COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

L	O	W	E	R		G	R	O	U	N	D		F	L	O	O	R	,		B	U	I	L	D	I	N	G		B
,		E	V	I	A		L	I	F	E	S	T	Y	L	E		C	E	N	T	E	R	,		V	I	S	T	A
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L	A	S		P	I	Ñ	A	S		C	I	T	Y																

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

Brian N. Edang
Contact Person

3226-3552 ext. 0088
Company Telephone Number

1	2		3	1

Month *Day*

Calendar Year

17-Q
FORM TYPE

0	6		1	8

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended : **March 31, 2025**

2. SEC Identification number: **CS-200703145**

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

4. **Vista Land & Lifescapes, Inc.**
   Exact name of issuer as specified in its charter

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

6. Industry Classification Code: (SEC Use Only)

7. **Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari Almanza II, Las Pinas City** **1747**
   Address of issuer's principal office Postal Code

8. **(632) 3874-5758 / (632) 3872-6947 / (632) 3226-3552**
   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 Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding And amount of debt outstanding
Common Stock, ***net of 416,128,700 Treasury Shares***	**12,698,007,676 shares**
Preferred Stock Series 2A	**14,337,040 shares**
Preferred Stock Series 2B	**15,662,960 shares**
VLL Retail Bonds issued in 2017	**Php 5,000,000,000**
VLL Retail Bonds issued in 2018	**Php 3,500,000,000**
VLL Retail Bonds issued in 2019	**Php 10,000,000,000**
VLL Retail Bonds issued in 2023	**Php 6,000,000,000**

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

    Yes [x] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    Philippine Stock Exchange – Common Stocks, Preferred Series 2A and Preferred Series 2B
    Philippine Dealing and Exchange – Retail Bonds

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code 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 [ ]

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Vista Land & Lifescapes, Inc.
Consolidated Statements of Financial Position
As of March 31, 2025 and December 31, 2024
(In Million Pesos)

	Unaudited 03/31/2025	Audited 12/31/2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 9, 31 and 32)	**₱2,568**	₱3,592
Short-term cash investments	**32**	-
Current portion of:		
Receivables (Notess 11, 29, 31 and 32)	**67,792**	73,983
Cost to obtain (Note 7)	**519**	481
Investments at amortized cost (Notes 10, 31 and 32)	**15,637**	13,640
Real estate inventories (Note 12)	**56,262**	57,012
Other current assets (Note 13)	**6,971**	5,901
Total Current Assets	**149,781**	154,609
Noncurrent Assets		
Investments at amortized cost – net of current portion (Notes 10, 31 and 32)	**22,448**	28,364
Investments at fair value through other comprehensive income (Notes 10, 31 and 32)	**172**	172
Receivables – net of current portion (Notess 11, 29, 31 and 32)	**56,056**	47,331
Cost to obtain contract – net of current portion (Note 7)	**241**	244
Project development cost (Note 16)	**2,311**	2,092
Advances to a related party (Note 29)	**6,141**	6,257
Investment in a joint venture (Note 17)	**499**	499
Property and equipment (Note 15)	**2,023**	2,053
Investment properties (Note 14)	**138,325**	134,752
Goodwill	**147**	147
Pension assets (Note 26)	**322**	322
Deferred tax assets - net (Notes 6 and 27)	**76**	6
Other noncurrent assets (Note 17)	**929**	1,091
Total Noncurrent Assets	**229,690**	233,330
	₱379,471	₱377,939
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 18, 31 and 32)	**31,653**	31,445
Security deposits and advance rent (Note 19)	**1,364**	1,712
Income tax payable	**144**	133
Dividends payable (Notes 23, 29, 31 and 32)	**433**	477
Current portion of:		
Contract liabilities (Note 7)	**1,842**	1,923
Bank loans (Notes 20, 31 and 32)	**18,819**	18,236
Loans payables (Notes 20, 31 and 32)	**3,747**	3,498
Notes payable (Notes 21, 31 and 32)	**27,284**	27,787
Lease liabilities (Note 28, 29 and 32)	**679**	421
Total Current Liabilities	**₱85,965**	₱85,632

(Forward)

Vista Land & Lifescapes, Inc.
Consolidated Statements of Financial Position
As of March 31, 2025 and December 31, 2024
(In Million Pesos)

