believes the values of cost represents the current replacement cost as of balance sheet date.

Further details are provided in Note 14.

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 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 noncancellable term of the lease in determining the useful lives of the leasehold improvements.

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

Further details are provided in Note 27.

6. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three reportable operating segments as follows:

Horizontal Projects
This segment pertains to the development and sale of residential house and lot across the Philippines.

Vertical Projects
This segment caters on the development and sale of residential condominium projects across the Philippines.

Commercial and others
This segment pertains to rental of malls and office spaces, hotel operations, and activities of holding companies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss before income tax and earnings before income tax, depreciation and amortization (EBITDA). 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 based on the agreed terms between the related parties.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS. The segment assets are presented separately from the receivables from related parties, investments at fair value through other comprehensive income (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, 2022				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real estate revenue (Note 7)	₱8,402,272	₱4,387,606	₱–	₱–	₱12,789,878
Rental income (Notes 14 and 34)	–	–	14,135,752	(393,494)	13,742,258
Parking, hotel, mall administrative and processing fees, and others (Note 25)	708,601	292,840	627,244	(21,340)	1,607,345
	9,110,873	4,680,446	14,762,996	(414,834)	28,139,481
Costs and operating expenses (Note 24)	5,229,702	3,111,737	4,210,076	–	12,551,515
Segment income before income tax	3,881,171	1,568,709	10,552,920	(414,834)	15,587,966
Interest income and other income from investments (Note 25)	909,341	55,511	717,686	–	1,682,538
Interest and other financing charges (Note 25)	(429,929)	(35,853)	(4,752,105)	–	(5,217,887)
Depreciation and amortization (Note 24)	(656,089)	(25,285)	(1,957,479)	–	(2,638,853)
Income before income tax	3,704,494	1,563,082	4,561,022	(414,834)	9,413,764
Provision for income tax (Note 27)	522,632	312,616	1,185,866	–	2,021,114
Net income	₱3,181,862	₱1,250,466	₱3,375,156	(₱414,834)	₱7,392,650
Other Information					
Segment assets	₱167,550,154	₱23,922,805	₱81,688,963	(₱186,312)	₱272,975,610
Advances to a related party (Note 29)	7,042,276	–	–	–	7,042,276
Investment in joint venture (Note 17)	–	468,074	–	–	468,074
Investments at FVOCI (Note 10)	12,158	–	105,000	–	117,158
Investments at amortized cost (Note 10)	–	–	41,499,484	–	41,499,484
Deferred tax assets - net (Note 27)	111,464	–	–	–	111,464
Total Assets	₱174,716,052	₱24,390,879	₱123,293,447	(₱186,312)	₱322,214,066
Segment liabilities	₱20,217,005	₱7,822,545	₱164,603,249	(₱186,312)	₱192,456,487
Deferred tax liabilities - net (Note 27)	1,664,144	152,292	4,290,951	–	6,107,387
Total Liabilities	₱21,881,149	₱7,974,837	₱168,894,200	(₱186,312)	₱198,563,874
Capital expenditures	₱12,089,005	₱6,323,525	₱4,103,770	₱–	₱22,516,300

**For the year ended December 31, 2022, EBITDA amounts to ₱17,270.50 million.*

	December 31, 2021				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real estate revenue (Note 7)	₱13,602,441	₱3,795,490	₱–	₱–	₱17,397,931
Rental income (Notes 14 and 34)	–	–	9,851,733	(539,013)	9,312,720
Parking, hotel, mall administrative and processing fees, and others (Note 25)	1,282,740	178,395	901,204	(215,465)	2,146,874
	14,885,181	3,973,885	10,752,937	(754,478)	28,857,525
Costs and operating expenses (Note 24)	10,074,372	1,842,673	4,092,032	(754,478)	15,254,599
Segment income before income tax	4,810,809	2,131,212	6,660,905	–	13,602,926
Interest income and other income from investments (Note 25)	763,936	26,230	1,533,716	–	2,323,882
Interest and other financing charges (Note 25)	(355,563)	(29,651)	(3,930,116)	–	(4,315,330)
Depreciation and amortization (Note 24)	(651,485)	(31,113)	(2,003,985)	–	(2,686,583)
Income before income tax	4,567,697	2,096,678	2,260,520	–	8,924,895
Provision for income tax (Note 27)	977,371	324,020	656,258	–	1,957,649
Net income	₱3,590,326	₱1,772,658	₱1,604,262	₱–	₱6,967,246
Other Information					
Segment assets	₱157,006,893	₱17,782,356	₱83,175,042	(₱511,958)	₱257,452,333
Advances to a related party (Note 29)	6,085,189	–	–	–	6,085,189
Investment in joint venture (Note 17)	–	458,772	–	–	458,772
Investments at FVOCI (Note 10)	41,499	–	83,000	–	124,499
Investments at amortized cost (Note 10)	–	–	49,817,450	–	49,817,450
Deferred tax assets - net (Note 27)	48,279	–	105	–	48,384
Total Assets	₱163,181,860	₱18,241,128	₱133,075,597	(₱511,958)	₱313,986,627
Segment liabilities	₱27,576,766	₱5,707,468	₱163,704,772	(₱511,958)	₱196,477,048
Deferred tax liabilities - net (Note 27)	1,017,709	133,280	3,831,662	–	4,982,651
Total Liabilities	₱28,594,475	₱5,840,748	₱167,536,434	(₱511,958)	₱201,459,699
Capital expenditures	₱14,615,731	₱4,078,229	₱2,445,640	₱–	₱21,139,600

**For the year ended December 31, 2021, EBITDA amounts to ₱15,652.27 million.*

	December 31, 2020				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real estate revenue (Note 7)	₱17,943,287	₱3,857,277	₱–	₱–	₱21,800,564
Rental income (Notes 14 and 34)	–	–	7,286,366	(89,636)	7,196,730
Parking, hotel, mall administrative and processing fees, and others (Note 25)	721,440	170,838	890,745	(152,477)	1,630,546
	18,664,727	4,028,115	8,177,111	(242,113)	30,627,840
Costs and operating expenses (Note 24)	13,477,256	3,110,423	2,512,363	(242,113)	18,857,929
Segment income (loss) before income tax	5,187,471	917,692	5,664,748	–	11,769,911
Interest income and other income from investments (Note 25)	598,411	40,646	1,426,455	–	2,065,512
Interest and other financing charges (Note 25)	(84,721)	(214,674)	(3,672,512)	–	(3,971,907)
Depreciation and amortization (Note 24)	(240,738)	(35,642)	(1,971,333)	–	(2,247,713)
Income before income tax	5,460,423	708,022	1,447,358	–	7,615,803
Provision for income tax (Note 27)	662,181	84,963	482,047	–	1,229,191
Net income	₱4,798,242	₱623,059	₱965,311	₱–	₱6,386,612
Other Information					
Segment assets	₱95,288,403	₱25,616,912	₱115,537,982	(₱72,172)	₱236,371,125
Receivables from related parties (Note 29)	879,187	–	4,808,563	–	5,687,750
Investments at FVOCI (Note 10)	–	–	116,499	–	116,499
Investments at amortized cost (Note 10)	–	–	41,693,291	–	41,693,291
Deferred tax assets - net (Note 27)	188,106	–	–	–	188,106
Total Assets	₱96,355,696	₱25,616,912	₱162,156,335	(₱72,172)	₱284,056,771
Segment liabilities	₱15,018,896	₱7,647,351	₱151,757,364	(₱72,172)	₱174,351,439
Deferred tax liabilities - net (Note 27)	211,878	14,955	3,798,855	–	4,025,688
Total Liabilities	₱15,230,774	₱7,662,306	₱155,556,219	(₱72,172)	₱178,377,127
Capital expenditures	₱17,698,619	₱3,804,681	₱3,108,100	₱–	₱24,611,400

**For the year ended December 31, 2020, EBITDA amounts to ₱13,767.97 million*

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

Rental income amounting to ₱11,506.05 million or 83.73%, ₱7,113.08 million or 76.38%, and ₱5,360.84 million or 74.49% of the commercial segment of the Group was generated from anchor tenants as defined in Note 29 for the years ended December 31, 2022, 2021 and 2020, respectively.

There is no cyclicality in the Group's operations.

7. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types and other geographical location within the Philippines.

The Group's disaggregation of each source of revenue from contracts with customers are presented below:

	2022	2021	2020
	(Amounts in Thousands)		
Type of Product			
Real estate sales			
Horizontal	**₱8,402,272**	₱14,885,825	₱17,943,287
Vertical	**4,387,606**	2,512,106	3,857,277
	12,789,878	17,397,931	21,800,564
Hotel operations (Note 25)	**103,138**	89,267	48,511
	₱12,893,016	₱17,487,198	₱21,849,075

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 on real estate, as these are all sold to external customers as disclosed in the segment information in 2022, 2021 and 2020 (see Note 6).

Due to the impact of COVID-19 pandemic to the current and prior years, buyer's appetite has softened and prefers to stay liquid amid the current recession, with layoffs, travel restrictions, repatriations, nationwide lockdowns beginning on the third week of March 2020. 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 in 2022, 2021 and 2020.

Contract Balances

	2022	2021
Installment contracts receivable (Note 11)	**₱35,296,250,329**	₱41,235,173,571
Cost to obtain contract	**740,176,709**	898,663,714
Contract liabilities	**2,143,601,801**	1,801,470,690

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 2.43% to 19.00% per annum, 2.44% to 19.00%, and 5.23% to 19.00% per annum in 2022, 2021 and 2020, 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 2022 and 2021 from amounts included in contract liabilities at the beginning of the year amounted to ₱799.11 million and ₱953.80 million, respectively.

b. Performance obligations

Information about the Group's performance obligations are summarized below:

Real estate sales
The Group entered into reservation agreements with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the reservation agreement is fixed and has no variable consideration.

The sale of real estate unit covers subdivision land, residential house units, and condominium units and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% - 20% of the contract price to be paid over a maximum of 24 months at a fixed payment for horizontal developments and 20% - 40% of the contract price to be paid over a maximum of 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 two (2) to 15 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either an installment contracts receivable or contract liability.

After the delivery of the completed real estate unit, the Group provides one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2022 and 2021 are, as follows:

	2022	2021
Within one year	**₱8,619,451,367**	₱9,188,744,994
More than one year	**6,665,369,229**	10,721,047,549
	₱15,284,820,596	₱19,909,792,543

The remaining performance obligations expected to be recognized within one year and more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units are completed within three to five years from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space, (b) provisioning of water and electricity, and (c) connection to air conditioning system, (d) CUSA services, and (e) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 30 days upon receipt of the bill. Except for related party tenants, in case of delay in payments, a penalty of 5% is charged for the amount due and shall be charged another 5% the following month of delay and every month thereafter inclusive of penalties previously charged. Except for related party tenants, the lease arrangement would typically require a tenant to pay advance rental equivalent to two (2) to four (4) months and a security deposit equivalent to two (2) to four (4) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In various dates in 2021 and 2020, certain third party and related party tenants of the Group operating within the entertainment, food and low-priced apparel retailing have requested for the termination of their lease contracts with the Group prior to the original end dates. The requests, as granted by the Group, are primarily due to the impact of COVID 19 pandemic to their business. As a result, the Group reversed the accrued rental receivable which is the effect of straight-line calculation of rental income of those tenants who pre-terminated the contracts, amounting to ₱38.81 million and ₱1,560.95 million against rental income for the year ended December 31, 2021 and 2020, respectively (see Note 11). The related deferred tax liability of ₱9.70 million and ₱468.28 million for the reversed accrued rental receivable from tenants was reversed in 2021 and 2020, respectively. Of these terminated tenants in 2021 and 2020, ₱2.84 million and ₱1,556.12 million were related parties, respectively. The specific portion relating to the termination of related party tenants are further included in the related party transactions disclosure of the Group (see Note 29). There was no reversal of accrued rental receivables due to the impact of COVID-19 pandemic in 2022.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Group came up with its own waiver scheme that applies to different classifications of lessees based on their respective financial position and performance before and during the community quarantine, their status as an essential vis-à-vis non-essential service, and their growth projections. The Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Granting of concessions were extended up to December 31, 2021 and beyond depending on the tenant's profile and credit. The rent concessions granted by the Group to its tenants for the years ended December 31, 2022, 2021 and 2020 amounted to ₱39.18 million, ₱240.65 million and ₱1,544.82 million, respectively.

In 2022, due to the fire that hit Star Mall Alabang in Muntinlupa City, the tenants pre-terminated the contracts that resulted to reversal of the Group's accrued rental receivables, which is the effect of straight-line calculation of rental income, amounting to ₱427.50 million with related deferred tax liabilities of ₱106.88 million. Of these terminated tenants, ₱420.25 million were related parties (see Note 29).

c. Cost to Obtain Contract

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

	2022	2021
Balance at beginning of year	**₱898,663,714**	₱1,281,715,425
Net additions	**435,533,435**	489,086,609
Amortization (Note 24)	**(594,020,440)**	(872,138,320)
Balance at end of year	**₱740,176,709**	₱898,663,714

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 (MC) during the VLLI acquisition of Vistamalls Group (formerly, Starmalls Group) in 2015. MC still holds the VLLI shares as of December 31, 2022 and 2021.

On December 29, 2015, VLCC, a wholly owned subsidiary of VRI, acquired 100% ownership of MRHI for a total cash consideration of ₱157.00 million. MRHI owns and operates the Boracay Sands Hotel. The transaction was accounted for as a business combination under acquisition method. Fair values of identifiable net assets of MRHI amounted to ₱9.73 million, which resulted to recognition of goodwill of ₱147.27 million.

The Group included the impact of COVID-19 pandemic and the expected continuing recovery and the various community quarantine restricting movements and business operations in its annual impairment testing of goodwill for the years ended December 31, 2022, 2021 and 2020.

The recoverable amount is based on value in use calculations using cash flow projections from financial budgets approved by the Group's management covering the period the CGU is expected to be operational. Based on management's assessment, there is no impairment loss to be recognized on goodwill as at December 31, 2022 and 2021, despite temporary closure. In December 2021, Boracay Sands Hotel resumed operations. The pre-tax discount rate used on December 31, 2022 and 2021 is 9.78% and 12.65% respectively, which is based on weighted average cost of capital of comparable entities. The average growth rate used is 4.00% as of December 31, 2022 and 2021. The value-in-use computation is most sensitive to the discount rate and growth rate applies to the cash flow projection.

9. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱13,210,348**	₱10,614,562
Cash in banks	**8,640,751,874**	11,805,653,656
Cash equivalents	**6,416,242,404**	40,387,680
	₱15,070,204,626	₱11,856,655,898

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:

	2022	2021	2020
Philippine Peso	**0.01% to 1.25%**	0.03% to 0.50%	0.25% to 1.00%
US Dollar	**0.06% to 0.13%**	0.05% to 0.13%	0.04% to 0.13%

Interest earned from cash in banks and cash equivalents for the years ended December 31, 2022, 2021 and 2020 amounted to ₱45.84 million, ₱34.08 million and ₱63.64 million, respectively (see Note 25).

No cash and cash equivalents are used to secure the obligations of the Group.

10. Investments

Short-term cash investments
Short-term cash investments consist of money market placements with maturities of more than three (3) months up to one (1) year and earn annual interest at the respective short-term investment rates, as follows:

	2022	2021	2020
Philippine Peso	**0.10% to 3.13%**	1.00% to 4.00%	2.50% to 2.63%

As of December 31, 2022, and 2021, short-term cash investments amounted to ₱47.28 million and ₱336.02 million, respectively.

Interest earned from short-term cash investments for the years ended December 31, 2022, 2021 and 2020 amounted to ₱1.12 million, ₱2.47 million and ₱3.66 million, respectively (see Note 25).

Investments at amortized cost
This account consists of the Group's investments in various US dollar-denominated debt securities with nominal interest rates ranging from 0.25% to 8.00%, 1.00% to 7.75% and 3.75% to 4.25% for the years ended December 31, 2022, 2021 and 2020, respectively.

In 2022, 2021 and 2020, effective interest rate ranges from 1.05% to 7.19%, 0.39% to 10.82% and 2.23% to 10.18%, respectively.

Investments at amortized cost amounting to $552.94 million (₱30,829.00 million) and $753.34 million (₱38,419.75 million) are used to secure the bank loans of the Parent Company amounting to ₱27,477.92 million and ₱33,557.33 million as of December 31, 2022 and 2021, respectively.

The fair values of the investments used as collateral amounted to ₱31,409.51 million and ₱23,992.35 million as of December 31, 2022 and 2021 respectively (see Note 20).

Interest income from these investments including amortization of premium amounted to ₱931.41 million, ₱1,507.49 million and ₱1,359.72 million in 2022, 2021 and 2020, respectively (see Note 25).

Provision for expected credit loss amounting to ₱23.29 million, ₱15.53 million and ₱65.63 million was recognized in 2022, 2021 and 2020 on these investments, respectively (see Note 24).

The following presents the breakdown of investments by contractual maturity dates as of December 31, 2022 and 2021.

	2022	2021
Due in one (1) year or less	**₱9,440,433,583**	₱15,751,510,319
Due after one (1) year through five (5) years	**31,629,125,036**	33,806,339,516
Due after five (5) years	**429,925,463**	259,600,004
	₱41,499,484,082	₱49,817,449,839

The rollforward analysis of investments at amortized cost follow:

	2022	2021
Balance at beginning of year	**₱49,817,449,839**	₱41,693,291,447
Additions	**12,921,556,055**	17,452,430,148
Redemptions*	**(24,461,735,580)**	(12,549,337,950)
Amortization of premium	**(437,030,746)**	(393,165,298)
Provision for expected credit loss (Note 24)	**(23,289,723)**	(15,532,895)
Cumulative translation adjustment	**3,682,534,237**	3,629,764,387
Balance at end of year	**₱41,499,484,082**	₱49,817,449,839

**These include early redemptions initiated by the issuer/s.*

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 classify as FVOCI.

	2022	2021
Balance at beginning of year	**₱124,499,183**	₱116,499,183
Unrealized fair value gain during the year	**22,000,000**	8,000,000
Disposals	**(29,340,803)**	–
Balance at end of year	**₱117,158,380**	₱124,499,183

11. **Receivables**

This account consists of:

	2022	2021
Installment contracts receivable (Note 7)	**₱35,296,250,329**	₱41,235,173,571
Accounts receivable:		
Tenants (Note 29)	**10,141,422,954**	8,259,791,965
Home Development Mutual Fund (HDMF)	**185,386,869**	322,873,996
Buyers	**171,303,255**	162,854,404
Others	**44,839,102**	112,967,013
Advances to:		
Contractors and suppliers	**9,790,417,284**	8,354,056,357
Private companies	**1,407,176,313**	1,567,865,004
Brokers	**153,347,171**	151,209,360
Accrued rental receivable (Note 29)	**17,387,952,584**	11,146,694,070
Accrued interest receivable	**444,938,814**	543,893,498
	75,023,034,675	71,857,379,238
Less allowance for impairment losses	**622,398,264**	623,947,817
	74,400,636,411	71,233,431,421
Less noncurrent portion	**21,166,092,635**	20,316,701,320
	₱53,234,543,776	₱50,916,730,101

Installment Contracts Receivable

Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of 15 years. These are carried at amortized cost. The corresponding titles to the subdivision or condominium units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivables are interest-bearing except for those with installment terms within two years. Annual nominal interest rates on installment contracts receivables range from 12.00% to 19.00% in 2022 and 2021. Total interest income recognized amounted to ₱671.52 million, ₱726.01 million and ₱541.31 million in 2022, 2021 and 2020, respectively (see Note 25).

In 2022 and 2021, installment contracts receivables with a total nominal amount of ₱559.06 million and ₱725.07 million, respectively, were recorded at amortized cost amounting to ₱526.98 million and ₱699.50 million, respectively. These are installment contracts receivables that are to be collected in two years which are noninterest-bearing. The fair value upon initial recognition is derived using discounted cash flow model at discount rates ranging from 2.43% to 7.13% and 2.44% to 5.23% in 2022 and 2021, respectively.

Interest income recognized from these receivables amounted to ₱29.83 million, ₱48.43 million and ₱86.93 million in 2022, 2021 and 2020, respectively (see Note 25). The unamortized discount amounted to ₱26.53 million and ₱24.27 million as of December 31, 2022 and 2021, respectively.

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

	2022	2021
Balance at beginning of year	**₱24,273,327**	₱47,135,999
Additions	**32,080,586**	25,570,116
Accretion (Note 25)	**(29,826,779)**	(48,432,788)
Balance at end of year	**₱26,527,134**	₱24,273,327

In 2022 and 2021, 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.

As of December 31, 2022, the carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱4,310.47 million and ₱5,334.62 million, respectively (see Note 20).

As of December 31, 2021, the carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱2,604.47 million and ₱3,779.51 million, respectively (see Note 20).

Accounts Receivable

The accounts receivables are noninterest-bearing and collectible within one year. This consists of:

Receivable from tenants

Receivables from tenants represent the outstanding receivables arising from the lease of commercial centers relating to the Group's mall and offices and are collectible within 30 days from billing date. Except for lease contracts with related parties, these are covered by security deposit of tenants' equivalent to 2 to 4-month rental and 2 to 4-month advance rental paid by the lessees. This includes both the billed fixed and contingent portion of lease.

Receivable from HDMF

Receivable from HDMF pertains to amounts retained by HDMF from the proceeds of loans availed by real estate buyers. This amount is released by HDMF upon the release of the related title to the property by the Group to HDMF within a six-month to one year period from loan takeout date.

Receivable from buyers

Receivables from buyers mainly consist of receivables from buyers of real estate arising from restructured amortization including interest and penalties for late payments. These are noninterest-bearing and are due and demandable.

Others

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

Advances to contractors and suppliers

Advances to contractors are advance payments in relation to the Group's construction activities and are recouped through reduction against progress billings as the construction progresses. Advances to suppliers are advance payments for the purchase of construction materials and are applied to billings for deliveries made. Recoupment occur within one to five years from the date the advances were made. Current portion of these advances are for the construction of inventories, while advance payments for the construction of investment properties are presented as noncurrent portion.

Advances to private companies
Advances to private companies pertain to advances made by the Group to third parties to facilitate the transfer of title to the buyers. These include expected charges for documentary stamp taxes, transfer fees, registration fees, city and business tax and notarial expenses. These advances are liquidated by the private companies once the purpose for which the advances were made had been accomplished.

Advances to brokers
Advances to brokers are cash advances for operating use. These are applied to subsequent commission payout to brokers.

Accrued rental receivable
Accrued rental receivable pertains to the effect of straight-line calculation of rental income. The noncurrent portion of accrued rent receivable are expected to be realized beyond one year from the reporting date.

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

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2021 and 2020, the Group, in addition to the reliefs provided under Bayanihan 1 Act and Bayanihan 2 Act, has offered temporary financial reliefs (e.g., short-term extension of payment terms) to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not significant.

The rollforward analysis of allowance for impairment losses are as follow:

	2022		
	Receivable from tenants	**Advances to private companies**	**Total**
Balance at beginning of year	**₱497,186,046**	**₱126,761,771**	**₱623,947,817**
Provision during the year (Note 24)	–	–	–
Recoveries (Note 24)	**(1,549,553)**	–	**(1,549,553)**
Balance at end of year	**₱495,636,493**	**₱126,761,771**	**₱622,398,264**

	2021		
	Receivable from tenants	Advances to private companies	Total
Balance at beginning of year	₱70,256,455	₱126,761,771	₱197,018,226
Provision during the year (Note 24)	427,750,934	–	427,750,934
Recoveries (Note 24)	(821,343)	–	(821,343)
Balance at end of year	₱497,186,046	₱126,761,771	₱623,947,817

Set out below is the information about the credit risk exposure on the Group's accounts receivable from third party tenants using a provision matrix:

	2022					
		Days past due				
	Current	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total**
Average expected credit loss rates	**3.34%**	**5.75%**	**10.04%**	**13.75%**	**11.20%**	
Amount of exposure at default net of advance rent and security deposits	**₱42,987,382**	**₱8,357,504**	**₱449,441**	**₱7,811,847**	**₱77,662,922**	**₱137,269,096**
Expected credit loss	**₱1,436,931**	**₱480,358**	**₱45,119**	**₱1,074,323**	**₱8,698,848**	**₱11,735,579**

	2021					
	Current	Days past due				
		1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Average expected credit loss rates	2.39%	18.60%	3.51%	18.60%	17.03%	
Amount of exposure at default net of advance rent and security deposits	₱48,695,879	₱4,621,437	₱–	₱3,576,397	₱129,806,056	₱186,699,769
Expected credit loss	₱1,163,655	₱860,164	₱–	₱665,382	₱22,103,040	₱24,792,241

In 2022, the Group has no specifically impaired receivables. In 2021, out of the total impairment loss of ₱427.75 million, ₱402.96 million pertains to specifically impaired receivables, while ₱24.79 million is from generally impaired receivables from expected credit loss testing.

For 2021, the specifically identified impaired accounts pertain to tenants which were affected by the pandemic, thus terminated the lease contracts prior to the original end date.

For the accounts receivable from related party tenants, the expected credit loss from the impairment exercise using a provision matrix is zero (see Note 5).

12. Real Estate Inventories

The rollforward analysis of this account follows:

	2022	2021
Balance at beginning of year	**₱49,596,883,277**	₱44,371,142,367
Construction/development costs incurred	**5,869,649,043**	7,974,884,814
Borrowing costs capitalized (Note 25)	**2,943,918,362**	2,752,396,474
Purchases of construction materials and others	**463,973,383**	2,808,258,415
Additions to land	**202,442,008**	223,604,528
Costs of real estate sales (Note 24)	**(5,542,966,656)**	(8,533,403,321)
Balance at end of year	**₱53,533,899,417**	₱49,596,883,277

The real estate inventories are carried at cost. No inventory is recorded at amount lower than its cost in 2022 and 2021.