	Unaudited 03/31/2025	Audited 12/31/2024
Noncurrent Liabilities		
Contract liabilities - net of current portion (Note 7)	**₱255**	₱222
Notes payable - net of current portion (Notes 21, 31 and 32)	**78,608**	79,643
Bank loans - net of current portion (Notes 20, 31 and 32)	**35,348**	37,400
Loans payable - net of current portion (Notes 20, 31 and 32)	**15,749**	15,985
Lease liabilities – net of current portion (Note 28, 29 and 32)	**4,774**	5,015
Deferred tax liabilities - net (Notes 6 and 27)	**16,363**	15,434
Other noncurrent liabilities (Note 22, 31 and 32)	**3,061**	2,521
Total Noncurrent Liabilities	**154,158**	156,220
Total Liabilities	**240,123**	241,852
Equity (Note 23)		
Attributable to equity holders of the Parent Company		
Capital stock	**13,150**	13,150
Additional paid-in capital	**33,627**	33,627
Other comprehensive income (Notes 10 and 26)	**1,134**	1,026
Treasury shares (Note 8)	**(7,740)**	(7,740)
Retained earnings	**87,912**	85,203
	128,083	125,266
Non-controlling interest	**11,265**	10,821
Total Equity	**139,348**	136,087
	₱379,471	₱377,939

See accompanying Notes to Interim Consolidated Financial Statements.

Vista Land & Lifescapes, Inc.
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2025 and 2024
(In Million Pesos, except per share)

	Unaudited Jan-Mar Q1-2025	**Unaudited Jan-Mar 2025**	Unaudited Jan-Mar Q1-2024	Unaudited Jan-Mar 2024
REVENUE				
Real estate (Notes 6 and 7)	**₱5,850**	**₱5,850**	₱5,559	₱5,559
Rental income (Notes 6 and 14)	**4,354**	**4,354**	4,180	4,180
Interest income from installment contracts receivable (Notes 6, and 25)	**105**	**105**	135	135
Parking, hotel, forfeitures, mall administrative and processing fees, and others (Notes 6 ans 25)	**338**	**338**	370	370
	10,647	**10,647**	10,244	10,244
COSTS AND EXPENSES (Notes 6 and 24)				
Costs of real estate sales	**2,007**	**2,007**	1,788	1,788
Operating expenses	**2,384**	**2,384**	2,826	2,826
	4,391	**4,391**	4,614	4,614
OTHER INCOME (EXPENSES) (Notes 6 and 25)				
Interest and other income from investments	**344**	**344**	421	421
Interest and other financing charges	**(2,338)**	**(2,338)**	(1,862)	(1,862)
Unrealized foreign exchange (losses) gains	**20**	**20**	-	-
	(1,974)	**(1,974)**	(1,441)	(1,441)
INCOME BEFORE INCOME TAX	**4,282**	**4,282**	4,189	4,189
PROVISION FOR INCOME TAX (Note 27)	**883**	**883**	963	963
NET INCOME	**3,399**	**3,399**	3,226	3,226
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**2,955**	**2,955**	2,836	2,836
Non-controlling interest	**444**	**444**	390	390
	₱3,399	**₱3,399**	₱3,226	₱3,226
Basic/Diluted earnings per share (Note 30)	**0.247**	**0.247**	0.237	0.237

See accompanying Notes to Interim Consolidated Financial Statements.

Vista Land & Lifescapes, Inc.
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2025 and 2024
(In Million Pesos)

	Unaudited Jan-Mar Q1-2025	**Unaudited Jan-Mar 2025**	Unaudited Jan-Mar Q1-2024	Unaudited Jan-Mar 2024
NET INCOME	**₱3,399**	**₱3,399**	₱3,226	₱3,226
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cumulative translation adjustments	**108**	**108**	8	8
Changes in fair value of available-for-sale financial assets	**-**	**-**	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Changes in fair value on equity investments at fair value through other comprehensive income	**-**	**-**	-	-
	108	**108**	8	8
TOTAL COMPREHENSIVE INCOME	**3,507**	**3,507**	3,234	3,234
Total comprehensive income attributable to:				
Equity holders of Parent Company	**3,063**	**3,063**	2,844	2,844
Noncontrolling interest	**444**	**444**	390	390
	₱3,507	**₱3,507**	₱3,234	₱3,234

See accompanying Notes to Interim Consolidated Financial Statements.

Vista Land & Lifescapes, Inc.
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2025 and 2024
(In Million Pesos)

	Unaudited 03/31/2025	Unaudited 03/31/2024
CAPITAL STOCK (Note 23)		
Common – P1 par value		
Authorized – 4,000,000 shares in February 28, 2007		
12,000,000,000 shares in May 23, 2007 and		
11,000,000,000 shares in November 24, 2010		
11,900,000,000 shares in October 5, 2012		
17,900,000,000 shares in November 11, 2015		
Issued – 1,000,000 shares as of February 28, 2007;		
8,538,740,614 shares as of September 30, 2011;		
10,038,740,614 shares as of November 10, 2015;		
12,654,891,753 shares as of December 22, 2015;		
13,114,136,376 shares as of February 23, 2016;	**₱13,114**	₱13,114
Preferred – P0.01 par value		
Authorized – 10,000,000,000 shares in October 5, 2012;		
Series 1 - P0.01 par value		
8,000,000,000 shares in January 27, 2020;		
Series 2 - P0.10 par value		
200,000,000 shares in January 27, 2020;		
Issued – 3,300,000,000 shares in March 31, 2013 (Note 23)	**33**	33
Issued – 30,000,000 shares in October 4, 2024 (Note 23)	**3**	-
Balance at end of period	**13,150**	13,147
ADDITIONAL PAID-IN CAPITAL (Note 23)		
Balance at beginning of period	**33,627**	30,685
Increase in noncontrolling interest	**-**	-
Balance at end of period	**33,627**	30,685
RETAINED EARNINGS (Note 23)		
Balance at beginning of period	**85,203**	86,227
Full adoption of PFRS 15	**-**	(3,144)
Net income	**2,955**	2,836
Cash dividends declared	**(246)**	-
Balance at end of period	**87,912**	85,919
OTHER COMPREHENSIVE INCOME (Note 23)		
Balance at beginning of period	**1,026**	906
Total comprehensive income for the period	**108**	8
Balance at end of period	**1,134**	914
TREASURY SHARES (Note 8 and 23)		
Balance at beginning of period	**(7,740)**	(7,740)
Acquisition of treasury shares	**-**	-
Balance at end of period	**(7,740)**	(7,740)
NON-CONTROLLING INTEREST (Note 23)		
Balance at beginning of period	**10,821**	9,637
Net income	**444**	390
Cash dividend declared	**-**	(110)
Balance at end of period	**11,265**	9,917
	₱139,348	₱132,842

See accompanying Notes to Interim Consolidated Financial Statements.

Vista Land & Lifescapes, Inc.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2025 and 2024
(In Million Pesos)

	Unaudited Jan-Mar Q1-2025	Unaudited Jan-Mar 2025	Unaudited Jan-Mar Q1-2024	Unaudited Jan-Mar 2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱4,282	₱4,282	₱4,189	₱4,189
Adjustments for:				
Interest and other financing charges	2,338	2,338	1,862	1,862
Depreciation and amortization	474	474	595	595
Loss on retirement of investment properties	-	-	9	9
Share in equity earnings and other adjustments from investment in joint venture	-	-	(16)	(16)
Unrealized foreign exchange losses (gains)	(20)	(20)	-	-
Interest income from investments and other income	(344)	(344)	(421)	(421)
Operating income before working capital changes	6,730	6,730	6,218	6,218
Decrease (increase) in:				
Receivables	(2,534)	(2,534)	(7,231)	(7,231)
Real estate inventories (excluding capitalized borrowing costs)	(7)	(7)	1,437	1,437
Other assets and cost to obtain contract	(943)	(943)	11	11
Increase (decrease) in:				
Accounts and other payables	208	208	(362)	(362)
Contract liabilities	(48)	(48)	151	151
Security deposits	(348)	(348)	85	85
Other noncurrent liabilities	540	540	703	703
Net cash flows provided by operations	3,598	3,598	1,012	1,012
Income tax paid	(13)	(336)	(336)	(336)
Net cash flows provided by operating activities	3,585	3,585	676	676
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Receivables from related parties	116	116	(270)	(270)
Project development costs	(219)	(219)	452	452
Investment Property and PPE	(4,017)	(4,017)	(111)	(111)
Investment at amortized cost	4,027	4,027	3,586	3,586
Disposal (acquisition) of short-term cash investments	(32)	(32)	-	-
Proceeds from insurance company	-	-	-	-
Interest received	344	344	682	682
Net cash flows used in investing activities	219	219	4,339	4,339
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from (payments of):				
Notes payable – net	(1,538)	(1,538)	(1,529)	(1,529)
Bank loans – net	(1,469)	(1,469)	1,411	1,411
Loans payable – net	13	13	323	323
Lease liabilities	17	17	(94)	(94)
Dividends to noncontrolling interest	(44)	(44)	(155)	(155)
Interest	(1,581)	(1,581)	(2,842)	(2,842)
Dividends declared	(246)	(246)	-	-
Net cash flows provided by (used in) financing activities	(4,848)	(4,848)	(2,886)	(2,886)
Effect on change in exchange rates on cash and cash equivalents	20	20	-	-
Net decrease in cash and cash equivalents	(1,024)	(1,024)	2,129	2,129
Cash and cash equivalents at beginning of period	3,592	3,592	10,692	10,692
Cash and cash equivalents at end of period	₱2,568	₱2,568	₱12,821	₱12,821