This account consists of:

	2022	2021
Subdivision land for sale	**₱23,054,061,619**	₱22,396,410,973
Subdivision land for development	**17,825,746,331**	15,571,966,320
Condominium units for sale and development	**9,732,496,239**	8,032,052,902
Construction materials and others	**1,742,298,708**	2,334,501,879
Residential house for sale and development	**1,179,296,520**	1,261,951,203
	₱53,533,899,417	₱49,596,883,277

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.

Construction materials pertain to supplies, such as but not limited to steel bars, cement, plywood and hollow blocks, used in the construction and development. These are expected to be utilized within one year and included in the cost of real estate inventories upon utilization.

Real estate inventories recognized as costs of real estate sales amounted to ₱5,542.97 million in 2022, ₱8,533.40 million in 2021, ₱12,020.71 million in 2020, and are included as costs of real estate sales in the consolidated statements of comprehensive income (see Note 24).

Borrowing cost capitalized to inventories amounted to ₱2,943.92 million, ₱2,752.40 million and ₱2,299.96 million in 2022, 2021 and 2020, respectively (see Note 25). The capitalization rate used to determine the borrowing costs eligible for capitalization is 6.47%, 6.66% and 6.51% in 2022, 2021 and 2020, respectively.

13. Other Current Assets

This account consists of:

	2022	2021
Input VAT	**₱3,423,807,481**	₱3,363,988,757
Creditable withholding taxes	**1,575,617,117**	1,593,959,198
Prepaid expenses	**546,331,346**	472,954,047
Restricted cash	**168,872,823**	147,980,409
Others	**10,129,811**	8,327,049
	₱5,724,758,578	₱5,587,209,460

Input VAT
Input VAT is a tax imposed on purchases of goods, professional and consulting services, and construction costs. These are available for offset against output VAT in future periods.

Creditable withholding taxes
Creditable withholding taxes pertain to taxes withheld by the customer and are recoverable and can be applied against income tax in future periods. For the years ended December 31, 2022, 2021 and 2020, creditable withholding taxes applied to income tax payable amounting to ₱819.85 million, ₱857.63 million and ₱738.95 million, respectively.

Prepaid expenses
Prepaid expenses mainly include advertising and marketing fees, taxes and licenses, rentals and insurance paid in advance. These are to be fully amortized within one year.

Restricted cash
Cash restricted for use are deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid. Deposit balance should be equivalent to two quarters of debt amortization. Interest income from cash restricted for use amounted to ₱2.83 million, ₱5.40 million and ₱10.25 million in 2022, 2021 and 2020, respectively (see Note 25). The current and noncurrent portion of the restricted cash pertain to the two quarters of debt amortization for the bank loans maturing on or before December 31, 2023 and bank loans maturing beyond December 31, 2023, respectively. The noncurrent portion of this account is presented as noncurrent restricted cash under "Other noncurrent assets" in the Group's consolidated statements of financial position (see Note 17).

14. Investment Properties

The rollforward of analysis of this account follows:

	2022				
	Land and Land Developments	**Building and Building Improvements**	**Construction in Progress**	**Right-of-use Assets**	**Total**
Cost					
Balances at beginning of year	**₱54,885,059,901**	**₱55,230,455,639**	**₱10,291,000,968**	**₱5,066,106,297**	**₱125,472,622,805**
Additions	**4,176,424,076**	**1,640,235,738**	**2,933,530,813**	**–**	**8,750,190,627**
Write off (Note 24)	**–**	**(1,962,779,198)**	**(193,756,164)**	**–**	**(2,156,535,362)**
Reclassifications	**–**	**2,187,263,852**	**(2,187,263,852)**	**–**	**–**
Balances at end of year	**59,061,483,977**	**57,095,176,031**	**10,843,511,765**	**5,066,106,297**	**132,066,278,070**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**–**	**11,964,167,066**	**–**	**516,628,719**	**12,480,795,785**
Depreciation and amortization (Note 24)	**–**	**2,239,064,970**	**–**	**175,989,721**	**2,415,054,691**
Write off (Note 24)	**–**	**(1,173,170,305)**	**–**	**–**	**(1,173,170,305)**
Balances at end of year	**–**	**13,030,061,731**	**–**	**692,618,440**	**13,722,680,171**
Net Book Value	**₱59,061,483,977**	**₱44,065,114,300**	**₱10,843,511,765**	**₱4,373,487,857**	**₱118,343,597,899**

	2021				
	Land and Land Developments	Building and Building Improvements	Construction in Progress	Right-of-use Assets	Total
Cost					
Balances at beginning of year	₱52,827,294,001	₱36,646,397,951	₱24,220,924,186	₱2,218,032,322	₱115,912,648,460
Additions	2,057,765,900	332,121,577	4,322,012,893	2,848,073,975	9,559,974,345
Reclassifications	–	18,251,936,111	(18,251,936,111)	–	–
Balances at end of year	54,885,059,901	55,230,455,639	10,291,000,968	5,066,106,297	125,472,622,805
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	9,699,091,194	–	340,638,998	10,039,730,192
Depreciation and amortization (Note 24)	–	2,265,075,872	–	175,989,721	2,441,065,593
Balances at end of year	–	11,964,167,066	–	516,628,719	12,480,795,785
Net Book Value	₱54,885,059,901	₱43,266,288,573	₱10,291,000,968	₱4,549,477,578	₱112,991,827,020

Investment properties consist mainly of land and land developments while the building and building improvements, construction in progress and right of use asset pertain to leasehold improvements related to leasing activities as commercial centers. These include properties, currently being leased out, for future leasing or currently held for capital appreciation. The commercial centers include retail malls, commercial centers within residential projects, Vistamalls and Starmalls that are located in key cities and municipalities in the Philippines and office spaces.

Rental income earned from investment properties amounted to ₱13,742.26 million, ₱9,312.72 million and ₱7,196.73 million in 2022, 2021 and 2020, respectively. Repairs and maintenance costs recognized under “Operating expenses” arising from investment properties amounted to ₱156.65 million, ₱160.53 million and ₱188.80 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 24). Cost of property operations amounted to ₱5,625.67 million, ₱4,069.32 million and ₱3,983.47 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 24). For the terms and conditions on the lease, refer to Note 34.

As of December 31, 2022 and 2021, the aggregate fair values of investment properties amounted to ₱523,562.33 million and ₱371,951.70 million, respectively, using Level 3 (significant unobservable inputs).

The fair values of the investment properties held for leasing were determined by independent professionally qualified appraisers while that for land and land developments were determined by management.

In both years, 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 discounted cash flow method was used for right-of-use asset.

The key assumptions used to determine the fair value of the investment properties held for leasing are the estimated rental value per sqm per year, rental growth rate per annum, vacancy rate and discount rate. The discount rate used in the valuation are discount rates range from 8.77% to 9.70% and 8.10% to 8.69% in 2022 and 2021, respectively. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long-term vacancy rate.

The parcels of land are mainly located in Bulacan, Tagaytay, Tanza, Bacoor, Dasmariñas, General Trias, Caloocan, Imus, Laguna, Muntinlupa, Nueva Ecija, Pangasinan, Isabela, Tarlac, Ilocos Sur, Iloilo, Sta. Barbara, Tagaytay, Cagayan de Oro. The market price per square meter of the land ranges between ₱6,510 to ₱184,757 in Mega Manila, ₱5,500 to ₱21,400 in Northern Luzon, ₱4,504 to ₱19,752 in Southern Luzon, ₱5,500 to ₱17,300 in Central Luzon, ₱5,000 to ₱109,639 in Visayas, and ₱4,400 to ₱48,252 in Mindanao.

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 10 to 40 years.

Investment properties with carrying value of ₱370.56 million and ₱4,547.55 million are used to secure the bank loans of the Group as of December 31, 2022 and 2021, respectively (see Note 20). The fair value of the investment properties used as collateral amounted to ₱22,055.08 million and ₱36,091.97 million under income approach as of December 31, 2022 and 2021, respectively.

Borrowing cost capitalized to investment properties amounted to ₱2,702.61 million, ₱3,671.16 million and ₱3,716.70 million for years ended December 31, 2022, 2021 and 2020, respectively (see Note 25). The capitalization rates used to determine the borrowing costs eligible for capitalization is 6.47%, 6.66% and 6.51% in 2022, 2021 and 2020, respectively, for general borrowings and ranges from 5.70% to 8.25% for specific borrowings in 2022, 2021 and 2020.

Amortization expense related to right-of-use assets amounted to ₱175.99 million, ₱175.99 million and ₱210.76 million for the years ended December 31, 2022, 2021 and 2020, respectively. Right-of-use asset is amortized over a period of 11 to 30 years.

On January 8, 2022, a fire hit Star Mall Alabang in Muntinlupa City which resulted to loss of assets with carrying value of ₱983.37 million (see Note 24).

The total contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancement amounted to ₱2,139.91 million and ₱2,688.67 million as of December 31, 2022 and 2021, respectively.

15. Property and Equipment

The rollforward analysis of this account follow:

	2022						
	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**	**₱1,190,727,643**	**₱941,358,954**	**₱1,049,843,577**	**₱1,333,412,183**	**₱305,568,320**	**₱4,904,244,277**
Additions	–	**65,491,040**	–	**50,957,987**	–	**38,983,631**	**155,432,658**
Write off (Note 24)	–	–	–	**(8,923,103)**	–	–	**(8,923,103)**
Balances at end of year	**83,333,600**	**1,256,218,683**	**941,358,954**	**1,091,878,461**	**1,333,412,183**	**344,551,951**	**5,050,753,832**
Accumulated Depreciation and Amortization							
Balances at beginning of year	–	**460,787,829**	**743,667,096**	**929,290,053**	**260,053,295**	**193,555,593**	**2,587,353,866**
Depreciation and amortization (Note 24)	–	**10,053,500**	**56,923,978**	**65,510,868**	**12,211,466**	**22,936,235**	**167,636,047**
Write off (Note 24)	–	–	–	**(5,322,569)**	–	–	**(5,322,569)**
Balances at end of year	–	**470,841,329**	**800,591,074**	**989,478,352**	**272,264,761**	**216,491,828**	**2,749,667,344**
Net Book Value	**₱83,333,600**	**₱785,377,354**	**₱140,767,880**	**₱102,400,109**	**₱1,061,147,422**	**₱128,060,123**	**₱2,301,086,488**

	2021						
	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	₱1,179,408,402	₱934,606,012	₱1,001,574,083	₱1,201,371,112	₱286,813,261	₱4,687,106,470
Additions	–	11,319,241	6,752,942	48,269,494	132,041,071	18,755,059	217,137,807
Balances at end of year	83,333,600	1,190,727,643	941,358,954	1,049,843,577	1,333,412,183	305,568,320	4,904,244,277
Accumulated Depreciation and Amortization							
Balances at beginning of year	–	420,281,412	694,259,371	860,094,753	233,807,661	173,163,617	2,381,606,814
Depreciation and amortization (Note 24)	–	40,506,417	49,407,725	69,195,300	26,245,634	20,391,976	205,747,052
Balances at end of year	–	460,787,829	743,667,096	929,290,053	260,053,295	193,555,593	2,587,353,866
Net Book Value	₱83,333,600	₱729,939,814	₱197,691,858	₱120,553,524	₱1,073,358,888	₱112,012,727	₱2,316,890,411

Depreciation and amortization expense charged to operations amounted to ₱167.64 million and ₱205.75 million for the years ended December 31, 2022 and 2021, respectively (see Note 24).

The Group performed impairment testing on its hotel property and equipment with carrying value of ₱663.97 million and ₱626.12 million as of December 31, 2022 and 2021, respectively, by assessing its recoverable amount through estimation of its value-in-use (VIU). VIU is the present value of the future cash flows expected to be derived from an asset. The significant assumptions used in the valuation are discount rate of 9.78% with an average growth rate of 4%. The Group also considered in its assumptions the impact of COVID-19 on the occupancy rate and room rates which are not expected to normalize until 2024. As COVID-19 continued, starting September 2020, the hotel property was used as quarantine facility by government which improved its operations. However, starting December 2021, the hotel resumed its commercial operations. Based on the impairment testing, there is no impairment loss on the Group's hotel property and equipment.

The Group's transportation equipment with a carrying value of ₱9.75 million and ₱7.69 million as of December 31, 2022 and 2021, respectively, were pledged as collateral under chattel mortgage to secure the car loans of the Group with various financial institutions (see Note 20).

The fire resulted to a loss of assets with carrying value of ₱3.57 million (see Note 24).

16. **Project Development Costs**

Project development costs pertain to (a) advances to a related party, covered by memorandum of agreement for the purchase of socialized housing units, (b) advances to third and related parties for project developments.

The requirement for socialized housing units is required by the Housing and Land Use Regulatory Board (HLURB) (see Note 29). These advances are recouped upon receipt of the socialized housing units from Bria Homes. On December 23, 2019, the Group entered into a Memorandum of Agreement with Bria Homes, Inc. that stipulated the allocated socialized housing units to the Group from the latter's ongoing and new projects. On December 21, 2020, the Group executed an amended Memorandum of Agreement with Bria Homes, Inc. that stipulated the number of socialized housing credits to be delivered as final settlement of the advances from its on-going projects under different documentation stages after deducting the partial delivery of social housing credits and cash payments.

This account also includes deposits, cash advances and other charges in connection with joint venture agreements and memorandum of agreements entered into by the Group with individuals, corporate entities and related parties for the development of real estate projects. These agreements provide, among others, the following: a) the Group will undertake the improvement and development of the real estate project within a certain period, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divide among themselves all saleable inventory and commercial development of the real estate project in accordance with the ratio mutually agreed. The real estate projects are in various stages of development from planning to ongoing construction.

17. **Investment in Joint Venture and Other Noncurrent Assets**

Investment in Joint Venture
Vista Ventures Taft, Inc. (VVTI) was incorporated in the Republic of the Philippines primarily to engage in real estate activities particularly from construction and sale of condominium project at Taft Avenue, Manila. VRI originally subscribed for 4,587,718 shares of stock of VVTI with par value of ₱100 per share amounting to ₱458.77 million. VVTI was previously a wholly owned subsidiary of VRI until VRI executed a joint venture agreement (JVA) with Mitsubishi Estate Corp. (MEC). VVTI is 60% owned by VRI and 40% owned by MEC, however, it was agreed in the JVA that at least affirmative vote of four board representatives are required in board reserved matters which include the budget and design of the condominium project.

VVTI's principal place of business is LGF Bldg B Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City.

Below is the financial information on VVTI as of December 31, 2022 and 2021:

	2022	2021
Current assets	**₱1,174,604,349**	₱827,965,230
Noncurrent assets	**109,799,098**	48,246,923
Current liabilities	**90,636,796**	51,620,390
Noncurrent liabilities	**393,660,755**	39,989,183
Revenue	**89,215,418**	40,294,783
Net income	**15,503,316**	11,738,425
Total comprehensive income	**15,503,316**	11,738,425

Below is the reconciliation with the carrying amount of the investment in the consolidated financial statements:

	2022	2021
At beginning of year	**₱458,771,799**	₱463,718,493
Share in equity earnings during the year	**9,301,990**	7,043,055
Other adjustments	**–**	(11,989,749)
At end of year	**₱468,073,789**	₱458,771,799

Other Noncurrent Assets
This account consists of:

	2022	2021
Deposits	**₱657,772,888**	₱648,218,371
Model house accessories at cost	**166,240,657**	158,064,972
Cash restricted for use - net (Note 13)	**156,205,793**	71,428,571
Deferred input VAT	**51,706,852**	30,172,860
Systems development costs	**44,901,634**	22,577,696
	₱1,076,827,824	₱930,462,470

Amortization of system development costs amounted to ₱56.16 million, ₱39.77 million and ₱56.71 million for the years ended December 31, 2022, 2021 and 2020, respectively. These are included in the "Depreciation and amortization" account under "Operating expenses" in the consolidated statements of comprehensive income (see Note 24).

18. **Accounts and Other Payables**

This account consists of:

	2022	2021
Accounts payable		
Suppliers	**₱2,620,364,458**	₱2,380,857,413
Incidental costs	**2,118,285,618**	2,143,941,415
Contractors	**1,931,756,942**	1,493,497,345
Buyers	**1,373,924,136**	1,234,398,158
Commissions payable	**1,857,564,642**	2,053,698,257
Accrued expenses	**1,806,443,825**	1,854,419,766
Current portion of liabilities for purchased land	**1,679,558,285**	1,828,135,487
Current portion of deferred output tax	**1,217,685,114**	968,504,270
Current portion of retention payable	**919,332,613**	999,205,387
Other payables	**365,627,633**	264,788,222
	₱15,890,543,266	₱15,221,445,720

Accounts payable - suppliers
Accounts payable - suppliers represent payables for construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not yet due. These are expected to be settled within a year from recognition date.

Accounts payable - incidental costs
Accounts payable - incidental costs pertain to liabilities incurred in relation to land acquired. These include payable for titling costs, clearing, security and such other additional costs incurred.

Accounts payable - 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 - 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.

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

Accrued expenses
Details of accrued expenses as follow:

	2022	2021
Interest	**₱1,442,359,902**	₱1,464,726,858
Subdivision maintenance	**94,018,993**	59,965,057
Contracted services	**43,660,128**	5,451,619
Marketing	**37,610,937**	72,738,402
Rental	**36,044,987**	22,538,894
Light and power	**34,099,817**	39,299,860
Repairs and maintenance	**32,156,650**	52,279,396
Security	**29,459,913**	41,807,446
Management fees	**8,862,300**	6,243,900
Others	**48,170,198**	89,368,334
	₱1,806,443,825	₱1,854,419,766

Liabilities for purchased land
Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate payables. Liabilities for purchased land that are payable beyond one year from reporting date are presented as noncurrent liabilities (see Note 22).

Deferred output tax
Deferred output tax pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date. Further, upon collection of the VAT portion of installment receivables, the equivalent output tax is included in the current VAT payable of the month. Deferred output VAT pertaining to installment receivables that are beyond one year after reporting date are presented as noncurrent liabilities (see Note 22).

Retention payable
Retention payable pertains to 10.00% retention from the contractors' progress billings which will be released after the completion of contractors' project and upon acceptance of the work by the Group. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects. Retention payables that will be settled beyond one year from reporting date are presented as noncurrent liabilities (see Note 22).

Other payables
Other payables include statutory payables which are remitted on a monthly basis.

19. Security Deposits and Advance Rent

This account consists of:

	2022	2021
Current portion of security deposits (Note 22)	**₱996,146,370**	₱929,877,182
Current portion of advance rent (Note 22)	**860,377,419**	799,388,643
	₱1,856,523,789	₱1,729,265,825

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:

	2022	2021
Balance at beginning of year	**₱57,096,825,507**	₱42,506,424,550
Availment*	**44,832,843,792**	42,057,325,534
Payment*	**(45,885,053,968)**	(27,466,924,577)
Balance at end of year	**56,044,615,331**	57,096,825,507
Debt issue cost		
Balance at beginning of year	**104,483,644**	132,635,349
Additions	**50,533,616**	37,500,000
Amortizations	**(57,225,046)**	(65,651,705)
Balance at end of year	**97,792,214**	104,483,644
Carrying value	**55,946,823,117**	56,992,341,863
Less current portion	**11,561,568,479**	8,067,321,815
Noncurrent portion	**₱44,385,254,638**	₱48,925,020,048

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

Details of the bank loans as of December 31, 2022 and 2021 follow:

Loan Type	Date of Availment	2022	2021	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
VLLI							
Bank loan	June 2022	**₱8,958,978,014**	₱–	June 2027	7.13%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	October 2022	**2,500,000,000**	–	November 2023	4.00%	Interest payable monthly and principal payable upon maturity	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured;
Bank loan	June 2021	**3,487,215,026**	4,480,362,099	June 2026	4.75%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	June 2021	**2,353,055,000**	2,353,055,000	May 2023	3.80%	Interest payable annually, principal payable upon maturity	Secured by hold-out investments at amortized cost
Bank loan	May 2021	**2,178,958,333**	2,488,958,333	May 2026	4.75%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	March 2020	**2,363,197,742**	3,410,303,073	March 2025	5.15%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	April 2018	**2,000,000,000**	2,800,000,000	April 2025	7.36%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	November 2022 and December 2021	**1,000,000,000**	1,000,000,000	Various maturities, renewed upon maturity subject to change in interest rate	5.00% in 2021, 7.00% in 2022	Interest payable monthly, principal payable annually upon maturity	–
Bank loan	October 2019	**947,368,421**	1,578,947,368	May 2024	5.54%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	October 2016	**600,000,000**	1,400,000,000	October 2023	5.00%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	May 2019	**598,103,702**	994,050,173	May 2024	7.15%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	November 2018	**500,000,000**	1,000,000,000	November 2023	8.17%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries

(Forward)

Loan Type	**Date of Availment**	**2022**	2021	**Maturity**	**Interest Rate**	**Payment Terms**	**Covenants/Collaterals**
Bank loan	October 2018	**₱499,208,548**	₱996,047,132	October 2023	7.99%	Interest and principal payable quarterly	Change of control provision wherein a material change of ownership of the major shareholder is not permitted; Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	September 2016	**369,944,431**	846,273,985	September 2023	5.00%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	Availed and/or renewed in various dates in 2022 and 2021	**24,121,270,533**	31,204,270,534	Various maturities, renewed upon maturity subject to change in interest rate	3.25% to 4.75%	Interest payable monthly and quarterly, principal payable upon maturity	Secured by hold-out of investments at amortized cost
		52,477,299,750	54,552,267,697				
VII							
Bank Loan	June 2022	**1,003,590,000**	–	June 2023	3.77%	Interest and principal payable upon maturity	Unsecured
		1,003,590,000	–				
MAPI							
Bank loan	July 2017	**296,875,000**	384,622,370	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
Bank loan	Availed in various dates in 2015	**–**	88,433,700	March 2022	5.46%	Interest and principal payable monthly	With collateral
		296,875,000	473,056,070				
MC							
Bank loan	October 2022	**1,877,523,044**	–	October 2027	7.55%	Interest and principal payable quarterly	With collateral
Bank loan	July 2016	**–**	1,533,885,970	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
		1,877,523,044	1,533,885,970				
Brittany							
Bank loan	October 2022	**4,237,586**	–	October 2026	7.47%	Interest and principal payable monthly	Chattel Mortgage
		4,237,586	–				
VRI							
Bank loan	December 2017	**₱285,110,678**	₱433,132,126	December 2024	6.70%	Interest payable quarterly, principal payable upon maturity	Unsecured
Bank loan	Various	**2,187,059**	–	May 2023	10.50%	Interest and principal payable monthly	Chattel mortgage
		287,297,737	433,132,126				
		55,946,823,117	56,992,341,863				
Less current portion		**11,561,568,479**	8,067,321,815				
Bank loans, net of current portion	**₱44,385,254,638**	₱48,925,020,048					

In June 2022, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱10,000.00 million which bears annual fixed interest of 7.13%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the first interest payment date subject to prepayment option.

In June 2021, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the second interest payment date subject to prepayment option.

In June 2021, the Parent Company obtained a 2-year unsecured peso denominated loan amounting to ₱2,353.06 million which bears annual fixed interest of 3.80%, payable on maturity date.

In May 2021, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱2,500.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 16 equal quarterly installments commencing on the fifth interest payment date subject to prepayment option.

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 September 2020.

The Parent Company has various peso-denominated bank loans with fixed interest-rates ranging from 3.25% to 7.99% per annum and 3.25% to 5.00% per annum as of December 31, 2022 and 2021, respectively. In 2022 and 2021, 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 at amortized cost of VII amounting to US$552.937 million (₱30,829.00 million) and US$753.34 million (₱38,419.75 million) as of December 31, 2022 and 2021, respectively. No fees are charged by VII for its investments held as security.

As disclosed in Notes 10, 14, and 15, certain investments at amortized cost, property and equipment, and investment properties are used as collateral to the bank loans.

Subsidiaries of the Parent Company namely, Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences, Inc. acted as guarantors for selected bank loans of the Parent Company. No fees are charged for these guarantee agreements.

Loans Payable
These loans bear annual fixed interest rates ranging from 6.00% to 6.75% and 6.00% to 8.00% as at December 31, 2022 and 2021, respectively, payable on equal monthly installment over a maximum period of 10 years. Installment contracts receivable serve as collateral to the loans payable (see Note 11).

Movement of loans payable follows:

	2022	2021
Balance at beginning of year	**₱3,779,511,014**	₱4,321,894,645
Availments	**4,715,767,761**	2,859,085,791
Payments	**(3,160,659,623)**	(3,401,469,422)
Balance at end of year	**5,334,619,152**	3,779,511,014
Less current portion	**3,767,253,212**	3,460,145,095
Noncurrent portion	**₱1,567,365,940**	₱319,365,919

Interest expense on bank loans and loans payable amounted to ₱3,197.46 million, ₱2,883.09 million and ₱2,685.36 million in 2022, 2021 and 2020, respectively (see Note 25).

The Group was able to comply with the loan covenants as of December 31, 2022 and 2021.

21. Notes Payable

This account consists of:

	2022	2021
Dollar denominated bonds	**₱42,931,186,590**	₱58,035,394,989
Corporate note facility	**34,628,130,134**	25,050,886,919
Retail bonds	**24,888,886,717**	24,843,951,615
	102,448,203,441	107,930,233,523
Less current portion	**12,745,831,195**	24,170,708,067
Noncurrent portion	**₱89,702,372,246**	₱83,759,525,456

A. Dollar Denominated Bonds

a. US$220.00 million Notes (Due July 2027)
On May 17, 2021, VII (the Issuer) issued US$170.00 million notes ("Notes") with a term of six years from initial drawdown date. The interest rate is 7.25% per annum, payable semi-annually in arrears on January 20 and July 20 of each year beginning on January 20, 2022. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022 and 2021, outstanding balance of the note amounted to US$173.68 million (₱9,683.72 million) and US$168.42 million (₱8,887.39 million), respectively.