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company or VLLI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address is at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 65.84% owned by Fine Properties, Inc., (Ultimate Parent Company), as of March 31, 2025 and December 31, 2024, 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.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The interim condensed consolidated financial statements as at March 31, 2025 and for the three-month periods ended March 31, 2025 and 2024 have been prepared on a historical cost basis, except for investments at fair value through other comprehensive income which have been measured at fair value.

The interim condensed consolidated financial statements are presented in Philippine Peso (₱) which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso, unless otherwise indicated.

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

Statement of Compliance
The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting.* The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2024, which is in accordance with the Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Group. For the three-month period ended March 31, 2025, there was no change in the Parent Company's ownership interest in its subsidiaries.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the the annual consolidated financial statements as at and for the year ended December 31, 2024.

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amended standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*
- Amendments to PAS 21*, Lack of exchangeability*
- Adoption in 2024 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 until December 31, 2023 follows:

  a. Exclusion of land in the determination of percentage-of-completion (POC) discussed in PIC Q&A No. 2018-12-E
  b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
  c. Implementation of International Financial Reporting Standards Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods under Philippine Accounting Standards (PAS) 23, *Borrowing Cost*, for Real Estate industry

  The Group adopted the above changes using modified retroactive approach effective January 1, 2024 and its impact (total impact) in the opening retained earnings as follows:

	Increase (Decrease)
Exclusion of land in the determination of POC	(₱630,381,445)
Significant financing component	3,977,282,207
Adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods PAS 23, *Borrowing Cost*	(10,685,640,390)
	(₱7,338,739,628)

	January 1, 2024		
	As previously stated	Increase (Decrease)	As restated
	Amounts in Thousands		
Assets			
Current Assets			
Current portion of:			
Receivables	**₱52,211,635**	**₱6,403,215**	**₱58,614,850**
Cost to obtain contract	**308,625**	**55,070**	**363,695**
Real estate inventories	**63,771,221**	**(9,950,087)**	**53,821,134**
Noncurrent Asset			
Receivables - net of current portion	**31,191,466**	**2,688,269**	**33,879,735**
Investment in joint venture	**499,448**	**(49,481)**	**449,967**
	₱147,982,395	**(₱853,014)**	**₱147,129,381**
Liabilities			
Current Liability			
Current portion of contract liabilities	**₱1,588,322**	**₱191,497**	**₱1,779,819**
Noncurrent Liabilities			
Contract liabilities - net of current portion	**437,049**	**337,509**	**774,558**
Deferred tax liabilities - net	**8,201,432**	**5,956,720**	**14,158,152**
	10,226,803	**6,485,726**	**16,712,529**
Equity			
Retained Earnings	**86,226,517**	**(7,338,740)**	**78,887,777**
	₱96,453,320	**(₱853,014)**	**₱95,600,306**

	Nature of Adjustments Increase (Decrease)			
	Borrowing Cost	Exclusion of Land in POC	Significant Financing Component	Total Adjustments
	Amounts in Thousands			
Assets				
Current Assets				
Current portion of:				
Receivables	**₱–**	**(₱1,093,723)**	**₱7,496,938**	**₱6,403,215**
Cost to obtain contract	**–**	**55,070**	**–**	**55,070**
Real estate inventories	**(10,792,562)**	**842,475**	**–**	**(9,950,087)**
Noncurrent Asset				
Receivables - net of current portion	**–**	**–**	**2,688,269**	**2,688,269**
Investment in joint venture	**–**	**–**	**(49,481)**	**(49,481)**
	(₱10,792,562)	**(₱196,178)**	**₱10,135,726**	**(₱853,014)**
Liabilities				
Current Liability				
Current portion of contract liabilities	**₱–**	**₱145,145**	**₱46,352**	**₱191,497**
Noncurrent Liabilities				
Contract liabilities - net of current portion	**–**	**337,509**	**–**	**337,509**
Deferred tax liabilities - net	**(106,922)**	**(48,450)**	**6,112,092**	**5,956,720**
	(106,922)	**434,204**	**6,158,444**	**6,485,726**
Equity				
Retained earnings	**(10,685,640)**	**(630,382)**	**3,977,282**	**(7,338,740)**
	(₱10,792,562)	**(₱196,178)**	**₱10,135,726**	**(₱853,014)**

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, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
    - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
    - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

4. Summary of Material Accounting Policies

The material accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2024.

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.

<u>Financial Instruments</u>
Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through other comprehensive income (OCI).

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 two categories as follows:

- Financial assets at amortized cost (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 amortized cost (debt instruments)
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

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

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

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

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

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

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

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

Financial liabilities
Initial recognition and measurement
The financial liabilities of the Company consisting of 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) are classified, at initial recognition, as loans and borrowings and payables, 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.

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 statement 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.

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
- Upon adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under Philippine Accounting Standards (PAS) 23, *Borrowing Cost*, for Real Estate industry in 2024, the borrowing costs previously capitalized to inventories amounting ₱10,792.72 million (net of tax) have been derecognized (see Notes 3 and 12).

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.

The Group applies the approach presented in PIC Q&A No. 2020-05 and accounts for repossession as a modification of the contract and reverses the previously recognized revenues and related cost of real estate sales recognized.

Construction Materials and Supplies

Construction materials and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average basis. NRV is the estimated selling price, less estimated costs to dispose, if any.

Based on physical inspection and evaluation, an allowance for inventory losses is provided for slow-moving, obsolete and defective materials and supplies. When inventories are issued, used, sold, disposed or otherwise, the cost and related allowance is removed from the account, and the difference is charged to profit and loss.

Project Development Costs

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

Advances for socialized housing credits

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

Advances on joint operations

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

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

Investment Properties

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

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

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

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

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

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

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

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

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

Property and Equipment

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

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

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

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

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

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

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

Deposits

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

Impairment of Nonfinancial Assets

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

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

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 is spread over time across the course of the construction since the Group's performance does not create an asset with an alternative use and the Group has an enforceable right for performance completed to date.

Starting January 1, 2024, in determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

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 prior pre-selling activities. 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 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 "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.

<u>Interest Income</u>
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.

Prior 2024, interest income from real estate sales and unearned discount are recognized as income over the terms of the financial assets at amortized cost using the effective interest method and are shown as deduction for the financial assets.

Starting 2024, upon adoption of PIC Q&A 2018-12-D, the unearned discount previously shown as deduction for the financial assets are derecognized and charged against beginning retained earnings (see Note 3). Significant financing component are recognized as income over the terms of the contract using effective interest method and are shown as part of interest income from real estate sales under revenue.

<u>Other Revenue</u>
Other revenue is recognized when earned.

<u>Proceeds from Insurance Claims</u>
Proceeds received from insurance claims are recognized when it is virtually certain that an inflow of economic benefit will flow to the Group, and this is recorded as "Proceeds from insurance claims" in the 2023 consolidated statement of comprehensive income. Loss from damages, which is equivalent to the carrying values of the assets, is recognized when the event occurred.

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, except, when in respect of all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in foreseeable future.

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.

For real estate inventories, Starting January 1, 2024, upon adoption of the IFRIC agenda decision on over time transfer of constructed goods under PAS 23, *Borrowing costs* for real estate industry, interests are capitalized on the purchase cost of a site of property acquired specifically for sale but only to the extent where activities are necessary to prepare the asset for selling are in progress prior pre-selling activities and the borrowing costs that have been previously capitalized after pre-selling activities as part of the cost of real estate inventories have been derecognized (see Note 3).