On June 1, 2021, VII issued an additional US$50.00 million unsecured note, with similar terms and conditions as the above notes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022 and 2021, outstanding balance of the note amounted to US$51.08 million (₱2,848.15 million) and US$49.54 million (₱2,620.38 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes on any business day or after July 20, 2024 and up to but excluding the Maturity date, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price, plus accrued and unpaid interest, if any, to (but not including) the date of redemption, if redeemed during the 12-month period commencing on July 20 of the years set forth below:

Period	Price
2024	103.6250%
2025	101.8125%
2026 and thereafter	100.0000%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.
As part of the issuance of the Notes, the 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 (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x.

The Group was able to comply with loan covenants as of December 31, 2022 and 2021.

b. <u>US$200.00 million Notes (Due July 2027)</u>
On July 20, 2020, VII (the Issuer) issued US$ 200.00 million notes ("Notes") with a term of seven years from initial drawdown date. The interest rate is 7.25% per annum, payable semi-annually in arrears on January 20 and July 20 of each year beginning on January 20, 2021. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022 and 2021, outstanding balance of the note amounted to US$198.30 million (₱11,056.18 million) and US$197.99 million (₱10,097.07 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes on any business day or after July 20, 2024 and up to but excluding the Maturity date, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price, plus accrued and unpaid interest, if any, to (but not including) the date of redemption, if redeemed during the 12-month period commencing on July 20 of the years set forth below:

Period	Price
2024	103.6250%
2025	101.8125%
2026 and thereafter	100.0000%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Notes, the 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 (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x.

The Group was able to comply with loan covenants as of December 31, 2022 and 2021.

c. <u>US$350.00 million Notes (Due November 2024)</u>
On November 28, 2017, VII (the Issuer) issued US$350.00 million notes ("Notes") with a term of seven years from initial drawdown date. The interest rate is 5.75% per annum, payable semi-annually in arrears on May 28 and November 28 of each year beginning on November 28, 2017. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022, and 2021, outstanding balance of the note amounted to US$346.93 million (₱19,343.13 million) and US$345.42 million (₱17,616.19 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes on any business day or after November 28, 2021 and up to but excluding the Maturity date, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price, plus accrued and unpaid interest, if any, to (but not including) the date of redemption, if redeemed during the 12-month period commencing on November 28 of the years set forth below:

Period	Price
2021	102.8750%
2022	101.4375%
2023 and thereafter	100.0000%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Notes, the 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 (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x.

The Group was able to comply with loan covenants as of December 31, 2022 and 2021.

d. US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII (the Issuer) issued US$300.00 million notes ("Notes") with a term of seven years from initial draw down date. The interest rate is 7.375% per annum, payable semi-annually in arrears on June 18 and December 17 of each year beginning on December 17, 2015. The Notes were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022, the amount due was fully paid. The outstanding balance of the note amounted to US$243.94 million (₱12,440.81 million) as of December 31, 2021.

On February 2, 2016, an additional unsecured note, with the same terms and conditions with the above notes, were issued by the Group amounting to US$125.00 million. The notes were issued at 102% representing yield to maturity of 6.979%. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022, the amount due was fully paid. The outstanding balance of the note amounted to US$124.97 million (₱6,373.55 million) as of December 31, 2021.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes, by giving notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the Notes is registered on the relevant record date to receive interest due on the relevant interest payment date.

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Notes, the 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 (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x.

The Group was able to comply with loan covenants as of December 31, 2021.

B. Corporate Note Facility

a. ₱6,000.00 million Corporate Notes (Due March 2027)
On March 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2027 amounting to ₱4,000.00 million at a fixed rate of 6.64% per annum, payable in equal 18 quarters commencing on the second interest payment date.

On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of ₱2,000.00 million due 2027, at a fixed interest of 7.24% per annum, payable in equal 18 quarters commencing on the second interest payment date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.36 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2022, the outstanding balance of the Corporate Notes is ₱5,961.35 million.

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

Early Redemption Date	Early Redemption Amount
3rd anniversary from issue date and interest payment thereafter	102.00%
4th anniversary from issue date and interest payment thereafter	101.00%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio of at least 1.00, maximum debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022.

b. ₱12,000.00 million Corporate Notes (Due December 2025)
On December 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2025 amounting to ₱8,600.00 million at a fixed rate of 7.93% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.77 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.

As of December 31, 2022, the outstanding balance of the Corporate Notes is ₱8,548.23 million.

The Corporate Notes do not provide early redemption at the option of the Issuer.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio of at least 1.00, maximum debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022.

c. ₱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, 2022, and 2021, the outstanding balance of the Corporate Notes is ₱6,543.95 million and ₱10,264.44 million, respectively.

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

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

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022 and 2021.

d. ₱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, 2022, and 2021, the outstanding balance of the Corporate Notes is ₱4,810.31 million and ₱5,830.13 million, respectively.

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

Seven Year Notes:

Early Redemption Date	Early Redemption Amount
5th anniversary from issue date and interest payment thereafter	101.00%
6th anniversary from issue date and interest payment thereafter	100.50%

Ten Year Notes:

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022 and 2021.

e. ₱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, 2022, and 2021, the outstanding balance of the Corporate Notes is ₱8,764.30 million and ₱8,956.32 million, respectively.

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

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022 and 2021.

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 for general corporate purposes. The issue costs amounted ₱91.07 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on June 18, 2025 with interest rate of 5.70% per annum. This is the third and last tranche offered out of the shelf registration of Peso Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million and initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱30,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 18, 2020, for the first interest payment date and on June 18, September 18, December 18 each year for each subsequent payment date.

As of December 31, 2022, and 2021, the outstanding balance of the Retail Bonds is ₱9,955.86 million and ₱9,941.34 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:

i. Three (3) years from issue date at early redemption price of 101.00%
ii. Four (4) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2022 and 2021.

b. <u>2018 Fixed-rate Peso Retail Bonds</u>
On December 21, 2018, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance were used to fund the construction and completion of the various malls and for general corporate purposes. The issue costs amounted to ₱130.20 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on December 21, 2023 with interest rate of 8.00% per annum and 7-year Retail Bonds due on December 21, 2025 with interest rates 8.25% per annum. This is the second tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 21, 2019 for the first interest payment date and on March 21, June 21, September 21 and December 21 each year for each subsequent payment date.

As of December 31, 2022, and 2021, the outstanding balance of the Retail Bonds is ₱9,957.33 million and ₱9,935.40 million, respectively.

Redemption at the option of the Issuer
The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) 5-year Bonds:
   i. Three (3) years from issue date at early redemption price of 101.00%
   ii. Four (4) years from issue date at early redemption price of 100.50%
b) 7-year Bonds:
   i. Five (5) years from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer

to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2022, and 2021.

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 of December 31, 2022, and 2021, the outstanding balance of the Retail Bonds is ₱4,975.70 million and ₱4,967.26 million, respectively.

Redemption at the option of the Issuer
The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) 7-year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

b) 10-year Bonds:
   i. Seven (7) years from issue date at early redemption price of 102.00%
   ii. Eight (8) years from issue date at early redemption price of 101.00%
   iii. Nine (9) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer

to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2022 and 2021.

Movement of notes payable follows:

	2022	2021
Principal		
Balance at beginning of year	**₱109,020,005,567**	₱100,326,059,510
Drawdown	**14,600,000,000**	10,909,807,626
Principal payments	**(23,876,278,143)**	(5,657,071,600)
Translation adjustment	**2,991,762,376**	3,441,210,031
Balance at end of year	**102,735,489,800**	109,020,005,567
Debt issue cost		
Balance at January 1	**1,089,772,044**	1,322,490,996
Addition	**103,531,880**	104,094,100
Debt issue cost amortization	**(894,209,203)**	(267,559,605)
Translation adjustment	**(11,808,362)**	(69,253,447)
Balance at end of year	**287,286,359**	1,089,772,044
Carrying value	**102,448,203,441**	107,930,233,523
Less current portion	**12,745,831,195**	24,170,708,067
Noncurrent portion	**₱89,702,372,246**	₱83,759,525,456

Interest expense on Notes payable amounted to ₱7,279.84 million, ₱7,560.99 million and ₱6,754.93 million in 2022, 2021 and 2020, respectively (see Note 25).

The Group was able to comply with the loan covenants as of December 31, 2022 and 2021.

22. **Other Noncurrent Liabilities**

This account consists of:

	2022	2021
Liabilities for purchased land - net of current portion (Note 18)	**₱1,239,086,896**	₱1,454,202,032
Retention payable - net of current portion (Note 18)	**728,337,670**	620,456,341
Deferred output tax - net of current portion (Note 18)	**711,514,445**	865,199,085
Security deposits - net of current portion (Note 19)	**432,970,627**	462,052,831
Advance rent - net of current portion (Note 19)	**67,088,536**	119,495,067
	₱3,178,998,174	₱3,521,405,356

23. **Equity**

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

	2022	2021	2020
Common			
Authorized shares	**17,900,000,000**	17,900,000,000	17,900,000,000
Par value per share	**₱1.00**	₱1.00	₱1.00
Issued shares	**13,114,136,376**	13,114,136,376	13,114,136,376
Outstanding shares	**11,945,799,461**	11,945,799,461	11,945,799,461
Value of shares issued	**₱13,114,136,376**	₱13,114,136,376	₱13,114,136,376
Preferred Series 1			
Authorized shares	**8,000,000,000**	8,000,000,000	8,000,000,000
Par value per share	**₱0.01**	₱0.01	₱0.01
Issued and outstanding shares	**3,300,000,000**	3,300,000,000	3,300,000,000
Value of shares issued	**₱33,000,000**	₱33,000,000	₱33,000,000
Preferred Series 2			
Authorized shares	**200,000,000**	200,000,000	200,000,000
Par value per share	**₱0.10**	₱0.10	₱0.10
Issued and outstanding shares	**–**	–	–
Value of shares issued	**₱–**	₱–	₱–

Preferred Series 1
Voting, non-cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10.00% per annum.

Preferred Series 2
On June 17, 2019, the Stockholders approved the reclassification of the unissued preferred capital stock of the Parent Company to create Two Hundred Million (200,000,000) non-voting, cumulative, non-participating, non-convertible and redeemable Series 2 preferred shares with par value of ₱0.10 each and the corresponding amendment of the Articles of Incorporation of the Parent Company. The Board likewise approved the shelf registration and listing of such redeemable Series 2 preferred shares.

The terms and conditions of any offering of the Series 2 preferred shares, including the dividend rate, redemption prices, and similar matters will be determined by the Board of Directors at a later date. None of these reclassified preferred shares are issued as of December 31, 2022 and 2021.

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, 2022:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2020	13,114,136,376	946
Add/(Deduct) Movement	−	(2)
December 31, 2021	13,114,136,376	944
Add/(Deduct) Movement	−	(10)
December 31, 2022	**13,114,136,376**	**934**

Treasury Shares
Treasury shares totaling 416,128,700 of the Parent Company amounting to ₱2,361.98 million as of December 31, 2022 and 2021 represents the shares of stock held by the Parent Company, while treasury shares (752,208,215) amounting to ₱5,378.29 million for both 2022 and 2021 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:

	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares	Amount
At January 1	**1,168,336,915**	**₱7,740,264,387**	**1,168,336,915**	**₱7,740,264,387**	1,168,336,915	₱7,740,264,387
Additions	–	–	–	–	–	–
At December 31	**1,168,336,915**	**₱7,740,264,387**	**1,168,336,915**	**₱7,740,264,387**	1,168,336,915	₱7,740,264,387

Retained Earnings
Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries amounting to ₱81,670.79 million and ₱68,470.10 million as at and December 31, 2022 and 2021, 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 as at December 31, 2022 and 2021.

The BOD of the Parent Company approved the declaration of regular cash dividend amounting to ₱348.36 million or ₱0.0292 per share, ₱298.64 million or ₱0.03 per share, and ₱597.29 million or ₱0.05 per share on September 30, 2022, September 30, 2021 and September 30, 2020, respectively. The dividend declarations are in favor of all stockholders of record as of October 14, 2022, October 15, 2021 and October 16, 2020 and paid on October 28, 2022, October 29, 2021 and October 30, 2020, respectively.

Noncontrolling Interest
Sale of VistaREIT, Inc.'s share through a public listing
On June 15, 2022, the Group sold through a public listing its 39.91% effective noncontrolling interest in VistaREIT, Inc. at ₱1.75 per share. As a result of the sale and buy-back transactions, the Group's ownership interest in VistaREIT, Inc. was diluted from 98.94% to 60.09%. In relation to the dilution without loss of control, the impact to the Group's additional paid-in-capital amounted to

₱29.28 million. The Group's noncontrolling interest increased by ₱4,197.40 million, as a result of the public offering of VistaREIT, Inc. The difference between the consideration and carrying value of the noncontrolling interest was credited to additional paid-in-capital as shown below:

	Consideration received, net of expenses	Carrying value of Non-controlling interests deemed disposed	Difference recognized within Equity as Additional paid-in-capital
39.91% in VistaREIT, Inc.	₱4,226,683,974	₱4,197,400,031	₱29,283,943

Dividends declaration
The BOD of Vistamalls, Inc. (formerly Starmalls, Inc.) approved the declaration of regular cash dividend amounting to ₱220.43 million or ₱0.0262 per share and ₱135.99 million or ₱0.02 per share on September 30, 2022 and September 30, 2021, respectively. The dividend declarations are in favor of all stockholders of record as of October 14, 2022 and October 15, 2021 and paid on October 27, 2022 and October 28, 2021, respectively.

The BOD of VistaREIT, Inc. approved the declaration of regular cash dividend amounting to ₱1.00 million or ₱0.0020 per share, ₱270.75 million or ₱0.0361 per share, and ₱157.50 million or ₱0.0210 per share in March, August, and November 2022, respectively. The dividend declarations are in favor of all stockholders of record as of March 31, August 30 and November 28, 2022 which were paid on September 20 and December 19, 2022, respectively.

As at December 31, 2022 and 2021, the Group's dividends payable amounted to ₱96.02 million and ₱15.86 million, respectively.

Capital Management
The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2022, 2021 and 2020, the Group had the following ratios:

	2022	2021	2020
Current ratio	**289%**	248%	316%
Debt-to-equity ratio	**128%**	147%	134%
Net debt-to-equity ratio	**82%**	91%	87%
Asset-to-equity ratio	**261%**	279%	269%

No changes were made in the objectives, policies or processes for managing capital for the years ended December 31, 2022, 2021 and 2020.

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, 2022, 2021 and 2020:

	2022	2021	2020
Total paid-up capital	**₱43,831,849,668**	₱43,802,565,725	₱43,802,565,725
Retained earnings	**78,311,116,523**	72,539,569,939	66,411,673,066
Treasury shares	**(7,740,264,387)**	(7,740,264,387)	(7,740,264,387)
Other comprehensive income	**798,914,337**	778,073,767	585,601,339
	₱115,201,616,141	₱109,379,945,044	₱103,059,575,743

Financial Risk Assessment

The Group's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's counterparties remain diverse and outstanding balance of selected related parties are guaranteed by Fine Properties, Inc., ultimate parent company. Out of the total rental income in 2022, ₱11,708.40 million or 85.20% are transactions with related parties. Out of the total rental income in 2021, ₱7,326.14 million or 78.67% are transactions with related parties (see Notes 7 and 29).

Exposure to changes in interest rates is reduced by regular availment of short-term loans which is collateralized by the installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

The Parent Company has a formal foreign exchange and interest risk management policy. The Parent Company actively monitors foreign exchange exposure and interest rate changes. And in addition, the Parent Company ensures that all loan covenants and regulatory requirements are complied with.

Exposure to foreign currency holdings are as follows:

	2022	2021
Cash and cash equivalents	**US$26,030,098**	US$160,115,587
Investments in amortized cost	**744,318,610**	978,423,422
Notes payable	**769,997,069**	1,137,971,235
Bank loans	**18,000,000**	–

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

24. Costs and Expenses

Costs of real estate sales

Cost includes acquisition cost of land, materials, labor, and overhead in construction and development and capitalized borrowing costs. Costs of real estate sales recognized for the years ended December 31, 2022, 2021 and 2020 amounted to ₱5,542.97 million, ₱8,533.40 million and ₱12,020.71 million, respectively (see Note 12).

Operating expenses
This account consists of:

	2022	2021	2020
Depreciation and amortization (Notes 14, 15 and 17)	**₱2,638,853,067**	₱2,686,583,410	₱2,247,713,931
Salaries, wages and employee benefits (Note 26)	**1,352,706,605**	1,240,164,577	1,276,763,379
Repairs and maintenance	**1,275,583,294**	891,734,526	1,071,070,828
Taxes and licenses	**1,086,964,974**	956,976,222	923,735,133
Contracted services	**891,373,658**	836,836,233	833,238,872
Occupancy costs (Note 28)	**765,608,912**	629,177,751	499,686,169
Commissions	**606,144,722**	829,743,095	1,031,485,162
Advertising and promotions	**396,596,297**	314,467,795	713,971,409
Transportation and travel	**116,760,139**	68,997,839	65,996,106
Office expenses	**50,936,419**	50,873,791	42,048,881
Representation and entertainment	**34,489,441**	29,379,618	24,851,714
Provision for impairment losses on receivables and investments (Notes 10 and 11)	**21,740,170**	443,283,830	83,259,949
Miscellaneous	**409,643,180**	429,561,405	271,106,708
	₱9,647,400,878	₱9,407,780,092	₱9,084,928,241

Operating expenses represent the cost of administering the business of the Group. These are recognized when the related services and costs have been incurred.

Occupancy cost
Occupancy cost consists of rental expenses relating to short-term lease and utilities expense such as light, power, and telephone charges.

Miscellaneous expenses
Miscellaneous expenses include dues and subscriptions, donations and other expenditures. This includes a net loss of ₱366.93 million from fire incident which hit Star Mall Alabang in Muntinlupa City on January 8, 2022. The net loss of ₱366.93 million is composed of the carrying values of the investment property and other related assets net of proceeds received from the insurance company in 2022.

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:

	2022	2021	2020
Installment contracts receivable (Note 11)	**₱671,515,534**	₱726,012,272	₱541,310,589
Accretion of unamortized discount (Note 11)	**29,826,779**	48,432,788	86,930,787
	₱701,342,313	₱774,445,060	₱628,241,376
Interest income from:			
Cash and cash equivalents, short-term investments and cash restricted for use (Notes 9, 10 and 13)	**₱49,785,418**	₱41,946,510	₱77,554,532
Investments at amortized cost (Note 10)	**931,410,352**	1,507,491,031	1,359,716,861
	₱981,195,770	₱1,549,437,541	₱1,437,271,393

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

	2022	2021	2020
Forfeitures	**₱716,018,867**	₱686,415,538	₱620,094,918
Mall administrative and processing fee	**478,225,541**	890,906,111	546,104,024
Parking	**137,168,131**	121,887,432	117,585,865
Hotel (Note 7)	**103,138,406**	89,266,555	48,511,184
Loan processing fees from banks	**37,722,319**	276,951,662	262,277,117
Penalty and others	**135,071,791**	81,446,903	35,973,013
	₱1,607,345,055	₱2,146,874,201	₱1,630,546,121

Forfeitures pertain to forfeited reservation fees and payments for cancelled sales less of any amount refundable to buyers.

Parking pertains to payments from mall goers and tenants for use of the parking slots both for commercial and residential buildings.

Loan processing fees from banks pertain to payments from banks for processing of loan requirements in their behalf.

Penalty and others are payments from interest and surcharge for past due accounts. This also includes reversal of liabilities pertain to long-outstanding accounts payable - contractors which will not be settled anymore by the Group as assessed by management.

Interest and other financing charges consist of:

	2022	2021	2020
Interest incurred on:			
Notes payable (Note 21)	**₱7,279,838,507**	₱7,560,993,895	₱6,754,934,909
Bank loans and loans payable (Note 20)	**3,197,461,584**	2,883,093,299	2,685,358,656
Lease liabilities (Note 28)	**373,231,355**	287,930,761	386,720,482
Other bank charges	**13,884,241**	6,872,652	161,555,350
	10,864,415,687	10,738,890,607	9,988,569,397
Amounts capitalized (Notes 12 and 14)	**(5,646,528,612)**	(6,423,560,753)	(6,016,661,794)
	₱5,217,887,075	₱4,315,329,854	₱3,971,907,603

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:

	2022	2021	2020
Current service cost	**₱50,647,447**	₱52,137,336	₱44,743,319
Interest income - net	**(13,030,904)**	(7,563,001)	(10,352,624)
Total pension expense	**₱37,616,543**	₱44,574,335	₱34,390,695

Pension expense is included in "Salaries, wages and employee benefits" under Operating expenses in the consolidated statements of comprehensive income.

Funded status and amounts recognized in the consolidated statements of financial position for the pension plan follow:

	2022	2021	2020
Plan assets	**₱784,930,802**	₱772,695,349	₱681,936,788
Defined benefit obligation	**(464,219,113)**	(489,729,931)	(517,927,481)
Pension assets recognized in the consolidated statements of financial position	**₱320,711,689**	₱282,965,418	₱164,009,307

Changes in the combined present value of the combined defined benefit obligation are as follows:

	2022	2021	2020
Balance at beginning of year	**₱489,729,931**	₱517,927,481	₱348,142,599
Current service cost	**50,647,447**	52,137,336	44,743,319
Interest cost	**25,331,175**	20,369,791	20,729,711
Net acquired obligation due to employee transfers	**17,092,500**	–	–
Actuarial losses (gains) due to:			
Experience adjustments	**61,294,656**	(8,820,557)	7,505,584
Changes in demographic assumptions	**–**	–	(3,146,246)
Changes in financial assumptions	**(157,805,840)**	(91,884,120)	99,952,514
Benefits paid from retirement fund	**(17,092,500)**	–	–
Benefits paid from Company operating funds	**(4,978,256)**	–	–
Balance at end of year	**₱464,219,113**	₱489,729,931	₱517,927,481

Changes in the fair value of the combined plan assets are as follows:

	2022	2021	2020
Balance at beginning of year	**₱772,695,349**	₱681,936,788	₱616,020,191
Contributions	**61,374,100**	58,425,850	3,000,000
Interest income included in net interest cost	**38,362,079**	27,932,792	31,082,335
Actual gains (losses) on return of plan assets excluding amount included in net interest cost	**(70,408,226)**	4,399,919	31,834,262
Benefits paid from retirement fund	**(17,092,500)**	–	–
Balance at end of year	**₱784,930,802**	₱772,695,349	₱681,936,788

The movements in the combined net pension assets follow:

	2022	2021	2020
Balance at beginning of year	**(₱282,965,418)**	(₱164,009,307)	(₱267,877,592)
Pension expense	**37,616,543**	44,574,335	34,390,695
Net acquired obligation due to employee transfers	**17,092,500**	–	–
Contributions	**(61,374,100)**	(58,425,850)	(3,000,000)
Total amount recognized in OCI	**(26,102,958)**	(105,104,596)	72,477,590
Benefits paid from Company operating funds	**(4,978,256)**	–	–
Balance at end of year	**(₱320,711,689)**	(₱282,965,418)	(₱164,009,307)

The assumptions used to determine the pension benefits for the Group are as follows:

	2022	2021	2020
Discount rates	**7.36%**	5.20%	4.21%
Salary increase rate	**7.71%**	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 2022 and 2021.

The distribution of the plan assets at year-end follows:

	2022	2021	2020
Assets			
Cash and cash equivalents	**₱237,191,029**	₱164,471,897	₱109,508,011
Investments in private companies	**290,603,290**	325,688,164	451,232,452
Investments in government securities	**253,216,893**	280,012,287	118,611,794
Receivables	**5,053,057**	3,533,694	4,276,416
	786,064,269	773,706,042	683,628,673
Liabilities			
Trust fee payables	**991,625**	938,628	1,674,175
Other payable	**141,842**	72,065	17,710
	1,133,467	1,010,693	1,691,885
Net plan assets	**₱784,930,802**	₱772,695,349	₱681,936,788

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 (losses) gains on investments in government securities amounted to (₱4.43 million), (₱2.65 million) and ₱5.20 million in 2022, 2021 and 2020, respectively.

The Group does not expect to contribute to its retirement fund in 2023.

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, 2022 and 2021, the fair value of investment amounted to ₱544.11 million and ₱596.30 million, respectively. Interest income earned from the investments in bonds amounted to ₱11.01 million, ₱4.57 million and ₱1.27 million in 2022, 2021 and 2020, respectively.

The allocation of the fair value of plan assets follows:

	2022	2021
Deposits	**30.22%**	21.29%
Corporate bonds	**37.02%**	42.15%
Government bonds	**32.26%**	36.24%

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	2022	2021
Less than 1 year	**₱16,809,074**	₱6,048,830
More than 1 year to 5 years	**63,465,859**	40,392,964
More than 5 years to 10 years	**264,165,459**	224,384,747
More than 10 years to 15 years	**443,392,339**	375,853,689
More than 15 years to 20 years	**541,935,627**	454,204,395
20 years and beyond	**3,855,400,749**	3,602,877,067
	₱5,185,169,107	₱4,703,761,692

The average duration of the expected benefit payments at the end of the reporting period is 22.36 years and 27.82 years as of December 31, 2022 and 2021, respectively.

Sensitivity analysis on the actuarial assumptions
Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

		Increase (decrease) on Defined Benefit Obligation	
	Rates	2022	2021
Discount rate	+1%	**(₱54,528,247)**	(₱67,084,119)
	-1%	**65,349,720**	82,180,394
Salary increase	+1%	**66,656,100**	81,431,005
	-1%	**(56,529,016)**	(67,984,296)

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 30.22% of cash, 32.26% of investments in government securities, 37.02% of investment in private companies and 0.64% receivables.

27. **Income Tax**

Provision for income tax consists of:

	2022	2021	2020
Current:			
RCIT/MCIT	**₱964,402,594**	₱866,932,587	₱922,515,389
Final	**1,581,268**	2,088,378	14,339,565
Deferred	**1,055,130,245**	1,088,627,884	292,335,550
	₱2,021,114,107	₱1,957,648,849	₱1,229,190,504

The components of the Group's deferred taxes are as follows:

Net deferred tax assets:

	2022	2021
Deferred tax assets on:		
Excess of tax basis over book basis of deferred gross profit on real estate sales	**₱121,534,973**	₱125,085,013
Accrual of retirement costs	**25,197,807**	54,174,310
NOLCO	**5,319,841**	50,636,525
Unamortized discount on receivables	**1,776,215**	1,850,959
MCIT	**727,405**	1,478,024
Allowance for probable losses	−	1,750,543
Unrealized foreign exchange losses	−	−
	154,556,241	234,975,374
Deferred tax liabilities on:		
Capitalized borrowing costs	**23,394,019**	45,061,370
Remeasurement gain on defined benefit obligation	**19,697,953**	50,996,567
Excess of book basis over tax basis of deferred gross profit on real estate sales	−	77,588,311
Straight line lease adjustment on rent income	−	10,518,073
Unrealized foreign exchange losses	−	2,427,126
	43,091,972	186,591,447
	₱111,464,269	₱48,383,927

Net deferred tax liabilities:

	2022	2021
Deferred tax assets on:		
Lease liabilities	**₱1,358,513,251**	₱1,358,960,110
NOLCO	**271,488,294**	1,633,171
Accrual of retirement costs	**246,394,562**	73,024,521
Allowance for probable losses	**155,599,566**	138,692,181
MCIT	**14,311,962**	10,621,570
Unamortized discount on receivables	**10,510,072**	8,615,812
Excess of tax basis over book basis of deferred gross profit on real estate sales	**1,407,778**	5,699,672
	2,058,225,485	1,597,247,037
Deferred tax liabilities on:		
Straight line lease adjustment on rent income	**3,681,168,833**	2,776,155,445
Excess of book basis over tax basis of deferred gross profit on real estate sales	**2,039,133,748**	1,099,342,052
Capitalized borrowing costs	**1,164,392,579**	1,402,821,564
Right-of-use assets	**1,093,371,964**	1,137,369,394
Remeasurement gain on defined benefit obligation	**171,716,493**	146,943,619
Fair value adjustments from business combination	**13,777,875**	15,746,143
Discount on rawland payable	**2,050,958**	1,519,459
	8,165,612,450	6,579,897,676
	(₱6,107,386,965)	(₱4,982,650,639)

Out of the ₱1,061.66 million movement in net deferred tax liabilities, ₱6.53 million was booked as movement in OCI in 2022.

Out of the ₱1,096.68 million movement in net deferred tax liabilities, ₱8.06 million was booked as movement in OCI in 2021.

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:

	2022	2021	2020
NOLCO	**₱11,250,881,066**	₱12,840,423,648	₱11,069,296,116
MCIT	**3,686,409**	22,353,211	11,715,152

The related unrecognized deferred tax assets on these deductible temporary differences, NOLCO and MCIT amounted to ₱2,816.41 million, ₱3,232.46 million and ₱3,332.51 million as of December 31, 2022, 2021 and 2020, 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.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the entities within the Group has incurred NOLCO before and after taxable years 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

NOLCO

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2022	₱3,749,376,576	₱–	₱3,749,376,576	2025
2019	2,855,660,846	(2,855,660,846)	–	2022
	₱6,605,037,422	(₱2,855,660,846)	₱3,749,376,576	

As of December 31, 2022, the entities within the Group has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2021	₱4,754,517,183	(₱1,462,571,920)	₱3,291,945,263	2026
2020	5,316,791,764	–	5,316,791,764	2025
	₱10,071,308,947	(₱1,462,571,920)	₱8,608,737,027	

MCIT

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2022	₱5,761,382	₱–	₱5,761,382	2025
2021	8,028,967	(2,174,184)	5,854,783	2024
2020	19,699,060	(12,589,449)	7,109,611	2023
2019	11,477,493	(11,477,493)	–	2022
	₱44,966,902	(₱26,241,126)	₱18,725,776	

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:

	2022	2021	2020
Provision for income tax computed at the statutory income tax rate	**25.00%**	25.00%	30.00%
Additions to (reductions in) income tax resulting from:			
Nondeductible interest and other expenses	**9.97**	11.60	12.02
Expired MCIT and NOLCO	**7.71**	10.71	9.87
Change in unrecognized deferred tax assets	**(12.13)**	0.52	7.79
Tax-exempt interest income	**(2.58)**	(4.28)	(5.36)
Tax-exempt income on BOI-Projects	**(1.92)**	(9.80)	(40.62)
Interest income already subjected to final tax	**(0.01)**	(0.02)	(0.10)
Changes in tax rate arising from CREATE Act	**–**	(7.75)	–
Others	**(4.57)**	(4.05)	2.54
Provision for income tax	**21.47%**	21.93%	16.14%

Corporate Recovery and Tax Incentives for Enterprises Act or “CREATE”
On March 26, 2021, President Rodrigo Duterte signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

On April 8, 2021, the Secretary of Finance, with recommendation from the Commissioner of the Bureau of Internal Revenue, promulgated the Implementing Rules and Regulations for the effectivity of the approved provisions of CREATE Act and clarified how the taxable income for the period beginning July 1, 2020 will be computed.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact to the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:

    - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
    - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
    - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group is subjected to lower regular corporate income tax rate of either 25% or 20% effective July 1, 2020. The rate applicable to the Group is 25%.

As a result of reduction in RCIT/MCIT rate, the provision for current income tax for the year ended December 31, 2020 and income tax payable as of December 31, 2020 decreased by ₱81.60 million. In addition, the provision for deferred tax for the year then ended December 31, 2020 and net deferred tax liabilities as of December 31, 2020 decreased by ₱609.66 million. For financial reporting purposes, these changes are recognized in the 2021 financial statements in accordance with PIC Q&A 2020-07.

The total reduction in income tax expense in 2021 amounting to ₱691.26 million is composed of ₱81.60 million coming from reduction in tax rate from 30% to 25% for 2021 taxable income and ₱609.66 million coming from the 5% tax expense for 2020 taxable income recorded as reduction for financial reporting in 2021.

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 59 projects in 2022, 78 projects in 2021 and 84 projects in 2020, 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 ₱109.72 million, ₱254.31 million and ₱293.84 million in 2022, 2021 and 2020, respectively.

28. **Lease Liabilities**

The Group, as lessee, has lease contracts for parcels of land where its commercial centers are situated with lease terms of 11 - 30 years. Rental due is based on prevailing market conditions. Generally, the Group is not restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The following are the amounts recognized in consolidated statements of comprehensive income:

	2022	2021
Depreciation expense of right-of-use assets included in investment properties (Note 14)	**₱175,989,721**	₱175,989,721
Interest expense on lease liabilities	**373,231,355**	287,930,761
Expenses relating to short-term leases (included in operating expenses)	**15,141,802**	119,987,200
Total amount recognized in statement of comprehensive income	**₱564,362,878**	₱583,907,682

The rollforward analysis of lease liabilities follows:

	2022	2021
Balances at beginning of year	**₱5,435,840,440**	₱2,674,852,382
Interest expense (Note 25)	**373,231,355**	287,930,761
Additions due to lease modification	**–**	2,756,247,692
Payments	**(375,018,792)**	(283,190,395)
Balances at end of year	**5,434,053,003**	5,435,840,440
Less current portion	**368,459,297**	348,214,986
Noncurrent portion	**₱5,065,593,706**	₱5,087,625,454

On July 2, 2021, the Group and one of the lessors amended the lease contract covering parcels of land where one of the Group's commercial building is situated by extending the lease period and amending the lease rates. The lease modification did not result in a separate lease and the Group remeasured the lease liability based on the amended lease period and lease rates and recognized the difference between the carrying amount of the modified lease liability and the carrying amount of the lease liability immediately before the modification as an adjustment to the right-of-use asset.

The Group has no lease contract that contains variable payments. The Group's fixed payments amounted to ₱390.54 million and ₱403.18 million in 2022 and 2021, respectively.

The Group's lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Within 1 year	**₱368,459,297**	₱348,214,986
More than 1 year to 2 years	**377,749,481**	368,459,297
More than 2 years to 3 years	**421,788,247**	377,749,481
More than 3 years to 4 years	**442,927,197**	421,788,247
More than 4 years to 5 years	**469,599,629**	442,927,197
More than 5 years	**8,857,658,091**	9,327,257,720
	₱10,938,181,942	₱11,286,396,928

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 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, 2022 and 2021:

December 31, 2022

Relationship	Nature of Transaction	Net Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable *(Note 11)*					
Entities under Common Control	**a) Rental of mall spaces**	**₱11,708,398,391**	**₱25,554,113,420**	**Noninterest-bearing**	**Certain receivables with letter of financial support from Fine Properties Inc., No impairment**
Ultimate Parent	**a) Rental of office spaces**	**69,960**	**3,577,888**	**Noninterest-bearing**	**Unsecured, No impairment**
		₱11,708,468,351	**₱25,557,691,308**		

(Forward)

Relationship	Nature of Transaction	Net Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from/advances to related parties					
Ultimate Parent (Note 14)	**b) Joint venture advances**	**₱957,087,103**	**₱7,042,276,334**	**Noninterest-bearing**	**Unsecured, No impairment**
Advances in project development cost *(Note 16)*					
Ultimate Parent	**b) Joint venture advances**	**₱–**	**₱91,646,033**	**Noninterest-bearing**	**Unsecured, No impairment**
Entities under Common Control	**b) Purchase and return of advances for housing credits**	**7,605,814**	**406,039,727**	**Noninterest-bearing**	**Unsecured, No impairment**
		₱7,605,814	**₱497,685,760**		
Lease liabilities *(Note 28)*					
Ultimate Parent	**d) Rental of parcels of land**	**(₱23,795,634)**	**(₱379,890,989)**	**Interest-bearing**	**Unsecured**
Interest expense *(Note 28)*					
Ultimate Parent	**d) Rental of parcels of land**	**₱39,379,722**	**₱–**	**Interest-bearing**	**Unsecured**
Dividends Declared/Payable					
Stockholders	**e) Dividends**	**₱519,159,212**	**₱96,024,581**		

December 31, 2021

Relationship	Nature of Transaction	Net Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable (Note 11)					
Entities under Common Control	a) Rental of mall spaces	₱7,326,143,498	₱17,778,258,321	Noninterest-bearing	Certain receivables with letter of financial support from Fine Properties Inc., No impairment
Ultimate Parent	a) Rental of office spaces	4,583,723	3,577,888	Noninterest-bearing	Unsecured, No impairment
		₱7,330,727,221	₱17,781,836,209		
Receivable from/advances to related parties					
Ultimate Parent	f) Sale of VLLI shares	(₱1,960,071,572)	₱–	Noninterest-bearing; Due and demandable	Unsecured, No impairment
Ultimate Parent (Note 14)	b) Joint venture advances	3,236,698,012	6,085,189,231	Non-interest bearing	Unsecured, No impairment
Entities under Common Control	b) Advances	(879,187,160)	–	Non-interest bearing	Unsecured, No impairment
		₱397,439,280	₱6,085,189,231		
Advances in project development cost (Note 16)					
Ultimate Parent	b) Joint venture advances	₱–	₱91,646,033	Non-interest bearing	Unsecured, No impairment
Entities under Common Control	b) Purchase and return of advances for housing credits	(481,115,121)	398,433,913	Non-interest bearing	Unsecured, No impairment
		(₱481,115,121)	₱490,079,946		
Accounts payable to contractors					
Ultimate Parent	c) Payables for construction contracts	₱426,045,294	₱–	Due and demandable; noninterest-bearing	Unsecured
Lease liabilities (Note 28)					
Ultimate Parent	d) Rental of parcels of land	(₱47,022,775)	(₱356,095,355)	Interest-bearing	Unsecured
Interest expense (Note 28)					
Ultimate Parent	d) Rental of parcels of land	(₱37,050,794)	₱–	Interest-bearing	Unsecured
Dividends Declared/Payable					
Stockholders	e) Dividends	₱314,501,440	₱15,856,454		

a) The Group has operating lease agreements with entities under common control for the leases of commercial centers. The lease agreements are renewable and contain escalation clauses. Rental income and receivables including the effect of straight-line calculation from related parties amounted to ₱11,708.40 million and ₱25,554.11 million, respectively, as of December 31, 2022, ₱7,326.14 million and ₱17,778.26 million, respectively, as of December 31, 2021. These receivables from related parties which are recognized as ‘Accrued rental receivable’ under ‘Receivables’ are not impaired (see Note 11).

Included in the related party tenants are AllHome Corp., AllDay Marts, Inc., All Day Retail Concepts, Inc., Family Shoppers Unlimited, Inc., CM Star Management, Inc., and The Village Server, Inc. which are subsidiaries of AllValue Holdings Corp. (collectively referred to as AllValue Group or Anchor Tenant). AllValue Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings. The lease agreements contain escalation clauses.

Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱10,257.59 million and ₱23,101.10 million, respectively, as of December 31, 2022 and ₱7,113.08 million and ₱16,549.24 million, respectively, as of December 31, 2021. These receivables from All Value Group which are recognized as 'Accrued rental receivable' under 'Receivables' are not impaired (see Note 11).

Rental income and receivables from All Value Group without the effect of future escalation amounted to ₱5,026.22 million and ₱6,908.74 million, respectively, as of December 31, 2022 and ₱3,594.82 million and ₱5,595.94 million, respectively, as of December 31, 2021. These receivables from All Value Group which are recognized as 'Accounts receivable from tenants' under 'Receivables' are noninterest-bearing and are not impaired (see Note 11).

Related parties with outstanding rent receivables without the effect of future escalation amounting to ₱4,097.42 million and ₱973.41 million were provided with financial support letter by Fine Properties, Inc. as of December 31, 2022 and 2021, respectively.

As discussed in Note 5, certain related party tenants which are entities under common control requested to terminate certain lease contracts in various malls in 2022, 2021 and 2020. Accrued rental receivable from straight-lining of rental income of ₱420.25 million, ₱2.84 million and ₱1,556.12 million was reversed against rental income for the years ended December 31, 2022, 2021 and 2020, respectively.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Group based on its scheme waived its right to collect rent and other charges as part of various lease concessions it granted to its related party lessees such as lease payment holidays or lease payment reductions. The rent concession granted by the Group to its related party tenants for the years ended December 31, 2022, 2021 and 2020 amounted to ₱2.93 million, ₱32.11 million and ₱975.17 million, respectively.

In January 2022, the Group amended certain lease contracts with Family Shoppers Unlimited, Inc. and Parallax, Inc. resulting to increase in rental income and rental receivables by ₱5,435.40 million. The amendments of the lease contracts are as follows:

a. Extension of lease term commencing from the lease modification date; and
b. From variable rent to annual fixed rent based on rate with annual escalation.

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

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. As such, the Group makes cash advances to Bria Homes, Inc. for the construction of socialized housing units which are recorded under project development costs (see Note 16).

   On December 23, 2019, another MOA was executed with Bria to specify the details of the housing credits to be delivered by Bria equivalent to the advances provided by VLL. On December 21, 2020, the Group executed an amendment updating the number of housing credit that Bria will deliver to the Group to settle its outstanding balance.

   In 2021, CAPI, VMI and various other VLLI subsidiaries executed a Deed of Assignment of Advances (DOA) to Fine Properties, Inc. totaling ₱5.75 billion after deducting the partial delivery of social housing credits and cash payments in 2020 which was consolidated to Brittany Corporation (BC). The DOA effectively consolidates all receivables from Fine Properties, Inc. to BC while BC recognizes payable to the respective entities within VLLI group. These intercompany transactions between VLLI subsidiaries were eliminated at consolidated level.

   Furthermore, BC and Fine Properties, Inc. entered into a Land Development Agreement (LDA) to develop 159, 208 square meters in Molino, Bacoor, Cavite to be developed into mixed-use residential and commercial subdivisions over a 15-year period. Fine Properties, Inc. will contribute land while the contribution of BC will be the planning, conceptualization, design, construction and financing of the Project. Both parties agreed to share the saleable lots into sharing of 60% for Fine Properties, Inc. and 40% for BC. The intention of the parties is for Fine Properties, Inc. to settle the resulting advances by BC of ₱5.75 billion in addition to the existing advances to Fine Properties, Inc. of ₱340.00 million totaling to ₱6.09 billion, from its share of the saleable lots in the LDA. The expected settlement will start upon completion of land development but shall in no case be earlier than 36 months from execution of the agreement dated December 17, 2021.

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. In 2021, these receivables were included in the executed DOA of VLL subsidiaries to Fine Properties, Inc.

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. In 2021, the outstanding receivables was included in the consolidation of all receivables from Fine Properties, Inc. to BC.

As of December 31, 2022 and 2021, the retirement plan asset includes investment in fixed-rate peso retail bonds of the Parent Company with fair value amounting to ₱13.39 million and ₱14.99 million, respectively (see Note 26).

The compensation of key management personnel by benefit type follows:

	2022	2021	2020
Short-term employee benefits	**₱114,661,755**	₱110,070,514	₱133,520,360
Post-employment benefits	**24,928,030**	24,036,406	30,088,552
	₱139,589,785	₱134,106,920	₱163,608,912

30. **Earnings Per Share and Noncontrolling Interest**

The following table presents information necessary to compute the EPS:

	2022	2021	2020
Net income attributable to equity holders of Parent	**₱6,119,908,898**	₱6,426,541,859	₱6,056,015,749
Weighted average common shares*	**11,945,799,461**	11,945,799,461	11,945,799,461
Basic/Diluted Earnings per share	**₱0.512**	₱0.538	₱0.507

**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, 2022, 2021 and 2020.

The summarized financial information for which there are noncontrolling interests, are provided below. The information is based on amounts before inter-company eliminations.

Vistamalls, Inc. and Subsidiaries (VMI&S)

	2022	2021	2020
Assets	**₱90,114,478,895**	₱80,672,044,189	₱73,691,776,165
Liabilities	**53,700,256,821**	50,821,470,182	47,261,060,270
Equity	**36,414,222,074**	29,850,574,007	26,430,715,895
Total comprehensive income	**6,784,076,826**	4,407,698,539	2,720,679,864
Attributable to:			
Equity holders of VMI&S	**6,781,443,750**	3,866,994,102	2,390,083,744
Noncontrolling-interest	**2,633,076**	540,704,437	330,596,120

VistaREIT, Inc. (VistaREIT)

	2022	2021	2020
Assets	**₱27,518,799,447**	₱505,492,737	₱10,004,921
Liabilities	**39,830,724**	5,181,000	262,060
Equity	**26,173,664,073**	500,311,737	9,742,861
Total comprehensive income*	**(9,608,291,500)**	(120,914)	257,139
Attributable to:			
Equity holders of VistaREIT	**1,033,397,821**	(120,914)	257,139
Noncontrolling-interest	**545,505,509**	–	–

**This includes the decrease in fair value of investment properties carried at fair value in the financial statements of VistaREIT amounting to ₱11,187.19 million in 2022. The net income from VistaREIT amounted to ₱1,578.90 million, excluding the change in fair value of its investment properties, for the year ended December 31, 2022.*

As of December 31, 2022, 2021 and 2020, the accumulated balances of and net income attributable to noncontrolling interests follows:

	2022	2021	2020
Accumulated balances:			
Noncontrolling interest share in equity	**₱8,448,577,034**	₱3,146,983,827	₱2,620,068,365
Share in dividend	**170,796,898**	15,856,454	15,326,523
Net income attributable to noncontrolling interests	**1,272,741,442**	540,704,437	330,596,120
Other comprehensive income	**2,248,632**	2,067,479	859,042

31. **Fair Value Determination**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents, short-term cash investments, accrued interest receivable, receivable from tenants, buyers and HDMF, advances to a related party, accounts and other payables (except for deferred output VAT and other statutory payables) and dividends payable: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivable: The fair value of installment contracts receivable due within one year approximates its carrying amount. Noncurrent portion of installment contracts receivable are discounted using the applicable discount rates for similar types of instruments. The discount rates used range from 2.43% to 19.00% and 2.44% to 19.00% as of December 31, 2022 and 2021, 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 5.35% to 8.63% in 2022 and 2.22% to 10.66% in 2021 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, 2022 and 2021:

		December 31, 2022			
		Fair Value			
	Carrying values	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets					
Financial assets measured at fair value:					
Investments at FVOCI	**₱117,158,380**	**₱117,158,380**	**₱105,000,000**	**₱12,158,380**	**₱–**
Financial assets for which fair values are disclosed:					
Installment contracts receivable	**35,296,250,329**	**34,692,905,483**	–	–	**34,692,905,483**
Investments at amortized cost	**41,499,484,082**	**41,611,556,371**	**41,611,556,371**	–	–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	**55,946,823,117**	**55,115,377,456**	–	–	**55,115,377,456**
Notes payable	**102,448,203,441**	**99,903,741,873**	–	–	**99,903,741,873**
Loans payable	**5,334,619,152**	**5,071,583,187**	–	–	**5,071,583,187**
Liabilities for purchased land	**2,918,645,181**	**2,718,691,406**	–	–	**2,718,691,406**
Retention payable	**1,647,670,283**	**1,494,394,633**	–	–	**1,494,394,633**

		December 31, 2021			
		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	₱124,499,183	₱124,499,183	₱83,000,000	₱41,499,183	₱–
Financial assets for which fair values are disclosed:					
Installment contracts receivable	41,235,173,571	43,092,512,215	–	–	43,092,512,215
Investments at amortized cost	49,817,449,839	50,311,215,649	50,311,215,649	–	–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	56,992,341,863	57,355,033,204	–	–	57,355,033,204
Notes payable	107,930,233,523	112,508,499,731	–	–	112,508,499,731
Loans payable	3,779,511,014	3,670,237,853	–	–	3,670,237,853
Liabilities for purchased land	3,282,337,519	3,170,096,006	–	–	3,170,096,006
Retention payable	1,619,661,728	1,547,698,569	–	–	1,547,698,569

In 2022 and 2021, there were no transfers between Levels of fair value measurements.

Significant increases (decreases) in discount rate would result in significantly higher (lower) fair value of the installment contracts receivable, notes payable, loans payable, bank loans, retention payable and liabilities for purchased land.

Description of significant unobservable inputs to valuation follows:

Account	Valuation Technique	Significant Unobservable Inputs
Installment contracts receivable	Discounted cash flow analysis	Discount rate
Bank loans	Discounted cash flow analysis	Discount rate
Notes payable	Discounted cash flow analysis	Discount rate
Loans payable	Discounted cash flow analysis	Discount rate
Retention payable	Discounted cash flow analysis	Discount rate
Liabilities for purchased land	Discounted cash flow analysis	Discount rate

32. Financial Assets and Liabilities

Financial Risk Management Objectives and Policies

Financial risk

The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables (except for deferred output VAT and other statutory payables), liabilities for purchased land and retention payable. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivable, cash and cash equivalents, short-term and long-term cash investments, investments at fair value through other comprehensive income and investments at amortized cost which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arises, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk

The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans with its installment contracts receivables as collateral to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing:

	December 31, 2022	
	Effective Interest Rate	**Amount**
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	**0.01% to 1.25%**	**₱13,605,686,137**
Cash and cash equivalents in US Dollar	**0.06% to 0.13%**	**1,451,308,141**
Short-term cash investments	**0.10% to 3.13%**	**47,278,102**
Investments at amortized cost	**1.05% to 7.19%**	**41,499,484,082**
Installment contracts receivable	**1.66% to 19.00%**	**35,296,250,329**
		₱91,900,006,791
Financial liabilities		
Fixed rate		
Notes payable	**5.70% to 8.25%**	**₱102,448,203,441**
Bank loans	**3.25% to 8.17%**	**55,946,823,117**
Loans payable	**6.03% to 8.63%**	**5,334,619,152**
Lease liabilities	**6.79% to 8.80%**	**5,434,053,003**
		₱169,163,698,713

	December 31, 2021	
	Effective Interest Rate	Amount
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	0.03% to 0.50%	₱3,889,848,401
Cash and cash equivalents in US Dollar	0.05% to 0.13%	7,956,192,935
Short-term cash investments	1.00% to 4.00%	336,019,645
Investments at amortized cost	0.39% to 10.82%	49,817,449,839
Installment contracts receivable	2.44% to 19.00%	41,235,173,571
		₱103,234,684,391
Financial liabilities		
Fixed rate		
Notes payable	5.70% to 8.25%	₱107,930,233,523
Bank loans	3.25% to 8.17%	56,992,341,863
Loans payable	2.22% to 6.50%	3,779,511,014
Lease liabilities	5.55% to 10.66%	5,435,840,440
		₱174,137,926,840

As of December 31, 2022, and 2021, 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, 2022		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on income before tax**
Cash and cash equivalents	**US$473,598**	**+4.22%**	**₱1,114,179**
	US$473,598	**-4.22%**	**(1,114,179)**

	December 31, 2021		
	Amount	Increase/Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	US$4,108,745	+2.60%	₱5,435,760
	US$4,108,745	-2.60%	(5,435,760)

The functional currency of VII, a wholly owned subsidiary, is USD. VII has Cash and cash equivalents, Investments at amortized costs, Notes payable and Bank loans in USD. VII's financial assets and liabilities are translated into Philippine peso, the presentation currency of the Group, using closing exchange rate prevailing at the reporting date, and the respective income and expenses at the weighted average rates for the period. The exchange differences arising on the translation are recognized in OCI under "Cumulative Translation Adjustments" (CTA).