Borrowing costs attributable to investment properties remains capitalizable. 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.

Costs and Expenses

Costs and expenses are recognized in the consolidated statement of comprehensive income 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.

Costs and expenses are recognized in the consolidated statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when 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 consolidated statement of financial position as an asset.

Costs and expenses are recognized as they are incurred based on amounts paid or payable.

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 rental receivable from 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. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

5. Material Accounting Judgments and Estimates

The preparation of the interim condensed consolidated financial statements in compliance with PFRS Accounting Standards 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.

The material accounting judgments and estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2024.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue from contracts with customers

Existence of a contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property.

Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress

The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use, and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Principal versus agent considerations

The contract for the commercial and office spaces leased out by the Group to its lessees 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 for the benefit of the lessees because the promise of the Group to the lessees is to arrange for the electricity and water supply to be provided by utility companies. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers for a minimal fee, the leased spaces and coordinates with the utility and service companies to ensure that lessees have access to these utilities.

For the provision of CUSA and air-conditioning of the buildings, the existing lease contract establishes the Group to act as a principal because it retains the right to direct the service provider of maintenance, janitorial and security to the leased premises, and air-conditioning, respectively. The right to the services mentioned never transfers to the lessees and the Group has the discretion to add a nominal fee to the CUSA and air-conditioning charges.

Determination of the lease term
The Group determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Group determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the land where investment properties are situated that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Definition of default and credit-impaired installment contracts receivable
The Group defines the account as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*
  The customer receives a notice of cancellation and does not continue the payments.

- *Qualitative criteria*
  The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

  a. The customer is experiencing financial difficulty or is insolvent
  b. The customer is in breach of financial covenant(s)
  c. An active market for that financial assets has disappeared because of financial difficulties
  d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
  e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information
The Group considers a range of relevant forward-looking macro-economic assumptions (i.e., inflation rate and GDP growth rate for commercial segment and bank lending rate, inflation rate or GDP growth rate for residential segment) for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Significant increase in credit risk
The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors. The Group's cash and cash equivalents, short-term cash investments, investments at amortized cost, and restricted cash are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Operating lease commitments - Group as lessor
The Group has entered into commercial, office and industrial property leases on its investment properties portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee (see Note 28).

Distinction among real estate inventories, land held for future development and investment properties
The Group determines whether a property will be classified as Real estate inventories, Land held for future development and Investment properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Real estate inventories), whether it will be retained as part of the Group's strategic land banking activities for development or sale in the medium or long-term (Land held for future development) or whether it will be held to earn rentals or for capital appreciation (Investment properties). For land properties, the Group considers the purpose for which the land was acquired.

Recognition of deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning.

Judgments made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements
Upon adoption of the Interpretation, 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

uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

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.

Adoption of a 'no tax' regime for VistaREIT, Inc (VREIT).
As a Real Estate Investment Trust (REIT) entity, VREIT can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

As of March 31, 2025 and December 31, 2024, VREIT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. VREIT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. VREIT did not recognize any deferred taxes.

Management's Use of Estimates and Assumptions
The key estimates and 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 (POC) 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.

In 2024, upon adoption of PIC Q&A 2018-12 - E, the land component which is previously included in the determination of the POC was excluded. The impact of the adoption amounted to ₱630.38 million (see Note 3).

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 rental receivable:

The Group uses vintage analysis to calculate ECLs for installment contracts receivable. The PD rates using vintage analysis are based on default counts of contract issuances in a given period for groupings of various customer segments that have similar loss patterns (e.g., by customer's type of financing and employment).

The vintage analysis is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The Group also considers the timing of re-sale of the covered properties and related costs in determining the expected net recoveries.

For third-party rental receivable, the Group recognizes a loss allowance based on lifetime ECLs. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

For related party rental receivable, the Group considers the ability to pay of the related party and considers factors whether the related party is a listed company or not, its current results of operations and the projected cash flows from operations.

The assessment also includes the assumption of the liability of the related parties' parent company and future plans of payments for remaining uncollected receivables such as entering into property exchange or joint venture arrangements wherein land properties will be received as form of settlement, which are to be used in the Group's planned expansion activities. The collectability assessment also includes the continuing commitment to provide financial support to these related parties and common control entities by Fine Properties, Inc. and the assessment of the latter's capacity to provide such financial support.