See below for the carrying amounts and sensitivity analysis on other comprehensive income:

	December 31, 2022		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on Other Comprehensive Income**
Assets			
Cash and cash equivalents	**US$25,556,500**	**+4.22%**	**₱60,123,749**
	US$25,556,500	**-4.22%**	**(60,123,749)**
Investments at amortized costs	**US$744,318,610**	**+4.22%**	**1,751,070,179**
	US$744,318,610	**-4.22%**	**(1,751,070,179)**
Liabilities			
Notes payable	**US$769,997,069**	**+4.22%**	**(1,853,827,314)**
	US$769,997,069	**-4.22%**	**1,853,827,314**
Bank loans	**US$18,000,000**	**4.22%**	**(42,346,467)**
	US$18,000,000	**-4.22%**	**42,346,467**

	December 31, 2021		
	Amount	Increase/Decrease in US Dollar rate	Effect on Other Comprehensive Income
Assets			
Cash and cash equivalents	US$156,006,842	+2.60%	₱206,520,705
	US$156,006,842	-2.60%	(206,520,705)
Investments at amortized costs	US$978,423,422	+2.60%	1,295,229,695
	US$978,423,422	-2.60%	(1,295,229,695)
Liabilities			
Notes payable	US$1,137,971,235	+2.60%	(1,506,437,910)
	US$1,137,971,235	-2.60%	1,506,437,910

In translating the foreign currency- denominated monetary assets and liabilities in peso amounts, the Philippine Peso - US dollar exchange rates as at December 31, 2022 and 2021 used were ₱55.76 to US$1.00 and ₱51.00 to US$1.00, respectively.

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the management's forecast of the currently observable market environment, showing no material movements as in prior years.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily installment contracts receivables and receivables from tenants) and from its investing activities, including deposits with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Receivables are regularly monitored.

In respect of installment contracts receivable from the sale of real estate inventories, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed.

The Group evaluates the concentration of risk with respect to non-related party trade receivables as low, as its customers are located in several jurisdictions and various income brackets, and operate in largely independent markets.

The Group evaluates the concentration of risk with respect to receivable from related parties (see Note 29). This is discussed in Note 6. The related parties have a strong capacity to meet their contractual cash flows and collectability is 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 2 to 4-month lease payment to cover any defaulting amounts and advance rentals also equivalent to 2 to 4-month rent.

Credit risk arising from receivables from related parties is minimal as they have a low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk as of December 31, 2022 and 2021 is equal to the carrying values of its financial assets.

As of December 31, 2022 and 2021, the credit quality per class of financial assets is as follows:

	2022					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash and cash equivalents	₱15,056,994,278	₱–	₱–	₱–	₱–	₱15,056,994,278
Short-term cash investments	47,278,102	–	–	–	–	47,278,102
Investments at amortized cost	41,499,484,082	–	–	–	104,455,985	41,603,940,067
Investments at FVOCI	117,158,380	–	–	–	–	117,158,380
Installment contract receivable	21,230,928,394	779,312,682	35,924,974	13,250,084,279	–	35,296,250,329
Receivable from tenants and accrued rent receivable	18,117,338,108	–	–	8,916,400,937	495,636,493	27,529,375,538
Receivable from HDMF	185,386,869	–	–	–	–	185,386,869
Receivable from buyers	–	–	–	171,303,255	–	171,303,255
Accrued interest receivable	444,938,814	–	–	–	–	444,938,814
Restricted cash	325,078,616	–	–	–	–	325,078,616
	₱97,024,585,643	₱779,312,682	₱35,924,974	₱22,337,788,471	₱600,092,478	₱120,777,704,248

	2021					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash and cash equivalents	₱11,846,041,336	₱–	₱–	₱–	₱–	₱11,846,041,336
Short-term cash investments	336,019,645	–	–	–	–	336,019,645
Investments at amortized cost	49,817,449,839	–	–	–	81,166,262	49,898,616,101
Investments at FVOCI	124,499,183	–	–	–	–	124,499,183
Installment contract receivable	10,442,133,473	573,616,115	20,912,446	30,198,511,537	–	41,235,173,571
Receivable from tenants and accrued rent receivable	12,972,076,459	–	–	5,937,223,530	497,186,046	19,406,486,035
Receivable from HDMF	188,381,927	–	–	134,492,069	–	322,873,996
Receivables from buyers	–	–	–	162,854,404	–	162,854,404
Accrued interest receivable	543,893,498	–	–	–	–	543,893,498
Restricted cash	219,408,980	–	–	–	–	219,408,980
	₱86,489,904,340	₱573,616,115	₱20,912,446	₱36,433,081,540	₱578,352,308	₱124,095,866,749

The Company's basis in grading its receivables are as follow:

High-grade - pertain to receivables from related parties which based on experience are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Installment contract receivables under bank-financing, receivable from buyers and receivable from HDMF awaiting for bank and HDMF remittance but has been processed are assessed to be high grade since the accounts have undergone credit evaluation performed by two parties, the Group and the respective bank, thus credit evaluation underwent a more stringent criteria resulting to higher probability of having good quality receivables. High-grade receivable from tenants and accrued rental receivable and accrued interest receivable are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables are readily enforceable).

Standard - pertain to active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard - pertain to receivables that can be collected provided the Group makes persistent effort to collect them.

The Group's investments in unquoted equity securities presented as investments at fair value through other comprehensive income are incidental to its housing projects and are considered by the Group to be of high quality.

Cash in banks and cash equivalents and short-term cash investments are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the Group is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

As of December 31, 2022 and 2021, the aging analyses of the Company's receivables are as follow:

	2022						
		Past due but not impaired					
	Current	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Impaired**	**Total**
Installment contracts receivable	**₱22,046,166,050**	**₱59,451,694**	**₱60,896,611**	**₱36,987,400**	**₱13,092,748,574**	**₱–**	**₱35,296,250,329**
Accrued rental receivable	**17,387,952,584**	–	–	–	–	–	**17,387,952,584**
Receivable from tenants	**729,385,524**	**110,645,354**	**2,799,210**	**145,019,808**	**8,657,936,565**	**495,636,493**	**10,141,422,954**
Accrued interest receivable	**444,938,814**	–	–	–	–	–	**444,938,814**
Receivable from HDMF	**185,386,869**	–	–	–	–	–	**185,386,869**
Receivable from buyers	–	**1,678,499**	**2,536,797**	**6,204,112**	**160,883,847**	–	**171,303,255**

	2021						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Installment contracts receivable	₱11,036,662,034	₱2,464,092,785	₱1,110,923,765	₱1,042,184,635	₱25,581,310,352	₱–	₱41,235,173,571
Accrued rental receivable	11,146,694,070	–	–	–	–	–	11,146,694,070
Receivable from tenants	1,825,382,389	149,812,390	172,138	180,029,144	5,607,209,858	497,186,046	8,259,791,965
Accrued interest receivable	543,893,498	–	–	–	–	–	543,893,498
Receivable from HDMF	188,381,927	8,824,496	14,631,835	14,305,121	96,730,617	–	322,873,996
Receivable from buyers	–	2,151,314	1,047,189	412,759	159,243,142	–	162,854,404

Current receivables include billed lease receivables and accrued rent receivables which are not yet contractually collectible. Past due but not impaired include lease receivables which are aged 31 to over 90 days but collection is still probable. Impaired receivables are lease receivables from terminated tenants which are less likely to be collected.

The Group has collaterals in the form of security deposits and advance rent with respect to billed lease receivables that have been identified as past due but not impaired.

Applying the expected credit risk model resulted to recognition of impairment loss of nil and ₱24.79 million from receivables in 2022 and 2021, respectively.

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 2022 and 2021.

Maturity Profile Financial Liabilities

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2022 and 2021 based on undiscounted contractual payments, including interest payable.

December 31, 2022

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	**₱–**	**₱6,344,209,970**	**₱8,591,384,423**	**₱44,947,752,818**	**₱59,883,347,211**
Loans payable	**29,009,389**	**1,506,524,553**	**2,464,768,469**	**1,671,273,971**	**5,671,576,382**
Liabilities for purchased land	**107,765,896**	**295,667,806**	**1,276,124,583**	**1,239,086,896**	**2,918,645,181**
Accounts payable and other payables*	**11,780,683,458**	**3,421,921,455**	**7,444,583,291**	**728,337,670**	**23,375,525,874**
Dividends payable	**96,024,581**	–	–	–	**96,024,581**
Notes payable	**–**	**3,466,275,635**	**17,634,115,466**	**103,862,477,117**	**124,962,868,218**
Lease liabilities	**–**	**88,685,893**	**279,773,404**	**10,569,722,645**	**10,938,181,942**
Total undiscounted financial liabilities	**₱12,013,483,324**	**₱15,123,285,312**	**₱37,690,749,636**	**₱163,018,651,117**	**₱227,846,169,389**

**excluding statutory payables and including noncurrent portion of retention payable*

December 31, 2021

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱–	₱1,783,833,959	₱7,476,007,618	₱50,824,576,623	₱60,084,418,200
Loans payable	21,238,682	2,173,991,977	1,466,067,045	433,703,007	4,095,000,711
Liabilities for purchased land	120,902,603	797,143,304	910,089,580	1,454,202,032	3,282,337,519
Accounts payable and other payables*	11,291,448,389	282,145,238	717,060,149	620,456,341	12,911,110,117
Dividends payable	15,856,454	–	–	–	15,856,454
Notes payable	–	2,071,165,535	28,355,305,463	101,684,199,419	132,110,670,417
Lease liabilities	–	83,881,609	264,333,377	10,938,181,942	11,286,396,928
Total undiscounted financial liabilities	₱11,449,446,128	₱7,192,161,622	₱39,188,863,232	₱165,955,319,364	₱223,785,790,346

**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, 2022	**Cash flows**	**Lease liabilities**	**Debt issue cost**	**Interest and other financing charges (including capitalized borrowing cost)**	**Foreign exchange movement**	**Dividends declared**	**December 31, 2022**
Notes payable	**₱107,930,233,523**	**(₱9,276,278,143)**	**₱–**	**(₱103,531,880)**	**₱894,209,203**	**₱3,003,570,738**	**₱–**	**₱102,448,203,441**
Bank loans	**56,992,341,863**	**(1,052,210,176)**	–	**(50,533,616)**	**57,225,046**	–	–	**55,946,823,117**
Loans payable	**3,779,511,014**	**1,555,108,138**	–	–	–	–	–	**5,334,619,152**
Lease liabilities	**5,435,840,440**	**(375,018,792)**	–	–	**373,231,355**	–	–	**5,434,053,003**
Dividends payable	**15,856,454**	**(438,991,085)**	–	–	–	–	**519,159,212**	**96,024,581**
Accrued interest expense	**1,464,726,858**	**(9,716,182,535)**	–	**154,065,496**	**9,539,750,083**	–	–	**1,442,359,902**
Total liabilities from financing activities	**₱175,618,510,152**	**(₱19,303,572,593)**	**₱–**	**₱–**	**₱10,864,415,687**	**₱3,003,570,738**	**₱519,159,212**	**₱170,702,083,196**

			Non-cash Change					
	January 1, 2021	Cash flows	Lease liabilities	Debt issue cost	Interest and other financing charges (including capitalized borrowing cost)	Foreign exchange movement	Dividends declared	December 31, 2021
Notes payable	₱99,003,568,514	₱5,252,736,026	₱–	(₱104,094,100)	₱267,559,605	₱3,510,463,478	₱–	₱107,930,233,523
Bank loans	42,373,789,201	14,590,400,957	–	(37,500,000)	65,651,705	–	–	56,992,341,863
Loans payable	4,321,894,645	(542,383,631)	–	–	–	–	–	3,779,511,014
Lease liabilities	2,674,852,382	(283,190,395)	2,756,247,692	–	287,930,761	–	–	5,435,840,440
Dividends payable	28,103,938	(326,748,924)	–	–	–	–	314,501,440	15,856,454
Accrued interest expense	943,809,186	(9,738,424,964)	–	141,594,100	10,117,748,536	–	–	1,464,726,858
Total liabilities from financing activities	₱149,346,017,866	₱8,952,389,069	₱2,756,247,692	₱–	₱10,738,890,607	₱3,510,463,478	₱314,501,440	₱175,618,510,152

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 ₱22,560.33 million and ₱18,679.95 million in 2022 and 2021;
b) Unpaid additions to investment properties amounted to ₱786.73 million and ₱501.73 million as of December 31, 2022 and 2021, respectively;
c) Unpaid additions to property and equipment amounted to ₱5.46 million and ₱4.69 million as of December 31, 2022 and 2021, respectively;
d) The Group reclassified receivables from Fine Properties, Inc. to amounting to ₱5,750.90 million as a result of the LDA entered into between BC and Fine Properties, Inc. in 2021;
e) The Group deconsolidated VVTI as subsidiary in 2020 to investment in a joint venture amounting to ₱458.77 million as of December 31, 2021; and
f) Liabilities for purchased land is comprised of unpaid additions to land improvements classified as:

	2022	2021
Real estate inventories	**₱2,158,142,798**	₱3,282,337,518
Investment properties	**760,502,383**	–
	₱2,918,645,181	₱3,282,337,518

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, 2022 and 2021 follow:

	2022	2021
Within 1 year	**₱6,528,384,732**	₱4,193,324,153
More than 1 year to 2 years	**7,106,464,125**	4,274,234,541
More than 2 years to 3 years	**7,710,792,035**	4,692,293,057
More than 3 years to 4 years	**7,968,449,686**	5,172,681,847
More than 4 years to 5 years	**7,970,813,704**	5,560,155,236
More than 5 years	**235,924,971,281**	63,408,330,802
	₱273,209,875,563	₱87,301,019,636

Rental income included in the consolidated statements of comprehensive income for the years ended December 31, 2022, 2021 and 2020 amounted to ₱13,742.26 million, ₱9,312.72 million and ₱7,196.73 million, respectively.

Contingent rent included in rental income for the years ended December 31, 2022, 2021 and 2020 amounted to ₱1,824.31 million, ₱1,663.43 million and ₱1,492.0, 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, 2022 and 2021, these contracts have an estimated aggregate cost of ₱13,204.53 million and ₱11,972.84 million, respectively. These contracts are due to be completed on various dates up to December 2026.

The progress billings are settled within one year from date of billing. These are unsecured obligations and carried at cost.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

The Group is currently negotiating for additional claims from various insurance companies for the loss from fire in Starmall Alabang. As of December 31, 2022, the amount certain to be received is not yet estimable.

36. Other Matters

Impact of the recent Coronavirus situation

The declaration of COVID-19 outbreak by the World Health Organization as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the Philippines starting March 16, 2020 have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

During the lockdown

During the lockdowns, the Group has adjusted its operations in accordance with the required measures and safety protocols. In compliance with the Government's ECQ guidelines, malls, hotels, and other businesses, except those providing essential goods and services were temporarily closed. The mall buildings continued operations because these are occupied mostly by tenants providing essential services such as supermarkets, home improvement/appliance stores, drug stores, food establishments, financial services, and are located within or near Vista Land communities. The office buildings remained open during the lockdowns since BPO tenants are allowed to conduct their businesses onsite. Other office tenants, though they adopted work from home arrangements, continued to fulfill their rental payment obligations. The Group provided rent concessions to certain tenants based on their profile and credit standing, in addition to the concessions that the Group is required to provide pursuant to the Bayanihan Act (see Note 34).

To date, commercial spaces have opened, and construction and real estate development activities have resumed at various level of activities following safety protocols mandated by the national government.

37. Subsequent Events

Loan Availments

In relation to the Corporate Notes Facility Agreement entered on December 28, 2022, in January 2023, the Parent Company made additional issuance of Corporate Notes in the amount of ₱2,900.00 million due on December 26, 2027, at a fixed interest of 7.26% per annum. The proceeds of the additional notes will be used to refinance existing or maturing obligations of the Group and for the other general corporate purposes. Certain subsidiaries of the Parent Company acted as guarantors of the Parent Company. No fees are charged for these guarantee agreements.

Assignment of Receivables of Related Party Tenants

In March 2023, a Deed of Assignment was entered among (1) the Group as lessor ; (2) various related party tenants under AllValue Holdings Corp. (AVHC) (Assignors) and (3) AVHC (Assignee), for the Assignors to assign, transfer and convey to AVHC as the Assignee, all of the Assignors' rights, title and interest in and to the existing Assignors' payables to the Group, as well as all its obligations, duties, and liabilities arising therefrom, aggregating to ₱3,960.00 million representing the Assignor's liabilities as tenants to the Group as of December 31, 2022.

As a consequence and subsequent action to the above Assignment, AVHC and the Group plans to enter into a joint venture within 2023, wherein AVHC will contribute parcels of land located in Bataan with a total area of 198,182 square meters and valued at ₱3,960.00 million as a form of settlement of the assumed liabilities by AVHC to the Group.

38. Approval of the Financial Statements

The consolidated financial statements of the Group as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were authorized for issue by the BOD on April 13, 2023.

SGV
Building a better working world

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

Tel: (632) 8891 0307
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Vista Land & Lifescapes, Inc. and its subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 13, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with the Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566009, January 3, 2023, Makati City

April 13, 2023

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

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Vista Land & Lifescapes, Inc. and its subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 13, 2023. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566009, January 3, 2023, Makati City

April 13, 2023

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

VISTA LAND & LIFESCAPES, INC.

RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

AS OF DECEMBER 31, 2022

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱4,068,120,434
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	4,025,285,589
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	8,093,406,023
Add (Less):	
Dividend declarations during the period	(348,362,314)
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	**₱5,383,068,056**

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2022

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	N/A	₱15,070,204,626	₱15,070,204,626	₱45,836,332
Short-term cash investments	N/A	47,278,102	47,278,102	1,115,279
Restricted cash	N/A	325,078,616	325,078,616	2,833,807
Installment contracts receivables	N/A	35,401,433,721	35,401,433,721	701,342,313
Quoted equity securities	100	105,000,000	105,000,000	–
Unquoted equity securities	₱1,215,838	12,158,380	12,158,380	–
UBS Portfolio I	8,028,720,000	8,343,234,843	8,343,234,843	
UBS Portfolio II	1,755,724,950	1,820,795,574	1,820,795,574	
UBS Portfolio III	2,483,885,250	2,556,466,331	2,556,466,331	
UBS Portfolio IV	3,874,972,500	3,921,134,328	3,921,134,328	
UBS Portfolio V	1,003,590,000	1,000,321,258	1,000,321,258	
UBS Portfolio VI	2,090,812,500	2,154,355,121	2,154,355,121	931,410,352
UBS Portfolio VII	5,363,631,000	5,414,878,836	5,414,878,836	
UBS Portfolio VII	128,236,500	128,524,916	128,524,916	
UBS Portfolio IX	2,464,371,000	2,499,702,935	2,499,702,935	
HSBC Portfolio I	2,082,895,290	2,067,468,964	2,067,468,964	
HSBC Portfolio II	1,589,017,500	1,636,823,627	1,636,823,627	
HSBC Portfolio III	808,447,500	837,303,611	837,303,611	
CREDIT SUISSE	7,510,086,990	7,527,119,358	7,527,119,358	
J.SAFFRRA SARASSIN	1,658,711,250	1,591,354,378	1,591,354,378	
Receivable from tenants and accrued rent receivable	N/A	30,373,321,672	30,373,321,672	–
Other receivables	N/A	616,242,069	616,242,069	–
Total Financial Assets		₱123,450,201,266	₱123,450,201,266	₱1,682,538,083

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, 2022

Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Officers	₱3,845,366	₱14,376,532	(₱13,537,488)	₱–	₱1,907,876	₱2,776,535	₱4,684,410
Employees	23,462,951	181,474,103	(164,759,379)	–	40,177,675	–	40,177,675
Advances to officers and employees	₱27,308,317	₱195,850,635	(₱178,296,867)	₱–	₱42,085,551	₱2,776,535	₱44,862,085

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, 2022

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.	₱105,247,599,611	(₱28,632,930,385)	(₱33,702,154,754)	₱–	₱110,316,823,980	₱–	₱110,316,823,980
Prima Casa Land & Houses, Inc.	(1,689,426,608)	3,644,413,456	(1,255,176,470)	–	699,810,378	–	699,810,378
VLL International, Inc.	(12,231,085,108)	1,227,354,062	(3,068,432,489)	–	(14,072,163,534)	–	(14,072,163,534)
Crown Asia Properties, Inc.	(8,997,174,035)	702,039,510	(812,395,680)	–	(9,107,530,205)	–	(9,107,530,205)
Vista Residences, Inc.	(8,833,574,701)	6,103,306,941	(3,219,572,724)	–	(5,949,840,484)	–	(5,949,840,484)
Camella Homes, Inc.	(18,036,861,550)	3,171,196,798	(5,316,194,087)	–	(20,181,858,839)	–	(5,949,840,484)
Brittany Corporation	(15,810,983,349)	2,390,275,302	(1,605,383,514)	–	(15,026,091,562)	–	(15,026,091,562)
Communities Philippines, Inc.	(7,228,710,737)	6,754,385,074	(10,735,416,112)	–	(11,209,741,775)	–	(11,209,741,775)
Vistamalls, Inc.	(32,419,783,522)	4,639,959,243	(7,689,583,678)	–	(35,469,407,957)	–	(35,469,407,957)

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2022

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date
Notes Payable	₱5,150,000,000	₱98,756,009	₱4,415,441,417	6.19%	₱4,514,197,426	Quarterly interest payments; 0.5% principal payment for 36 quarter and 82% principal on maturity date	December 2026
Notes Payable	4,850,000,000	93,009,361	4,157,090,800	6.23%	4,250,100,161	Quarterly interest payments; 1% principal payment for the 1st quarter following the issuance, .5% and 82% principal on maturity date	December 2026
Notes Payable	6,000,000,000	658,316,422	3,148,073,515	7.71%	3,806,389,937	Quarterly interest payments; 4.1667%	July 2028
Notes Payable	1,700,000,000	281,221,480	494,539,722	7.49%	775,761,202	principal payment 1 year after issuance for 24	July 2025
Notes Payable	500,000,000	82,706,975	145,449,683	7.50%	228,156,658	quarters	July 2025
Notes Payable	15,000,000,000	3,733,539,097	2,810,412,300	7.13%	6,543,951,397	Quarterly interest payments; 5% principal payment 1 year after issuance for 20 quarters	July 2024
Notes Payable	4,000,000,000	878,789,927	3,095,445,300	6.64%	3,974,235,227	Quarterly interest payments; 5.56% principal payment 3 quarter after issuance for 18 quarters	March 2027
Notes Payable	2,000,000,000	439,394,963	1,547,722,650	7.24%	1,987,117,613	Quarterly interest payments; 5.56% principal payment 2 quarter after issuance for 18 quarters	March 2027
Notes Payable	3,600,000,000	–	3,578,324,865	7.93%	3,578,324,865	Quarterly interest payments; principal payable upon maturity	December 2025
Notes Payable	5,000,000,000	–	4,969,895,646	7.93%	4,969,895,646	Quarterly interest payments; principal payable upon maturity	December 2025
Notes Payable	5,000,000,000	–	2,989,664,160	5.75%	2,989,664,160	Quarterly interest payments	August 2024
		–	1,986,031,954		1,986,031,954		August 2027
Notes Payable				6.23%		Quarterly interest payments	December
	10,000,000,000	6,480,096,960	–	6.23%	6,480,096,960	Quarterly interest payments	2023
			3,477,234,005	8.25%	3,477,234,005	Quarterly interest payments	December 2025
Notes Payable	10,000,000,000	–	9,955,859,639	5.70%	9,955,859,639	Quarterly interest payments	June 2025

(Forward)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date
Notes Payable	$220,000,000	$–	$220,000,000	7.25%	$220,000,000	Semi-annual interest payments; bullet on principal	July 2027
Notes Payable	$200,000,000	$–	$200,000,000	7.25%	$200,000,000	Semi-annual interest payments; bullet on principal	July 2027
Notes Payable	$350,000,000	$–	$350,000,000	5.75%	$350,000,000	Semi-annual interest payments; bullet on principal	November 2024
Bank Loans	Not applicable	11,561,568,479	44,385,254,638	3.80% to 7.77%	55,946,823,117	Various payment terms (i.e., monthly and quarterly) of interest and principal	Various dates
Loans Payable	Not applicable	3,767,253,212	1,567,365,940	6.00% to 8.00%	5,263,154,680	Interest and principal payable monthly	Various dates

See Notes 20 and 21 of the Consolidated Financial Statements

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2022

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, 2022

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

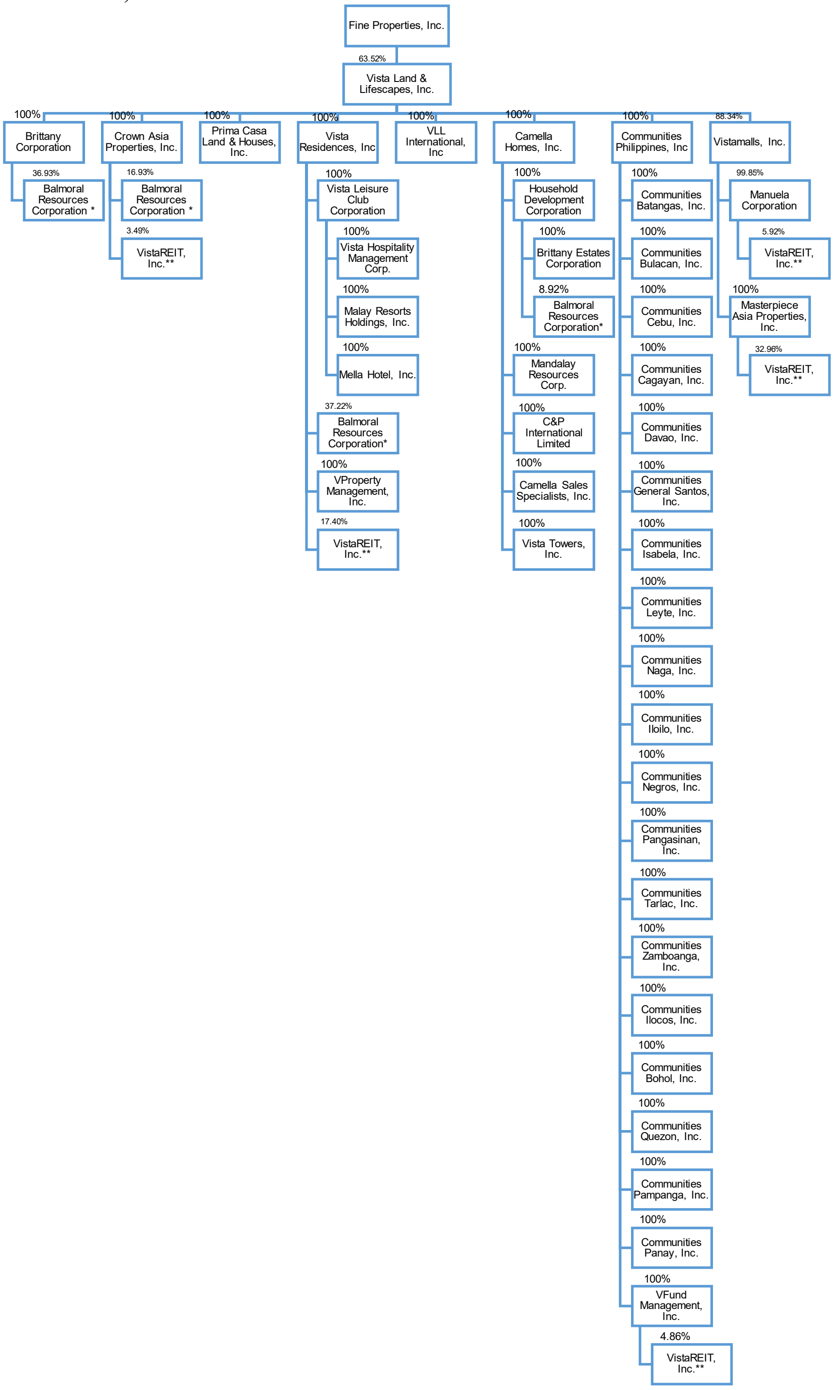
DECEMBER 31, 2022

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	17,900,000,000	13,114,136,376 shares issued; 11,945,799,461 shares outstanding	–	9,113,046,146	516,770,320	3,068,191,214
Preferred Stock Series 1, ₱0.01 par value	8,000,000,000	3,300,000,000 shares issued and outstanding	–	3,300,000,000	–	–
Preferred Stock Series 2, ₱0.10 par value	200,000,000	–	–	–	–	–

See Note 23 of the Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
GROUP STRUCTURE

Below is the map showing the relationship between and among group and its Ultimate parent company, and its subsidiaries as of December 31, 2022.



The Group effectively owns 100% of Balmoral Resources Corporation through Brittany, CAPI, VRI and HDC.
***The Group effectively owns 60.09% and 98.94% of VistaREIT, Inc. (formerly Vista One, Inc.) through MC, MAPI, Communities Pampanga, Inc., CAPI and VRI and the rest are owned by individual shareholders, as of December 31, 2022 and 2021, respectively.*

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
AS OF DECEMBER 31, 2022, 2021 and 2020

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2022, 2021 and 2020:

Ratios	Formula	2022	2021	2020
Current ratio	Current assets / Current liabilities	**2.89**	2.48	3.16
Acid test ratio	Quick asset[1] / Current liabilities	**1.64**	1.45	1.55
Solvency ratio	Net income + Depreciation / Total liabilities	**0.05**	0.05	0.05
Debt ratio	Interest bearing debt[2] / Total assets	**0.51**	0.54	0.50
Asset to equity ratio	Total assets / Total equity	**2.61**	2.79	2.69
Interest service coverage ratio	EBITDA[3] / Total interest paid[4]	**1.91**	1.91	1.69
Return on equity	Net income / Total equity	**0.06**	0.06	0.06
Return on assets	Net income / Average total assets	**0.02**	0.02	0.02
Net profit margin	Net income / Net revenue	**0.26**	0.24	0.20

[1]Includes Cash and Cash Equivalents, Short-term Investments, Investment at FVTPL and Current Receivables
[2]Includes Bank loans, Notes Payable and Loans Payable
[3]EBITDA less Interest Income from Investments
[4]Total interest paid less Interest Income from Investments

VISTA LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Vista Land & Lifescapes, Inc. (the "Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached herein, for the years ended December 31, 2022, 2021, and 2020 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 financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

The Board of Directors reviews and approves the financial statements including the scheSdules 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 financial statements of the Company 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 ______________ 2023. APR 1 3 2023

MANUEL B. VILLAR, JR.
Chairman of the Board

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

BRIAN N. EDANG
Chief Financial Officer and Head Investor Relations

SUBSCRIBED AND SWORN, to before me this ______APR 1 3 2023______ 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	P4237701B	17 DEC 2019 / 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. 347
Page No. 71
Book No. IV
Series of 2023.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 57146
IBP Lifetime Member No.
PTR No. 5110555 / 04 Jan. 2023 / Mandaluyong City
MCLE Compliance No. VII-
Notarial Commission

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	0	3	1	4	5

COMPANY NAME

VISTA LAND & LIFESCAPES, INC.

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
AAFS	SEC	N/A

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)**
944	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.*

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Parent Company Financial Statement

Opinion

We have audited the accompanying parent company financial statements of Vista Land and Lifescapes, Inc. (the Parent Company), which comprise of the parent company statements of financial position as at December 31, 2022 and 2021, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Vista Land & Lifescapes, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic parent company financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our unqualified opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566009, January 3, 2023, Makati City

April 13, 2023

VISTA LAND & LIFESCAPES, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 19)	**₱8,656,293,953**	₱1,157,543,810
Short-term cash investments (Notes 7 and 19)	**4,000,000**	63,601,222
Receivables from related parties (Notes 18 and 19)	**109,024,241,032**	105,255,225,604
Other current assets (Notes 8 and 19)	**175,148,256**	185,708,180
Total Current Assets	**117,859,683,241**	106,662,078,816
Noncurrent Assets		
Investment at fair value through other comprehensive income (Notes 9 and 19)	**105,000,000**	83,000,000
Investments in subsidiaries (Note 10)	**62,451,871,100**	62,451,871,100
Property and equipment (Note 11)	**22,216,373**	35,895,001
Other noncurrent assets	**19,812,847**	12,037,524
Total Noncurrent Assets	**62,598,900,320**	62,582,803,625
	₱180,458,583,561	₱169,244,882,441
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12 and 19)	**₱659,717,584**	₱693,879,411
Current portion of:		
Bank loans (Notes 13 and 19)	**10,950,072,204**	6,445,002,145
Notes payable (Notes 14 and 19)	**12,745,831,195**	4,984,542,664
Lease liabilities (Notes 18, 19 and 20)	**11,020,541**	11,265,372
Total Current Liabilities	**24,366,641,524**	12,134,689,592
Noncurrent Liabilities		
Bank loans - net of current portion (Notes 13 and 19)	**41,527,227,546**	48,107,265,556
Notes payable - net of current portion (Notes 14 and 19)	**46,771,185,655**	44,910,295,870
Lease liabilities - net of current portion (Notes 18, 19 and 20)	**7,986,156**	17,266,108
Deferred tax liabilities (Note 17)	**4,550,500**	1,691,316
Total Noncurrent Liabilities	**88,310,949,857**	93,036,518,850
Total Liabilities	**112,677,591,381**	105,171,208,442
Equity (Note 15)		
Preferred stock	**33,000,000**	33,000,000
Common stock	**13,114,136,376**	13,114,136,376
Additional paid-in capital	**49,164,586,362**	49,164,586,362
Retained earnings	**7,745,043,708**	4,068,120,434
Other comprehensive income	**86,201,387**	55,806,480
Treasury shares	**(2,361,975,653)**	(2,361,975,653)
Total Equity	**67,780,992,180**	64,073,673,999
	₱180,458,583,561	₱169,244,882,441

See accompanying Notes to Parent Company Financial Statements.

VISTA LAND & LIFESCAPES, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
INCOME		
Dividend income (Notes 10 and 18)	**₱11,106,915,913**	₱7,784,629,567
Miscellaneous income (Note 18)	**26,628,019**	23,708,912
	11,133,543,932	7,808,338,479
EXPENSES		
Taxes and licenses	**608,860,276**	465,267,328
Salaries, wages and employee benefits	**61,645,346**	58,837,363
Professional fees	**14,062,442**	18,879,808
Depreciation and amortization (Notes 11, 20 and 21)	**14,348,117**	16,447,027
Advertising and promotions	**11,016,127**	7,357,031
Entertainment, amusement and recreation	**4,983,030**	8,106,994
Occupancy costs	**6,297,214**	6,988,101
Dues and subscription	**3,950,637**	2,785,892
Transportation and travel	**3,282,997**	698,478
Security services	**862,196**	909,384
Repairs and maintenance	**771,545**	818,035
Office expenses	**538,631**	701,293
Charitable contributions	**420,408**	1,642,532
Miscellaneous	**7,528,605**	25,760,563
	738,567,571	615,199,829
OTHER INCOME (EXPENSES)		
Interest income (Notes 6, 7 and 16)	**1,728,758**	4,300,658
Foreign exchange gain (loss)	**(6,416,984)**	3,204,603
Interest expense and other financing charges (Note 16)	**(6,364,127,560)**	(5,992,073,725)
	(6,368,815,786)	(5,984,568,464)
INCOME BEFORE INCOME TAX	**4,026,160,575**	1,208,570,186
PROVISION FOR INCOME TAX (Note 17)	**874,986**	1,095,109
NET INCOME	**4,025,285,589**	1,207,475,077
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Unrealized fair value gain on investment at fair value through other comprehensive income (Note 9)	**22,000,000**	8,000,000
Remeasurement gain on retirement obligation - net of tax	**8,394,907**	6,205,598
	30,394,907	14,205,598
TOTAL COMPREHENSIVE INCOME	**₱4,055,680,496**	₱1,221,680,675

See accompanying Notes to Parent Company Financial Statements.

VISTA LAND & LIFESCAPES, INC.
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 15)				**Other Comprehensive Income**			
	Preferred Stock	**Common Stock**	**Additional Paid-in Capital** (Note 15)	**Retained Earnings** (Note 15)	**Remeasurement Gains on Retirement Obligation**	**Other Comprehensive Income** (Note 9)	**Treasury Shares** (Note 15)	**Total**
Balances as at January 1, 2022	**₱33,000,000**	**₱13,114,136,376**	**₱49,164,586,362**	**₱4,068,120,434**	**₱10,806,480**	**₱45,000,000**	**(₱2,361,975,653)**	**₱64,073,673,999**
Net income	–	–	–	**4,025,285,589**	–	–	–	**4,025,285,589**
Other comprehensive income	–	–	–	–	**8,394,907**	**22,000,000**	–	**30,394,907**
Total comprehensive income for the year	–	–	–	**4,025,285,589**	**8,394,907**	**22,000,000**	–	**4,055,680,496**
Cash dividend declared (Note 18)	–	–	–	**(348,362,315)**	–	–	–	**(348,362,315)**
Balances as at December 31, 2022	**₱33,000,000**	**₱13,114,136,376**	**₱49,164,586,362**	**₱7,745,043,708**	**₱19,201,387**	**₱67,000,000**	**(₱2,361,975,653)**	**₱67,780,992,180**
Balances as at January 1, 2021	₱33,000,000	₱13,114,136,376	₱49,164,586,362	₱3,159,290,344	₱4,600,882	₱37,000,000	(₱2,361,975,653)	₱63,150,638,311
Net income	–	–	–	1,207,475,077	–	–	–	1,207,475,077
Other comprehensive income	–	–	–	–	6,205,598	8,000,000	–	14,205,598
Total comprehensive income for the year	–	–	–	1,207,475,077	6,205,598	8,000,000	–	1,221,680,675
Cash dividend declared	–	–	–	(298,644,987)	–	–	–	(298,644,987)
Balances as at December 31, 2021	₱33,000,000	₱13,114,136,376	₱49,164,586,362	₱4,068,120,434	₱10,806,480	₱45,000,000	(₱2,361,975,653)	₱64,073,673,999

See accompanying Notes to Parent Company Financial Statements.

VISTA LAND & LIFESCAPES, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱4,026,160,575**	₱1,208,570,186
Adjustments for:		
Interest expense (Note 16)	**6,364,127,560**	5,992,073,725
Depreciation and amortization (Notes 11, 20 and 21)	**14,348,117**	16,447,027
Foreign exchange loss (gain)	**4,492,975**	(3,204,603)
Retirement expense	**606,455**	1,301,387
Interest income (Note 16)	**(1,728,758)**	(4,300,658)
Dividend income (Note 18)	**(11,106,915,913)**	(7,784,629,567)
Operating loss before working capital changes	**(698,908,989)**	(573,742,503)
Increase (decrease) in:		
Other current assets	**9,334,234**	(60,074,547)
Accounts and other payables	**61,431,805**	1,329,466
Net cash used in operations	**(628,142,950)**	(632,487,584)
Interest received	**2,674,493**	5,269,026
Income tax paid	**(534,150)**	(1,050,826)
Net cash used in operating activities	**(626,002,607)**	(628,269,384)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from availments of short-term cash investments	**59,601,222**	42,013,325
Acquisitions of property and equipment (Note 11)	**(601,470)**	(2,704,169)
Deductions from (additions to):		
Other noncurrent assets	**(54,890)**	(38,832)
Receivables from related parties (Note 18)	**7,337,900,485**	(4,824,040,439)
Net cash provided by (used in) investing activities	**7,396,845,347**	(4,784,770,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Bank loans (Note 13 and 21)	**19,260,944,996**	22,391,429,909
Notes payable (Notes 14 and 21)	**14,600,000,000**	–
Payments of:		
Lease liabilities (Notes 20 and 21)	**(11,470,490)**	(10,934,044)
Bank loans (Notes 13 and 21)	**(21,340,655,526)**	(6,684,210,523)
Dividends (Notes 15 and 21)	**(348,664,246)**	(298,547,130)
Notes payable (Notes 14 and 21)	**(4,983,341,600)**	(5,657,071,600)
Interest expense and other financing charges (Note 21)	**(6,444,412,756)**	(5,812,589,523)
Net cash provided by financing activities	**732,400,378**	3,928,077,089
EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS	**(4,492,975)**	3,204,603
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,498,750,143**	(1,481,757,807)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,157,543,810**	2,639,301,617
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱8,656,293,953**	₱1,157,543,810

See accompanying Notes to Parent Company Financial Statements.

1. **Corporate Information**

Vista Land & Lifescapes, Inc. (the Parent Company or VLLI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address is at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 65.84% and 65.17% owned by Fine Properties, Inc., (Ultimate Parent Company), as of December 31, 2022 and 2021, respectively, and the rest by the public.

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

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

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

On March 16, 2022, the BOD approved various amendments to the Articles of Incorporation and By-Laws of VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of VOI as a REIT entity. Such amendments were approved by the SEC on April 18, 2022. Effectively on June 15, 2022, VistaREIT, Inc became publicly listed in the Philippine Stock Exchange.

Initial public offering of VistaREIT
As of December 31, 2022, VistaREIT is 32.96% owned by MAPI, 17.40% owned by VRI, 5.92% owned by MC, 4.86% by VFund Management, Inc., 3.49% owned by CAPI and 35.37% public after it was listed in the Philippine Stock Exchange on June 15, 2022. Effectively, VLLI's effective ownership in VistaREIT as of December 31, 2022 is now at 60.09% from 98.94% as of December 31, 2021 as a result of public offering.

2. Basis of Preparation

The accompanying parent company financial statements have been prepared using the historical cost basis except for the investment at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The parent company 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 parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The parent company financial statements of Vista Land and Lifescapes, Inc., which are prepared for submission to the Philippine SEC and the Bureau of Internal Revenue (BIR), are prepared in compliance with Philippine Financial Reporting Standards (PFRS). The Parent Company also prepares and issues consolidated financial statements presented in compliance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, which are available at the registered office address of the Parent Company.

3. Changes in Accounting Policies

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent company's financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

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

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

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

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

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

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

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

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

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

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

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

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

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

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Parent Company is currently assessing the impact of adopting these amendments.

4. Summary of Significant Accounting Policies

Current and Noncurrent Classification

The Parent Company presents assets and liabilities in the 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 Parent Company 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 the Parent Company.

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

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

The Parent Company 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 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 financial statements at fair value on a recurring basis, the Parent Company 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 12 months. These investments earn interest at the respective short-term rates.

Financial Instruments
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, FVOCI, 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 Parent Company's business model for managing them. For a financial asset to be classified and measured at amortized cost or FVOCI, 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 Parent Company'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 Parent Company 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 FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI 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 Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Parent Company's financial assets at amortized cost include cash and cash equivalents, short-term cash investments, accrued interest receivable and receivables from related parties.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Parent Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI 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 statement of comprehensive income when the right of payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Company's equity instrument comprises of quoted golf and country club shares.

<u>Impairment of Financial Assets</u>
The Parent Company recognizes an allowance for expected credit losses for all financial assets at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Parent Company 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 Parent Company uses external credit rating approach to calculate ECL for cash and cash equivalents, short-term cash investments, accrued interest receivable and receivables from related parties. 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 is widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

The Parent Company applies a simplified approach in calculating ECLs for accrued interest receivable and receivables from related parties. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities pertain to "Accounts and other payables", "Bank loans", "Notes payable" and "Lease liabilities".

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

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

Derecognition of Financial Assets and Financial Liabilities
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized when, and only when: (a) the right to receive cash flows from the assets expires; (b) the Parent Company 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 Parent Company 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 Parent Company'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 Parent Company could be required to repay.

Financial liability
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and in event of insolvency or bankruptcy of the Parent Company and all of its counterparties.

Value-Added Taxes (VAT)
Input vat represents the shifted sales tax to the Parent Company on purchases of goods and services. This can be claimed against the output vat on sale of services of the Parent Company to its subsidiaries. Input vat is carried at net realizable value net of allowance 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.

Creditable Withholding Tax (CWT)
This pertains to the tax withheld at source by the Parent Company's subsidiaries for the management fee due them and is creditable against the income tax liability of the Parent Company.

Advances to Suppliers
Advances to suppliers pertain to advances for the purchases of goods and services. These are non-interest bearing and will be applied to future billings.

Advances to Employees
Advances to employees are cash advances which are collectible through salary deductions. These are noninterest bearing and has various maturity dates within one year from the date advances are made.

Prepaid Expenses
Prepaid expenses pertain to subscription prepayments that are amortized for a year from payment date.

Investments in Subsidiaries
Investments in subsidiaries are accounted for under the cost method less accumulated provision for impairment losses, if any. A subsidiary is an entity in which the Parent Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or exercises control over the operations and management of the investee. Controls exists when an entity is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives or has earned the right to receive distribution from the accumulated profits of the investee arising after the date of the acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company determines at each end of the reporting period whether there is any objective evidence that the investments in the investee companies are impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount of the investee company and the carrying cost and recognized the amount in profit or loss.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred.

Depreciation and amortization 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 (EUL) of property and equipment as follows:

	Years
Service vehicles	4 to 5
Office furniture and fixtures	2

Leasehold 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 and amortization method are reviewed annually to ensure that the period and method of depreciation and amortization 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 amortization 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.

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

The right-of-use assets have EUL of five (5) to six (6) years. Unless the Parent Company 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 lease term.

Impairment of Nonfinancial Assets

The Parent Company 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 Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or CGU'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.

Equity

Capital stock and additional paid-in capital

Capital stock is measured at par value for all shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is recognized as additional paid-in capital. Direct costs incurred related to the equity issuance are deducted from equity, net of any related tax benefits. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Treasury shares

Treasury shares are own equity instruments which are reacquired. These 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 own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Retained earnings

Retained earnings represents the net accumulated earnings of the Parent Company, net of dividends declared.

Revenue and Expense Recognition

Revenue from contracts with customers is recognized when control of services is transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those services. The Parent Company has assessed its revenue arrangements against specific criteria in order to determine if it is acting as principal or as an agent. The Parent Company has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Dividend income

Dividend income is recognized when the right to receive payment is established.

Interest income

Interest income is recognized as it accrues using the effective interest method.

Miscellaneous income

Miscellaneous income is recognized when the Parent Company's right to receive payment is established.

Expenses

Expenses are recognized in the statement of comprehensive income when decrease in economic benefits related to a decrease in an asset or an increase in liability has risen that can be measured reliably. These are generally recognized as they are incurred.

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.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward 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 carry forward benefits of MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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 asset to be utilized. Any unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax 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 end of the reporting period.

Deferred tax relating to items recognized outside of profit or loss is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and 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.

Lease Liabilities
At the commencement date of the lease, the Parent Company recognizes lease 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 Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company 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 is 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
The Parent Company 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.

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Parent Company's position at the financial reporting date (adjusting events) are reflected in the parent company financial statements. Any post year-end events that are not adjusting events are disclosed in the parent company financial statements when material.

5. **Significant Accounting Judgments and Estimates**

The preparation of the accompanying parent company financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The estimates and assumptions used in the parent company financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the parent company 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 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 parent company financial statements:

Evaluation of impairment of financial asset

Under PFRS 9, the Parent Company reviews its financial assets portfolio to assets impairment at least on an annual basis. In determining whether ECL should be recognized in the statement of comprehensive income, the Parent Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from debts instruments.

In 2022 and 2021, no ECL were recognized based on the assessment made.

Evaluation of impairment of nonfinancial assets

The Parent Company assesses impairment on its nonfinancial assets whenever events or changes in the circumstances indicate that the carrying amount of an asset may not be recoverable. As of December 31, 2022 and 2021, there are no impairment indicators identified in the Parent Company's nonfinancial assets.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognition of deferred tax assets

The Parent Company 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 Parent Company will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

Temporary differences for which no deferred tax assets were recognized as of December 31, 2022 and 2021 are disclosed in Note 17 of the Parent Company financial statements.

The carrying value of unrecognized deferred tax assets as at December 31, 2022 and 2021 amounted to ₱2,755.35 million and ₱2,522.53 million, respectively (Note 17).

6. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱58,000**	₱53,000
Cash in banks	**2,250,909,390**	1,135,641,679
Cash equivalents	**6,405,326,563**	21,849,131
	₱8,656,293,953	₱1,157,543,810

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company, and earn annual interest ranging from 1.625% to 4.75% and 0.03% to 0.50% in 2022 and 2021, respectively.

Interest earned from cash and cash equivalents amounted to ₱1.52 million and ₱1.83 million in 2022 and 2021, respectively (Note 16).

7. Short-term Cash Investments

Short-term cash investments amounted to ₱4.00 million and ₱63.60 million as at December 31, 2022 and 2021, respectively. This account consists of money market placements with maturities of more than three months up to one year and earn annual interest ranging from 3% to 4% and 1.00% to 1.50% in 2022 and 2021, respectively.

Interest earned from short term cash investments amounted to ₱0.21 million and ₱2.47 million in 2022 and 2021, respectively (Note 16).

8. Other Current Assets

This account consists of:

	2022	2021
Input VAT	**₱105,895,147**	₱98,719,273
Creditable withholding taxes	**37,726,251**	34,478,206
Advances to:		
Suppliers	**25,490,498**	46,557,193
Employees	**89,197**	828,210
Prepaid expenses	**5,284,758**	3,517,158
Accrued interest receivable	**662,405**	1,608,140
	₱175,148,256	₱185,708,180

9. Investment at Fair Value through Other Comprehensive Income

The investment at fair value through FVOCI consists of quoted golf and country club shares carried at fair value which the Parent Company irrevocably elected to classify at FVOCI.

Movements of the account follows:

	2022	2021
Balance at beginning of year	**₱83,000,000**	₱75,000,000
Unrealized fair value gain during the year	**22,000,000**	8,000,000
Balance at end of year	**₱105,000,000**	₱83,000,000

10. Investments in Subsidiaries

The Parent Company's investments in subsidiaries and the corresponding direct percentage of ownership are shown below.

		Direct Percentage of Ownership		**Amounts**	
Entity	Nature of Business	**2022**	2021	**2022**	2021
CHI	Holding	**100.00%**	100.00%	**₱12,076,600,741**	₱12,076,600,741
BC	Real Estate	**100.00**	100.00	**9,018,504,501**	9,018,504,501
CAPI	Real Estate	**100.00**	100.00	**3,933,622,394**	3,933,622,394
VRI	Real Estate	**100.00**	100.00	**2,251,401,701**	2,251,401,701
CPI	Holding	**100.00**	100.00	**1,600,771,083**	1,600,771,083
VII	Holding	**100.00**	100.00	**2,162,850**	2,162,850
VMI	Leasing	**88.34**	88.34	**33,568,807,830**	33,568,807,830
				₱62,451,871,100	₱62,451,871,100

Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investments in subsidiaries is in the Philippines.

In 2007, the Parent Company acquired 100% ownership of CHI. Total cost of investment amounted to ₱12,076.60 million consisting of 490,972 common shares at ₱10,000.00 par value.

In 2007, the Parent Company acquired 100% ownership of BC. Total cost of investment amounted to ₱9,018.50 million consisting of 10,000,000 common shares at ₱100.00 par value.

In 2007, the Parent Company acquired 100% ownership of CAPI. Total cost of investment amounted to ₱3,933.62 million consisting of 2,750,000 common shares at ₱100.00 par value.

In 2009, the Parent Company acquired 100% ownership of VRI. Total cost of investment amounted to ₱2,199.90 million consisting of 1,485,000 common shares at ₱100.00 par value. In 2019, the Parent Company acquired additional 490,000 common shares issued by VRI at ₱100.00 par value amounting. The Parent Company paid ₱51.50 million for the additional investment in the subsidiary.

In 2007, the Parent Company acquired 100% ownership of CPI. Total cost of investment amounted to ₱1,600.77 million consisting of 5,125,000 common shares at ₱100.00 par value.

On June 24, 2013, VII, a wholly owned subsidiary of the Parent Company, was incorporated in Grand Cayman Island to carry on the business of an investment company. The Parent Company provided equity funding to VII amounting to ₱2.16 million consisting of 50,000 common shares at US$1.00 par value.

In 2015, the Parent Company acquired 88.34% ownership of VMI. Total cost of investment amounted to ₱33,568.81 million consisting of 7,443,192,641 common shares at ₱1.00 par value.

For the year ended December 31, 2022 and 2021, the subsidiaries declared dividends amounting to ₱11,106.92 million and ₱7,784.63 million, respectively (Note 18).

11. Property and Equipment

The rollforward analysis of this account follows:

	2022				
	Office Furniture and Fixtures	**Leasehold Improvements**	**Service Vehicles**	**Right-of-Use Assets**	**Total**
Cost					
At January 1	**₱23,187,034**	**₱9,385,170**	**₱33,905,939**	**₱46,569,833**	**₱113,047,976**
Additions	**503,256**	**98,214**	**–**	**–**	**601,470**
At December 31	**23,690,290**	**9,483,384**	**33,905,939**	**46,569,833**	**113,649,446**
Accumulated Depreciation					
At January 1	**22,239,171**	**9,221,182**	**23,927,328**	**21,765,294**	**77,152,975**
Depreciation	**644,737**	**37,202**	**4,316,898**	**9,281,261**	**14,280,098**
At December 31	**22,883,908**	**9,258,384**	**28,244,226**	**31,046,555**	**91,433,073**
Net Book Value	**₱806,382**	**₱225,000**	**₱5,661,713**	**₱15,523,278**	**₱22,216,373**

	2021				
	Office Furniture and Fixtures	Leasehold Improvements	Service Vehicles	Right-of-Use Assets	Total
Cost					
At January 1	₱22,317,509	₱9,215,526	₱32,240,939	₱46,569,833	₱110,343,807
Additions	869,525	169,644	1,665,000	–	2,704,169
At December 31	23,187,034	9,385,170	33,905,939	46,569,833	113,047,976
Accumulated Depreciation					
At January 1	21,465,298	9,112,309	17,685,450	12,484,034	60,747,091
Depreciation	773,873	108,873	6,241,878	9,281,260	16,405,884
At December 31	22,239,171	9,221,182	23,927,328	21,765,294	77,152,975
Net Book Value	₱947,863	₱163,988	₱9,978,611	₱24,804,539	₱35,895,001

As at December 31, 2022 and 2021, no property and equipment was pledged as security to obligations.

As at December 31, 2022 and 2021, fully depreciated assets that are still actively used amounted to ₱16.98 million and ₱20.36 million, respectively.

12. Accounts and Other Payables

This account consists of:

	2022	2021
Accrued interest payable	**₱513,076,746**	₱605,570,144
Withholding taxes payable	**75,547,916**	71,171,791
Accounts payable	**58,519,581**	4,262,204
Dividends payable (Note 18)	**12,573,341**	12,875,272
	₱659,717,584	₱693,879,411

Accrued interest payable
Accrued interest payable pertains to the unpaid interest on bank loans and notes payable. These are recognized based on the nominal interest rates. This payable is expected to be settled in the first quarter of the succeeding year.

Withholding taxes payable
Withholding taxes payable pertains to compensation and expanded taxes to be settled in the first quarter of the succeeding year.

Accounts payable
Accounts payable pertains to the unpaid expenses related to operations and payable to banks related to the issuance of corporate notes.

13. Bank Loans

Bank loans pertain to the borrowings of the Parent Company from various local financial institutions. These bank loans are obtained to finance capital expenditures and for general corporate purposes.

The rollforward analysis of bank loans is as follows:

	2022	2021
Principal		
Balance at January 1	**₱54,632,325,533**	₱38,925,106,147
Availments*	**41,821,270,530**	41,071,379,909
Payments*	**(43,900,981,060)**	(25,364,160,523)
Balance at December 31	**52,552,615,003**	54,632,325,533
Debt issue cost		
Balance at January 1	**80,057,832**	108,209,537
Addition	**64,032,273**	37,500,000
Debt issue cost amortization	**(68,774,852)**	(65,651,705)
Balance at December 31	**75,315,253**	80,057,832
Carrying value	**52,477,299,750**	54,552,267,701
Less current portion	**10,950,072,204**	6,445,002,145
Noncurrent portion	**₱41,527,227,546**	₱48,107,265,556

**Gross of bank loans that were rolled over during the period (loans against deposit hold-outs) amounting to ₱22,560.33 million and ₱18,679.95 million in 2022 and 2021, respectively.*

Details of the bank loans follow:

Loan Type	Date of Availment	2022	2021	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
Bank loan	June 2022	**₱8,958,978,014**	₱–	June 2027	7.13%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	June 2021	**3,487,215,026**	4,480,362,099	June 2026	4.75%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	June 2021	**2,353,055,000**	2,353,055,000	May 2023	3.80%	Interest payable annually, principal payable upon maturity	Secured by hold-out investments at amortized cost
Bank loan	May 2021	**2,178,958,333**	2,488,958,333	May 2026	4.75%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	October 2022	**2,500,000,000**	–	November 2023	4.00%	Interest payable monthly, principal payable upon maturity	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured;
Bank loan	March 2020	**2,363,197,742**	3,410,303,073	March 2025	5.15%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	April 2018	**2,000,000,000**	2,800,000,000	April 2025	7.36%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	November 2022 and December 2021	**1,000,000,000**	1,000,000,000	Various maturities, renewed upon maturity subject to change in interest rate	5.00% in 2021, 7.00% in 2022	Interest payable monthly, principal payable annually upon maturity	–
Bank loan	October 2019	**947,368,421**	1,578,947,368	May 2024	5.54%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	October 2016	**600,000,000**	1,400,000,000	October 2023	5.00%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	May 2019	**598,103,702**	994,050,173	May 2024	7.15%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	November 2018	**500,000,000**	1,000,000,000	November 2023	8.17%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	October 2018	**499,208,548**	996,047,132	October 2023	7.99%	Interest and principal payable quarterly	Change of control provision wherein a material change of ownership of the major shareholder is not permitted; Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	September 2016	**369,944,431**	846,273,985	September 2023	5.00%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	Availed and/or renewed in various dates in 2022 and 2021	**24,121,270,533**	31,204,270,538	Various maturities, renewed upon maturity subject to change in interest rate	3.25% to 4.75%	Interest payable monthly and quarterly, principal payable upon maturity	Secured by hold-out of investments at amortized cost
		52,477,299,750	54,552,267,701				
Less current portion		**10,950,072,204**	6,445,002,145				
Bank loans, net of current portion		**₱41,527,227,546**	₱48,107,265,556				

In June 2022, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱10,000.00 million which bears annual fixed interest of 7.13%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the first interest payment date subject to prepayment option.

In June 2021, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the second interest payment date subject to prepayment option.

In June 2021, the Parent Company obtained a 2-year unsecured peso denominated loan amounting to ₱2,353.06 million which bears annual fixed interest of 3.80%, payable on maturity date.

In May 2021, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱2,500.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 16 equal quarterly installments commencing on the fifth interest payment date subject to prepayment option.

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 September 2020.

The Parent Company has various peso-denominated bank loans with fixed interest-rates ranging from 3.25% to 7.99% per annum and 3.25% to 5.00% per annum as of December 31, 2022 and 2021, respectively. In 2022 and 2021, 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 at amortized cost of VII amounting to US$534.94 million (₱29,825.41 million) and US$753.34 million (₱38,419.75 million) as of December 31, 2022 and 2021, respectively. No fees are charged by VII for its investments held as security.

The compliance of the Parent Company to the covenants of its bank loans is based on the balances of the consolidated financial statements of the Parent Company. Accordingly, the covenants were complied with as at December 31, 2022 and 2021.

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.

Interest expense on bank loans amounted to ₱2,762.96 million and ₱2,323.13 million in 2022 and 2021, respectively (Note 16).

14. **Notes Payable**

This account consists of:

	2022	2021
Corporate notes facility	**₱34,628,130,133**	₱25,050,886,919
Retail bonds	**24,888,886,717**	24,843,951,615
	59,517,016,850	49,894,838,534
Less current portion	**12,745,831,195**	4,984,542,664
Noncurrent portion	**₱46,771,185,655**	₱44,910,295,870

A. Corporate Notes

a. ₱6,000.00 million Corporate Notes (Due March 2027)
On March 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2027 amounting to ₱4,000.00 million at a fixed rate of 6.64% per annum, payable in equal 18 quarters commencing on the second interest payment date.

On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of ₱2,000.00 million due 2027, at a fixed interest of 7.24% per annum, payable in equal 18 quarters commencing on the second interest payment date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.36 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2022, the outstanding balance of the Corporate Notes is ₱5,961.35 million.

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

Early Redemption Date	Early Redemption Amount
3rd anniversary from issue date and interest payment thereafter	102.00%
4th anniversary from issue date and interest payment thereafter	101.00%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio of at least 1.00, maximum debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022.

b. ₱12,000.00 million Corporate Notes (Due December 2025)
On December 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2025 amounting to ₱8,600.00 million at a fixed rate of 7.93% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.77 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.

As of December 31, 2022, the outstanding balance of the Corporate Notes is ₱8,548.23 million.

The Corporate Notes do not provide early redemption at the option of the Issuer.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio of at least 1.00, maximum debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022.

c. ₱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, 2022, and 2021, the outstanding balance of the Corporate Notes is ₱6,543.95 million and ₱10,264.44 million, respectively.

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

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

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022 and 2021.

d. ₱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, 2022, and 2021, the outstanding balance of the Corporate Notes is ₱4,810.31 million and ₱5,830.13 million, respectively.

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

Seven Year Notes:

Early Redemption Date	Early Redemption Amount
5th anniversary from issue date and interest payment thereafter	101.00%
6th anniversary from issue date and interest payment thereafter	100.50%

Ten Year Notes:

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022 and 2021.

e. ₱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, 2022, and 2021, the outstanding balance of the Corporate Notes is ₱8,764.30 million and ₱8,956.32 million, respectively.

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

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

As part of the issuance of the Corporate Notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2022 and 2021.

B. 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 for general corporate purposes. The issue costs amounted ₱91.07 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on June 18, 2025 with interest rate of 5.70% per annum. This is the third and last tranche offered out of the shelf registration of Peso Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million and initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱30,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 18, 2020, for the first interest payment date and on June 18, September 18, December 18 each year for each subsequent payment date.

As of December 31, 2022, and 2021, the outstanding balance of the Retail Bonds is ₱9,955.86 million and ₱9,941.34 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:

i. Three (3) years from issue date at early redemption price of 101.00%
ii. Four (4) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2022 and 2021.

b. <u>2018 Fixed-rate Peso Retail Bonds</u>
On December 21, 2018, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance were used to fund the construction and completion of the various malls and for general corporate purposes. The issue costs amounted to ₱130.20 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on December 21, 2023 with interest rate of 8.00% per annum and 7-year Retail Bonds due on December 21, 2025 with interest rates 8.25% per annum. This is the second tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 21, 2019 for the first interest payment date and on March 21, June 21, September 21 and December 21 each year for each subsequent payment date.

As of December 31, 2022, and 2021, the outstanding balance of the Retail Bonds is ₱9,957.33 million and ₱9,935.40 million, respectively.

Redemption at the option of the Issuer
The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) 5-year Bonds:
   i. Three (3) years from issue date at early redemption price of 101.00%
   ii. Four (4) years from issue date at early redemption price of 100.50%

b) 7-year Bonds:
   i. Five (5) years from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2022, and 2021.

c. <u>2017 Fixed-rate Peso Retail Bonds</u>
On August 8, 2017, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱5,000.00 million. The proceeds of the issuance were used to partially finance certain commercial development projects and for general corporate purposes. The issue costs amounted to ₱64.87 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 7-year Retail Bonds due on August 8, 2024 with interest rate of 5.75% per annum and 10-year Retail Bonds due on August 9, 2027 with interest rate of 6.23% per annum. This is the initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on November 8, 2017 for the first interest payment date and on February 8, May 8, August 8 and November 8 each year for each subsequent payment date.

As of December 31, 2022, and 2021, the outstanding balance of the Retail Bonds is ₱4,975.70 million and ₱4,967.26 million, respectively.

Redemption at the option of the Issuer
The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being

redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) 7-year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

b) 10-year Bonds:
   i. Seven (7) years from issue date at early redemption price of 102.00%
   ii. Eight (8) years from issue date at early redemption price of 101.00%
   iii. Nine (9) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2022 and 2021.

Interest expense on notes payable amounted to ₱3,599.23 million and ₱3,666.29 million in 2022 and 2021, respectively (Note 16).

The rollforward analysis of notes payable is as follows:

	2022	2021
Principal		
Balance at January 1	**₱50,187,481,400**	₱55,844,553,000
Drawdown	**14,600,000,000**	–
Principal payments	**(4,983,341,600)**	(5,657,071,600)
Balance at December 31	**59,804,139,800**	50,187,481,400
Debt issue cost		
Balance at January 1	**292,642,866**	408,119,639
Addition	**103,531,880**	–
Debt issue cost amortization	**(109,051,796)**	(115,476,773)
Balance at December 31	**287,122,950**	292,642,866
Carrying value	**59,517,016,850**	49,894,838,534
Less current portion	**12,745,831,195**	4,984,542,664
Noncurrent portion	**₱46,771,185,655**	₱44,910,295,870

15. **Equity**

This account consists of:

	2022	2021
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
Shares outstanding	**11,945,799,461**	11,945,799,461
Value of shares issued	**₱13,114,136,376**	₱13,114,136,376
Preferred Series 1		
Authorized shares	**8,000,000,000**	8,000,000,000
Par value per share	**₱0.01**	₱0.01
Shares issued	**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 and outstanding shares	**–**	–
Value of shares issued	**₱–**	₱–

Preferred Series 1
Preferred Series 1 are voting, non-cumulative, non-participating, non-convertible and non-redeemable with par value of ₱0.01 each. The BOD may determine the dividend rate which shall in no case be more than 10.00% per annum.

Preferred Series 2
On June 17, 2019, the stockholders approved the reclassification of the unissued preferred capital stock of the Parent Company to create Two Hundred Million (200,000,000) non-voting, cumulative, non-participating, non-convertible and Redeemable Series 2 Preferred Shares with par value of ₱0.10 each and the corresponding amendment of the Articles of Incorporation of the Parent Company.

The Board likewise approved the shelf registration and listing of such Redeemable Series 2 Preferred Shares.

The terms and conditions of any offering of the Redeemable Series 2 Preferred Shares, including the dividend rate, redemption prices, and similar matters will be determined by the BOD at a later date. None of these are issued as of December 31, 2022 and 2021.

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 934 and 944 existing certified shareholders as at December 31, 2022 and 2021, respectively.

Treasury Shares
Treasury shares totaling 416,128,700 of the Parent Company amounting to ₱2,361.98 million as of December 31, 2022 and 2021 represents the shares of stock held by the Parent Company. 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.

There was no share bought back for the years ended December 31, 2022 and 2021.

	2022		2021	
	Shares	**Amount**	Shares	Amount
At January 1	**416,128,700**	**₱2,361,975,653**	416,128,700	₱2,361,975,653
Additions	–	–	–	–
At December 31	**416,128,700**	**₱2,361,975,653**	416,128,700	₱2,361,975,653

Retained Earnings
In accordance with Revised Securities Regulation Code Rule 68 the Parent Company's retained earnings available for dividend declaration as at December 31, 2022 after reconciling items amounted to ₱5,383.07 million.

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 as at December 31, 2022 and 2021.

The BOD of the Parent Company approved the declaration of regular cash dividend amounting to ₱348.36 million or ₱0.0292 per share and ₱298.64 million or ₱0.03 per share on September 30, 2022 and September 30, 2021, respectively. The dividend declarations are in favor of all stockholders of record as of October 14, 2022 and October 15, 2021 paid on October 28, 2022 and October 29, 2021, respectively.

Capital Management
The primary objective of the Parent Company's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Parent Company 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 Parent Company 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.

As at December 31, 2022 and 2021, the Parent Company had complied with all the externally imposed capital requirements (Notes 13 and 14). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2022 and 2021.

The Parent Company 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 at December 31, 2022 and 2021, the Parent Company had the following ratios:

	2022	2021
Current ratio	**4.84:1**	8.79:1
Debt-to-equity ratio	**1.66:1**	1.64:1
Asset-to-equity ratio	**2.66:1**	2.64:1

The following table shows the component of the Parent Company's equity which it manages as capital as at December 31, 2022 and 2021:

	2022	2021
Paid-up capital	**₱62,311,722,738**	₱62,311,722,738
Retained earnings	**7,745,043,708**	4,068,120,434
Other comprehensive income	**86,201,387**	55,806,480
Treasury shares	**(2,361,975,653)**	(2,361,975,653)
	₱67,780,992,180	₱64,073,673,999

The paid-up capital includes capital stock and additional paid-in capital of the Parent Company.

Financial risk assessment

The Parent Company's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest and market conditions.

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

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Parent Company'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 in order to cushion the impact of potential increase in loan interest rates.

16. Interest Income and Interest Expense

Interest income consists of:

	2022	2021
Cash and cash equivalents (Note 6)	**₱1,515,425**	₱1,831,613
Short-term cash investments (Note 7)	**213,333**	2,469,045
	₱1,728,758	₱4,300,658

Interest expense consist of:

	2022	2021
Notes payable (Note 14)	**₱3,599,226,116**	₱3,666,286,974
Bank loans (Note 13)	**2,762,955,737**	2,323,132,982
Lease liabilities (Notes 18 and 20)	**1,945,707**	2,653,769
	₱6,364,127,560	₱5,992,073,725

17. **Income Tax**

This account consists of the following:

	2022	2021
Current		
MCIT	**₱279,955**	₱269,135
Final	**534,150**	1,050,826
	814,105	1,319,961
Deferred	**60,881**	(224,852)
	₱874,986	₱1,095,109

The components of the Parent Company's net deferred tax liabilities follow:

	2022	2021
Deferred tax liabilities on:		
Actuarial gain on pension liability	**₱5,421,353**	₱2,623,050
Right-of-use assets	**3,880,820**	6,201,135
	9,302,173	8,824,185
Deferred tax asset on lease liabilities	**4,751,673**	7,132,869
	₱4,550,500	₱1,691,316

The Parent Company has deductible temporary differences that are available for offset against future taxable income or income tax payable for which no deferred tax assets have been recognized as follows:

	2022	2021
NOLCO	**₱11,010,907,509**	₱10,093,501,314
Unrealized foreign exchange (gain) loss	**4,492,975**	(9,708,504)
MCIT	**1,023,588**	1,253,687
Accrual of retirement cost	**1,907,842**	1,301,387

As of December 31, 2022, the Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2019	₱2,727,514,566	₱2,727,514,566	₱–	2022
2022	3,644,920,761	–	3,644,920,761	2025
	₱6,372,435,327	₱2,727,514,566	₱3,644,920,761	

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Company has incurred NOLCO in taxable year 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2020	₱4,446,875,347	₱–	₱4,446,875,347	2025
2021	2,919,111,401	–	2,919,111,401	2026
	₱7,365,986,748	₱–	₱7,365,986,748	

As at December 31, 2022, the details of the Parent Company's MCIT which are available for offset against future taxable income follow:

Year Incurred	Amount	Expired	Balance	Expiry Year
2019	₱510,054	₱510,054	₱–	2022
2020	474,498	–	474,498	2023
2021	269,135	–	269,135	2024
2022	279,955	–	279,955	2025
	₱1,533,642	₱510,054	₱1,023,588	

The reconciliation of the income tax computed at the statutory income tax rate to the provision for income tax in profit or loss follows:

	2022	2021
Income tax at statutory income tax rate	**₱1,006,540,144**	₱302,142,547
Tax effects of:		
Nondeductible expenses	**855,749,731**	919,986,505
Expired NOLCO and MCIT	**682,388,695**	876,336,789
Changes in unrecognized deferred tax assets	**232,823,433**	(151,214,395)
Interest income already subjected to final tax	**101,961**	(24,339)
Changes in tax rate arising from CREATE Act	–	25,394
Dividend income exempt from income tax	**(2,776,728,978)**	(1,946,157,392)
	₱874,986	₱1,095,109

18. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to herein as "affiliates"). Related parties may be individuals or corporate entities.

The Parent Company statements of financial position include the following amounts resulting from transactions with related parties as at December 31, 2022 and 2021:

December 31, 2022

	Nature of Transaction	Volume	Amount Receivable (Payable)	Terms	Conditions
Lease liabilities					
Subsidiary	**a) Rental of office spaces (Notes 20)**	**₱9,524,783**	**(₱19,006,697)**	**Non-interest-bearing; Payable monthly**	**Unsecured**
Interest expense					
Subsidiary	**a) Rental of office spaces (Notes 16 and 20)**	**₱1,945,707**	**₱–**	**Non-interest-bearing**	**Unsecured**
Receivables from related parties					
Subsidiaries	**b) Advances and sharing of expenses**	**3,876,641,424**	**₱109,024,241,032**	**Noninterest-bearing; Due and demandable**	**Unsecured; No impairment**
	c) Management Income	**23,520,000**	**–**	**Noninterest-bearing; Receivable monthly**	**Unsecured; No impairment**
	d) Dividend Income	**11,106,915,913**	**–**		
			₱109,024,241,032		
Dividends Declared/Payable Stockholders	**e) Dividends**	**₱348,362,315**	**₱12,573,341**		

December 31, 2021

	Nature of Transaction	Volume	Amount Receivable (Payable)	Terms	Conditions
Lease liabilities					
Subsidiary	a) Rental of office spaces (Notes 20)	(₱8,280,275)	(₱28,531,480)	Non-interest-bearing; Payable monthly	Unsecured
Interest expense					
Subsidiary	a) Rental of office spaces (Notes 16 and 20)	₱2,653,769	₱–	Non-interest-bearing	Unsecured
Receivables from related parties					
Ultimate Parent Company	b) Advances and sharing of expenses	(2,350,333,198)	₱–	Noninterest-bearing; Due and demandable	Unsecured; No impairment
Subsidiaries	b) Advances and sharing of expenses	14,958,986,264	105,247,599,608	Noninterest-bearing; Due and demandable	Unsecured; No impairment
	c) Management Income	23,520,000	7,625,996	Noninterest-bearing; Receivable monthly	Unsecured; No impairment
Entities under common control	d) Dividend Income	7,784,629,567	–		
			₱105,255,225,604		
Dividends Declared/Payable Stockholders	e) Dividends	₱298,644,987	₱12,875,272		

The significant transactions with related parties follow:

a) The Parent Company has lease agreements with its subsidiary, Manuela Corporation for the lease of its office spaces (Note 20). The rental due is based on prevailing market conditions.

   In 2022 and 2021, interest expense pertaining to the accretion of lease liabilities amounted to ₱1.95 million and ₱2.65 million, respectively (Note 16).

b) The Parent Company in its regular conduct of business has entered into transactions with subsidiaries, ultimate parent and other entities under common control principally consisting of noninterest bearing advances for working capital requirements and sharing of expenses which are due and demandable. The Parent Company's policy is to settle its intercompany receivables and payables on a net basis.

c) The Parent Company charges its subsidiaries fixed management fees for services rendered with an aggregate amount of ₱23.52 million for the years ended December 31, 2022 and 2021.

d) The Parent Company approved that the subsidiaries be allowed to offset or apply their dividends declared and payable to the Parent Company amounting to ₱11,106.92 million and ₱7,784.63 million in 2022 and 2021, respectively, against the noninterest bearing advances from subsidiaries during the year.

e) Details of dividends declared to stockholders are discussed in Note 15.

In addition, the Parent Company served as the guarantor of the following borrowings entered into by its related parties without a guarantee fee:

<u>US$220.00 million Notes (Due July 2027)</u>
On May 17, 2021, VII (the Issuer) issued US$170.00 million notes ("Notes") with a term of six years from initial drawdown date. The interest rate is 7.25% per annum, payable semi-annually in arrears on January 20 and July 20 of each year beginning on January 20, 2022. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022 and 2021, outstanding balance of the note amounted to US$173.68 million (₱9,683.72 million) and US$168.42 million (₱8,887.39 million), respectively.

On June 1, 2021, VII issued an additional US$50.00 million unsecured note, with similar terms and conditions as the above notes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022 and 2021, outstanding balance of the note amounted to US$51.08 million (₱2,848.15 million) and US$49.54 million (₱2,620.38 million), respectively.

<u>US$200.00 million Notes (Due July 2027)</u>
On July 20, 2020, VII (the Issuer) issued US$ 200.00 million notes ("Notes") with a term of seven years from initial drawdown date. The interest rate is 7.25% per annum, payable semi-annually in arrears on January 20 and July 20 of each year beginning on January 20, 2021. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022 and 2021, outstanding balance of the note amounted to US$198.30 million (₱11,056.18 million) and US$197.99 million (₱10,097.07 million), respectively.

<u>US$350.00 million Notes (Due November 2024)</u>
On November 28, 2017, VII (the Issuer) issued US$350.00 million notes ("Notes") with a term of seven years from initial drawdown date. The interest rate is 5.75% per annum, payable semi-annually in arrears on May 28 and November 28 of each year beginning on November 28, 2017. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022, and 2021, outstanding balance of the note amounted to US$346.93 million (₱19,343.13 million) and US$345.42 million (₱17,616.19 million), respectively.

<u>US$425.00 million Notes (Due June 2022)</u>
On June 18, 2015, VII (the Issuer) issued US$300.00 million notes ("Notes") with a term of seven years from initial draw down date. The interest rate is 7.375% per annum, payable semi-annually in arrears on June 18 and December 17 of each year beginning on December 17, 2015. The Notes were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2022, the amount due was

fully paid. The outstanding balance of the note amounted to US$243.94 million (₱12,440.81 million) as of December 31, 2021.

Compensation of key management personnel by benefit type follows:

	2022	2021
Short-term employee benefits	**₱50,466,000**	₱53,506,000
Post-employment benefits	**6,479,496**	6,170,948
	₱56,945,496	₱59,676,948

19. **Financial Asset and Liabilities**

The Parent Company uses the following three-level 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*:* 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 and receivables from related parties:
Due to the short-term nature of the account, the fair value of the accounts approximate the carrying amounts in the statements of financial position.

Investment at FVOCI: Fair values of golf and country club shares are based on quoted market prices.

Accounts and other payables (excluding statutory obligations):
The fair values of accounts and other payables (excluding statutory obligations) approximate their carrying amounts in the statement of financial position due to the short-term nature of the transactions.

Bank loans and notes payable:
Estimated fair values of bank loans and notes payable 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 ranges from 5.50% to 8.57% and 2.67% to 6.21% in 2022 and 2021 using the remaining terms to maturity.

The following table provides the fair value measurement hierarchy of the Parent Company's financial assets and liabilities recognized as of December 31, 2022 and 2021:

	December 31, 2022				
		Fair Value			
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets					
Financial assets measured at fair value:					
Investments at FVOCI (Note 9)	**₱105,000,000**	**₱105,000,000**	**₱105,000,000**	**₱–**	**₱–**
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans (Note 13)	**52,477,299,750**	**51,632,949,919**	–	–	**51,632,949,919**
Notes payable (Note 14)	**59,517,016,850**	**57,892,435,534**	–	–	**57,892,435,534**

	December 31, 2021				
		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 (Note 9)	₱83,000,000	₱83,000,000	₱83,000,000	₱–	₱–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans (Note 13)	54,552,267,701	54,848,734,527	–	–	54,848,734,527
Notes payable (Note 14)	49,894,838,534	51,872,523,000	–	–	51,872,523,000

In 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

Description of significant unobservable inputs to valuation:

Account	Valuation Technique	Significant Unobservable Inputs
Bank loans	Discounted cash flow analysis	Discount rate
Notes payable	Discounted cash flow analysis	Discount rate

Financial Risk Management and Objectives

Financial risk

The Parent Company's principal financial instruments are cash and cash equivalents, short-term cash investments, receivables from related parties, accrued interest receivable, bank loans, notes payable, and accounts and other payables which arise directly from the conduct of its operations. The main risks arising from the use of financial instruments are credit risk, foreign exchange risk and liquidity risk.

Exposure to liquidity and credit risks arise in the normal course of the business activities. The main objectives of the financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The BOD reviews and agrees with policies for managing each of these risks. The exposures to risk and how they arise, as well as the objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

The risk management policies are summarized below. The exposures to risk and how they arise, as well as the objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Interest rate risk
The Parent Company's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing. The Parent Company's policy is to manage its interest cost by entering into fixed rate debts.

The table below shows the financial assets and liabilities that are interest-bearing for the years 2022 and 2021:

	December 31, 2022	
	Effective Interest Rate	**Amount**
Financial assets		
Fixed rate		
Cash and cash equivalents (excluding cash on hand)	**0.10% to 4.75%**	**₱8,656,235,953**
Short-term cash investments	**0.13% to 1.50%**	**4,000,000**
		₱8,660,235,953
Financial liabilities		
Fixed rate		
Bank loans	**3.80% to 8.20%**	**₱52,477,299,750**
Notes payable	**5.75% to 8.25%**	**59,517,016,850**
Lease liabilities	**8.00%**	**19,006,697**
		₱112,013,323,297

	December 31, 2021	
	Effective Interest Rate	Amount
Financial assets		
Fixed rate		
Cash and cash equivalents (excluding cash on hand)	0.03% to 0.50%	₱1,157,490,810
Short-term cash investments	1.00% to 1.50%	63,601,222
		₱1,221,092,032
Financial liabilities		
Fixed rate		
Notes payable	5.70% to 8.25%	₱54,552,267,701
Bank loans	3.25% to 7.99%	49,894,838,534
Lease liabilities	8.00%	28,531,480
		₱104,475,637,715

Credit risk
The credit risks are primarily attributable to cash and cash equivalents (excluding cash on hand), short-term cash investments, accrued interest receivable and receivables from related parties.

To manage credit risks, the Parent Company maintains defined credit policies and monitors on a continuous basis exposure to credit risks.

The credit risk of the Parent Company arises from cash and cash equivalents (excluding cash on hand), short-term cash investments and accrued interest receivable. The exposure to credit risk arises from default of the banks holding these assets. The Parent Company manages its cash and cash equivalents, short-term cash investments and accrued interest receivable by maintaining accounts with banks which have demonstrated financial soundness for several years.

The Parent Company's receivables are concentrated to its subsidiaries, being a holding 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.

The Parent Company statement of financial position shows the maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2022 and 2021.

Applying the expected credit risk model did not result in the recognition of an impairment loss for all financial assets at amortized cost in 2022 and 2021.

Liquidity risk
The Parent Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Parent Company 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 Parent Company's bank loans and notes payable 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 Parent Company's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2022 and 2021.

The tables below summarize the maturity profile of the Parent Company's financial liabilities as of December 31, 2022 and 2021 based on undiscounted contractual payments including interest payable.

2022

	On demand	**1 to 3 months**	**3 to 12 months**	**More than 1 year to 5 years**	**Total**
Financial Liabilities					
Other financial liabilities					
Accounts and other payables (excluding statutory obligations)	**₱12,573,341**	**₱568,818,195**	**₱–**	**₱–**	**₱581,391,536**
Bank loans	**–**	**6,303,548,458**	**7,369,764,659**	**42,300,401,684**	**55,973,714,801**
Notes payable	**–**	**2,617,405,760**	**14,183,595,229**	**53,291,977,853**	**70,092,978,842**
Lease liabilities	**–**	**2,210,002**	**9,844,578**	**8,616,337**	**20,670,917**
	₱12,573,341	**₱9,491,982,415**	**₱21,563,204,466**	**₱95,600,995,874**	**₱126,668,756,096**

2021

	On demand	1 to 3 months	3 to 12 months	More than 1 year to 5 years	Total
Financial Liabilities					
Other financial liabilities					
Accounts and other payables (excluding statutory obligations)	₱12,875,272	₱608,093,653	₱–	₱–	₱620,968,925
Bank loans	–	1,726,396,747	5,752,216,646	48,341,130,999	55,819,744,392
Notes payable	–	2,090,218,827	6,152,719,372	52,538,916,013	60,781,854,212
Lease Liabilities	–	2,770,174	8,495,199	19,972,951	31,238,324
	₱12,875,272	₱4,427,479,401	₱11,913,431,217	₱100,900,019,963	₱117,253,805,853

20. **Leases**

The Parent Company entered into a new non-cancellable lease agreement with a related party covering its office spaces. The lease has a term of five years commencing August 15, 2019 and ending August 14, 2024. The lease agreement includes escalation rate of 5% per annum.

Rental due is based on prevailing market conditions.

The following are the amounts recognized in statements of comprehensive income:

	2022	2021
Depreciation expense of right-of-use assets included in property and equipment (Note 11)	**₱9,281,261**	₱9,281,260
Interest expense on lease liabilities (Notes 16 and 18)	**1,945,707**	2,653,769
Expenses relating to short-term leases (included in operating expenses)	**3,318,110**	3,149,550
Total amount recognized in statement of comprehensive income	**₱14,545,078**	₱15,084,579

The rollforward of this account is as follows:

	2022	2021
Balances at beginning of year	**₱28,531,480**	₱36,811,755
Interest expense (Note 16)	**1,945,707**	2,653,769
Payments	**(11,470,490)**	(10,934,044)
Balances at end of year	**19,006,697**	28,531,480
Less current portion	**11,020,541**	11,265,372
Noncurrent portion	**₱7,986,156**	₱17,266,108

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.

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Within 1 year	**₱11,828,641**	₱11,265,372
More than 1 year to 2 years	**8,144,310**	11,828,641
More than 2 years to 3 years	–	8,144,310
	₱19,972,951	₱31,238,323

21. Notes to Statements of Cash Flows

Details of the movement in cash flows from financing activities in 2022 and 2021 follow:

			Non-cash change			
	December 31, 2021	**Cash Flows**	**Dividends declared**	**Movements in debt issue costs**	**Interest expense during the year**	**December 31, 2021**
Dividends payable	**₱12,875,272**	**(₱348,664,246)**	**₱348,362,315**	**₱–**	**₱–**	**₱12,573,341**
Bank loans	**54,552,267,701**	**(2,079,710,530)**	**–**	**4,742,579**	**–**	**52,477,299,750**
Notes payable	**49,894,838,534**	**9,616,658,400**	**–**	**5,519,916**	**–**	**59,517,016,850**
Lease liabilities	**28,531,480**	**(11,470,490)**	**–**	**–**	**1,945,707**	**19,006,697**
Interest payable	**605,570,144**	**(6,444,412,756)**	**–**	**(10,262,495)**	**6,362,181,853**	**513,076,746**
Total liabilities from financing activities	**₱105,094,083,131**	**₱732,400,378**	**₱348,362,315**	**₱–**	**₱6,364,127,560**	**₱112,538,973,384**

			Non-cash change			
	December 31, 2020	Cash Flows	Dividends declared	Movements in debt issue costs	Interest expense during the year	December 31, 2021
Dividends payable	₱12,777,415	(₱298,547,130)	₱298,644,987	₱–	–	₱12,875,272
Bank loans	38,816,896,610	15,707,219,386	–	28,151,705	–	54,552,267,701
Notes payable	55,436,433,361	(5,657,071,600)	–	115,476,773	–	49,894,838,534
Lease liabilities	36,811,755	(10,934,044)	–	–	2,653,769	28,531,480
Interest payable	572,368,189	(5,812,589,523)	–	(143,628,478)	5,989,419,956	605,570,144
Total liabilities from financing activities	₱94,875,287,330	(₱3,928,077,089	₱298,644,987	₱–	₱5,992,073,725	₱105,094,083,131

The Parent Company's noncash investing and financing activities pertain to the following:

a) The Parent Company presented in the statements of cash flow the availments and payments, net of bank loans that were rolled over during the period (loans against deposit hold-out) amounting to ₱22,560.33 million and ₱18,679.95 million in 2022 and 2021, respectively.
b) Dividend receivables were offset against payable of the Parent Company to its subsidiaries amounting ₱11,106.92 million and ₱7,784.63 million as of December 31, 2022 and 2021, respectively.
c) In 2022 and 2021, the Parent Company applied creditable withholding taxes amounting to ₱0.28 million and ₱0.27 million, respectively, to its income tax due.
d) Amortization of system development cost reported in "Depreciation expense" amounted to ₱0.07 million in 2022. The carrying value of system development cost is included under "Other noncurrent asset" in the statement of financial position.

22. Other Matters and Subsequent Events

Loan Availments

In relation to the Corporate Notes Facility Agreement entered on December 28, 2022, in January 2023, the Parent Company made additional issuance of Corporate Notes in the amount of ₱2,900.00 million due on December 26, 2027, at a fixed interest of 7.26% per annum. The proceeds of the additional notes will be used to refinance existing or maturing obligations of the Group and for the other general corporate purposes. Certain subsidiaries of the Parent Company acted as guarantors of the Parent Company. No fees are charged for these guarantee agreements.

23. Approval of the Financial Statements

The financial statements of the Parent Company for the years ended December 31, 2022 and 2021 were authorized for issue by the BOD on April 13, 2023.

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Building a better
working world

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying parent company financial statements of Vista Land and Lifescapes, Inc. (the Parent Company) as at and for the year December 31, 2022, on which we have rendered the attached report dated April 13, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Parent Company has 815 stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566009, January 3, 2023, Makati City

April 13, 2023

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying parent company financial statements of Vista Land and Lifescapes, Inc. (the Parent Company) as at and for the years ended December 31, 2022 and 2021 and have issued our report thereon dated April 13, 2023. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the management of the Parent Company. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic parent company financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic parent company financial statements taken as a whole are prepared in all material respects, in accordance with the Philippine Financial Reporting Standards (PFRSs).

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566009, January 3, 2023, Makati City

April 13, 2023

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying parent company financial statements of Vista Land & Lifescapes, Inc. (the Parent Company) as at and for the year ended December 31, 2022 and have issued our report thereon dated April 13, 2023. Our audits were made for the purpose of forming an opinion on the basic parent company 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 management of the Parent Company. 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 basic parent company financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Parent Company's financial statements as at and for the year ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566009, January 3, 2023, Makati City

April 13, 2023

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
INDEX TO PARENT COMPANY FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

VISTA LAND & LIFESCAPES, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

AS OF DECEMBER 31, 2022

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱4,068,120,434
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	4,025,285,589
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	8,093,406,023
Add (Less):	
Dividend declarations during the period	(348,362,314)
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	**₱5,383,068,056**

VISTA LAND & LIFESCAPES, INC.

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2022

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	N/A	₱8,656,293,953	₱8,656,293,953	₱1,515,425
Short-term cash investments	N/A	4,000,000	4,000,000	213,333
Receivable from related parties	N/A	109,024,241,032	109,024,241,032	–
Accrued interest receivable	N/A	662,405	662,405	–
Investment at fair value through other comprehensive income	100 units	105,000,000	105,000,000	–
Total Financial Assets		₱117,790,197,390	₱117,790,197,390	₱1,728,758

See Notes 6, 7, 8 and 18 of the Parent Company Financial Statements

VISTA LAND & LIFESCAPES, INC.

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2022

Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Officers	₱–	₱61,806	(₱31,206)	₱–	₱30,600	₱–	₱30,600
Employees	828,210	129,282	(898,895)	–	58,597	–	58,597
Advances to employees	₱828,210	₱191,088	(₱930,101)	₱–	₱89,197	₱–	₱89,197

See Note 8 of the Parent Company Financial Statements

VISTA LAND & LIFESCAPES, INC.

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Not Applicable

VISTA LAND & LIFESCAPES, INC.

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2022

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date
Notes Payable 1	₱5,150,000,000	₱98,756,009	₱4,415,441,417	6.19%	₱4,514,197,426	Quarterly interest payments; 0.5% principal payment for 36 quarter and 82% principal on maturity date	December 2026
Notes Payable 2	4,850,000,000	93,009,361	4,157,090,800	6.23%	4,250,100,161	Quarterly interest payments; 1% principal payment for the 1st quarter following the issuance, .5% and 82% principal on maturity date	December 2026
Notes Payable 3	6,000,000,000	658,316,422	3,148,073,515	7.71%	3,806,389,937	Quarterly interest payments; 4.1667%	July 2028
	1,700,000,000	281,221,480	494,539,722	7.49%	775,761,202	principal payment 1 year after issuance	July 2025
	500,000,000	82,706,975	145,449,683	7.50%	228,156,658	for 24 quarters	July 2025
Notes Payable 4	15,000,000,000	3,733,539,097	2,810,412,300	7.13%	6,543,951,397	Quarterly interest payments; 5% principal payment 1 year after issuance for 20 quarters	July 2024
Notes Payable 5	4,000,000,000	878,789,927	3,095,445,300	6.64%	3,974,235,227	Quarterly interest payments; 5.56% principal payment 3 quarter after issuance for 18 quarters	March 2027
	2,000,000,000	439,394,963	1,547,722,650	7.24%	1,987,117,613	Quarterly interest payments; 5.56% principal payment 2 quarter after issuance for 18 quarters	March 2027
Notes Payable 6	3,600,000,000	–	3,578,324,865	7.93%	3,578,324,865	Quarterly interest payments; principal payable upon maturity	December 2025
	5,000,000,000	–	4,969,895,646	7.93%	4,969,895,646	Quarterly interest payments; principal payable upon maturity	December 2025
Notes Payable 7	5,000,000,000	–	2,989,664,160	5.75%	2,989,664,160	Quarterly interest payments	August 2024
		–	1,986,031,954	6.23%	1,986,031,954	Quarterly interest payments	August 2027
Notes Payable 8	10,000,000,000	6,480,096,960	–	6.23%	6,480,096,960	Quarterly interest payments	December 2023
			3,477,234,005	8.25%	3,477,234,005	Quarterly interest payments	December 2025
Notes Payable 9	10,000,000,000	–	9,955,859,639	5.70%	9,955,859,639	Quarterly interest payments	June 2025
Bank Loan 1	Not Applicable	369,944,431	–	5.00%	369,944,431	Principal and interest payable quarterly	September 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date
Bank Loan 2	Not Applicable	600,000,000	–	5.00%	600,000,000	Principal and interest payable quarterly	October 2023
Bank Loan 3	Not Applicable	398,735,801	199,367,901	7.15%	598,103,702	Principal and interest payable quarterly	May 2024
Bank Loan 4	Not Applicable	800,000,000	1,200,000,000	7.36%	2,000,000,000	Principal and interest payable quarterly	April 2025
Bank Loan 5	Not Applicable	631,578,947	315,789,474	5.54%	947,368,421	Principal and interest payable quarterly	May 2024
Bank Loan 6	Not Applicable	1,048,714,593	1,314,483,148	5.15%	2,363,197,741	Principal and interest payable quarterly	March 2025
Bank Loan 7	Not Applicable	993,886,784	2,493,328,242	4.75%	3,487,215,026	Principal and interest payable quarterly	June 2026
Bank Loan 8	Not Applicable	992,751,550	3,486,737,457	7.13%	4,479,489,007	Principal and interest payable quarterly	June 2027
Bank Loan 9	Not Applicable	992,751,550	3,486,737,457	7.13%	4,479,489,007	Principal and interest payable quarterly	June 2027
Bank Loan 10	Not Applicable	499,208,549	–	7.99%	499,208,549	Principal and interest payable quarterly	October 2023
Bank Loan 11	Not Applicable	500,000,000	–	8.17%	500,000,000	Principal and interest payable quarterly	November 2023
Bank Loan 12	Not Applicable	622,500,000	1,556,458,333	4.75%	2,178,958,333	Interest payable quarterly, principal payable upon maturity	May 2026
Bank Loan 13	Not Applicable	2,500,000,000	–	4.00%	2,500,000,000	Interest payable quarterly, principal payable upon maturity	November 2023
Bank Loans 14	Not Applicable	–	27,474,325,533	3.25% to 6.50%	27,474,325,533	Interest payable monthly and quarterly, principal payable upon maturity	Rolled over with various maturities
		₱23,695,903,399	₱88,298,413,201		₱111,994,316,600		

See Notes 13 and 14 of the Parent Company Financial Statements

VISTA LAND & LIFESCAPES, INC.

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2022

Name of related party	Balance at beginning of period	Balance at end of period

Not Applicable

VISTA LAND & LIFESCAPES, INC.

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022

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
VLL International, Inc.	Dollar-denominated bonds due June 2027	₱12,531,876,902	₱12,531,876,902	Guaranteed principal payments of the notes
VLL International, Inc.	Dollar-denominated bonds due June 2027	11,056,182,258	11,056,182,258	Guaranteed principal payments of the notes
VLL International, Inc.	Dollar-denominated bonds due November 2024	19,343,127,430	19,343,127,430	Guaranteed principal payments of the notes
		₱42,931,186,590	₱42,931,186,590	

VISTA LAND & LIFESCAPES, INC.

SCHEDULE G: CAPITAL STOCK

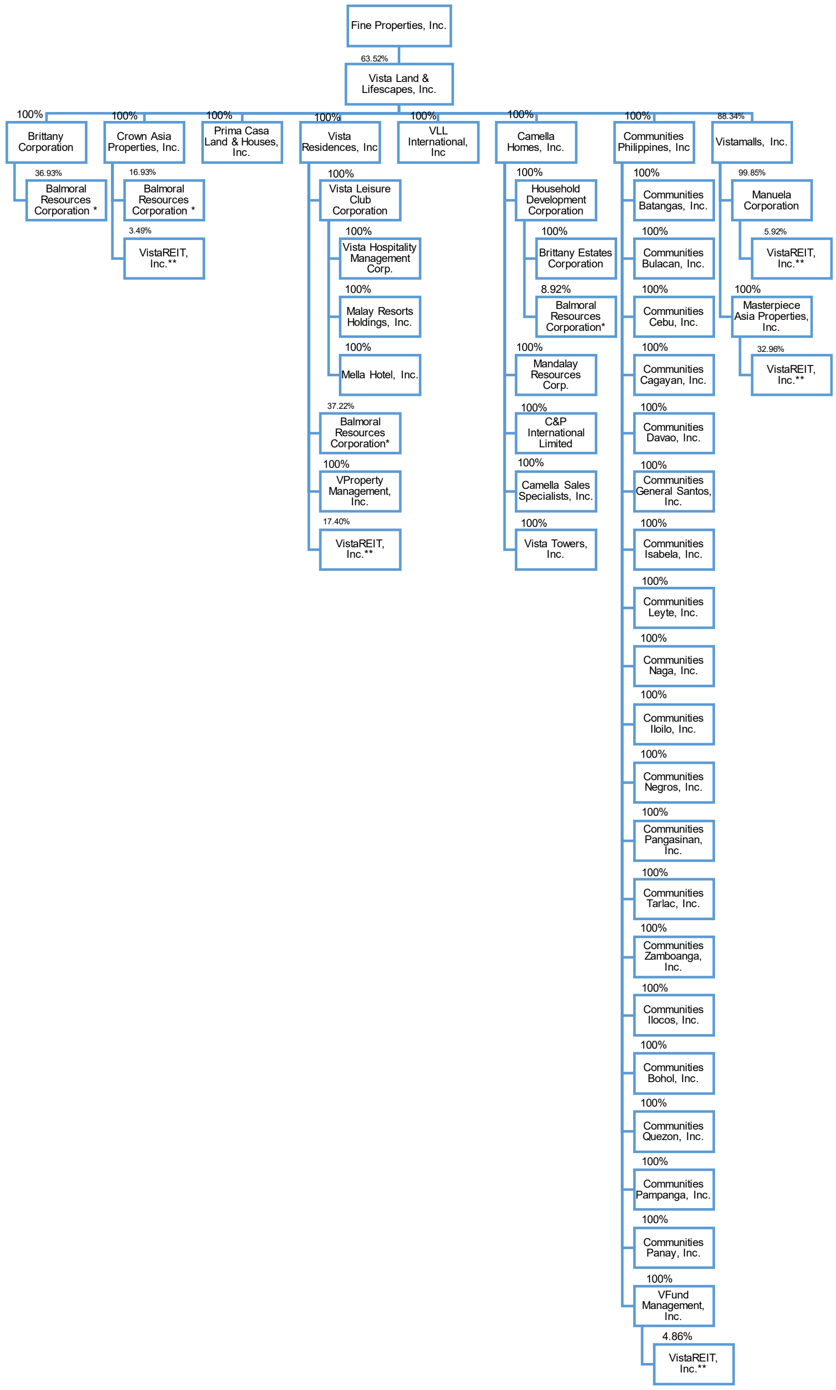
DECEMBER 31, 2022

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	17,900,000,000	13,114,136,376 shares issued; 11,945,799,461 shares outstanding	–	9,113,046,146	516,770,320	3,068,191,214
Preferred Series 1, ₱0.01 par value	8,000,000,000	3,300,000,000 shares issued and outstanding	–	3,300,000,000	–	–
Preferred Series 2, ₱0.10 par value	200,000,000	–	–	–	–	–

See Note 15 of the Parent Company Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
GROUP STRUCTURE

Below is the map showing the relationship between and among group and its Ultimate parent company, and its subsidiaries as of December 31, 2022.



The Group effectively owns 100% of Balmoral Resources Corporation through Brittany, CAPI, VRI and HDC.
***The Group effectively owns 60.09% and 98.94% of VistaREIT, Inc. (formerly Vista One, Inc.) through MC, MAPI, Communities Pampanga, Inc., CAPI and VRI and the rest are owned by individual shareholders, as of December 31, 2022 and 2021, respectively.*

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTA LAND & LIFESCAPES, INC.
AS OF DECEMBER 31, 2022 AND 2021

Ratios	**Formula**	**December 31, 2022**	December 31, 2021
Current ratio	Current assets / Current liabilities	**4.84**	8.79
Acid test ratio	Quick asset[1] / Current liabilities	**4.83**	8.77
Solvency ratio	Net income + Depreciation / Total liabilities	**0.036**	0.012
Debt-to-equity ratio	Interest bearing debt[2] / Total equity	**1.65**	1.63
Asset to equity ratio	Total assets / Total equity	**2.66**	2.64
Interest service coverage ratio	EBITDA / Total interest paid	**1.61**	1.24
Return on equity	Net income / Total equity	**0.059**	0.019
Return on assets	Net income / Average total assets	**0.023**	0.007
Net profit margin	Net income / Net revenue[3]	**0.36**	0.15

Figures used in the computation	**December 31, 2022**	December 31, 2021
Current assets	**₱117,859,683,241**	₱106,662,078,816
Current liabilities	**24,366,641,524**	12,134,689,592
Quick asset[1]	**117,685,197,390**	106,477,978,776
Net income + Depreciation	**4,039,633,706**	1,223,922,104
Interest bearing debt[2]	**111,994,316,600**	104,447,106,235
Total assets	**180,458,583,561**	169,244,882,441
Total liabilities	**112,677,591,381**	105,171,208,442
Total equity	**67,780,992,180**	64,073,673,999
EBITDA[4]	**10,402,907,494**	7,212,790,280
Total interest paid	**6,454,675,251**	5,812,589,523
Net income	**4,025,285,589**	1,207,475,077
Net revenue[3]	**11,133,543,932**	7,808,338,479
Average total assets	**174,851,733,001**	163,672,456,306

[1]Includes Cash and Cash Equivalents, Short-term Investments, Receivable from Related parties and Accrued Interest Receivable
[2]Includes Bank loans and Notes Payable
[3]Includes Dividend Income and Miscellaneous Income
[4]EBITDA less Interest Income