The assessment of the relationship between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The collectability of the significant portion of its receivables from real estate sales is impacted by the continuing employment of its customers, both the overseas contract workers and locally employed customers.

Tenants which belong to micro, small and medium enterprise and those operating under entertainment, non-essentials and food industries were previously adversely affected due to temporary closure of mall operations which increased the risk of non-collection of the remaining receivables. The Group has updated its assumptions as various tenants has recovered from the impact of the pandemic.

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 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, 2024 and 2023, and 30% best, 33% base, and 37%

worse and 31% best, 33% base, and 36% worst case probability scenario as of December 31, 2022, 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 rental receivable and investments at amortized cost in each period presented.

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.

Evaluation of impairment of nonfinancial assets
The Group reviews project development costs, investment in joint venture, property and equipment, investment properties, goodwill, and other nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. Fair value less costs to sell pertain to quoted prices and for fair values determined using discounted cash flows or other valuation technique such as multiples. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect project development costs, investment in joint venture, property and equipment, investment properties, goodwill, and other nonfinancial assets.

For goodwill, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value in use of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the future cash flows for the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of cash flows.

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.

Pension cost
The determination of the obligation and cost of pension benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 30). The cost of defined benefit pension plan and the present value of the pension liabilities are determined using actuarial valuations. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit liability. Future salary increases are based on expected future inflation rates and other relevant factors. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

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 (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Estimation of useful lives of property and equipment and investment properties
The Group estimates the useful lives of its depreciable property and equipment and investment properties based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets 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. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

Significant financing component
The Group determined that its transaction price on sale of real estate recognized over time does include a significant financing component since the customer's payment of the transaction price does not coincide with the percentage-of-completion of the project. This gives rise to significant financing either by the customer to the Group as the property developer or vice versa. The Group uses its recent borrowing rates from the banks when the buyer pays ahead of the percentage-of-completion of the related project or the prevailing interest rates in the market as lending rate when the percentage-of-completion of the related project is ahead of the buyer's payment.

Since contracts from customers comprise a significant component, a portion of the contract price is regarded as interest income and interest expense, included in interest income from real estate sales and interest and other financing charges account, respectively, in the consolidated statements of comprehensive income.

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, interest, and 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 interim consolidated statements of financial position which is in accordance with PFRS. The segment assets are presented separately from the advances to a related party, 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 business segments for the three months ended March 31, 2025 is summarized below (amounts in millions):

	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
Real estate (Note 5)	₱3,604	₱2,246	₱-	₱ -	**₱5,850**
Rental income (Note 5)	-	-	4,354	-	**4,354**
Parking, hotel, mall administrative and processing fees, and others (Note 22)	131	56	151	-	**338**
	3,735	2,302	4,505	-	**10,542**
Cost and operating expenses (Note 23)	989	1,018	1,910	-	**3,917**
Segment income before income tax	2,746	1,284	2,595	-	**6,625**
Interest income and other income from investments	56	47	346	-	**449**
Interest and other financing charges	(318)	(215)	(1,785)	-	**(2,318)**
Depreciation and amortization (Note 23)	(17)	(5)	(452)	-	**(474)**
Income before income tax	2,467	1,111	704	-	**4,282**
Provision for income tax (Note 24)	(68)	(225)	(590)	-	**(883)**
Net income	₱2,399	₱886	₱114	₱-	**₱3,399**

The financial information about the segment assets and liabilities of these operating segments as at March 31, 2025 is summarized below (amounts in millions):

	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
Other Information					
Segment assets	₱127,270	₱35,273	₱171,955	₱-	**₱334,498**
Advances to a related party (Note 26)	6,141	-	-	-	**6,141**
Investments in joint venture (Note 15)	-	499	-	-	**499**
Investments at FVOCI (Note 8)	12	-	160	-	**172**
Investments at amortized cost (Note 8)	-	-	38,085	-	**38,085**
Deferred tax assets - net (Note 24)	76	-	-	-	**76**
Total Assets	₱133,500	₱35,772	₱210,200	-	**₱379,471**
Segment liabilities	23,666	18,897	181,197	-	**223,760**
Deferred tax liabilities - net (Note 24)	4,663	1,424	10,276	-	**16,363**
Total Liabilities	₱28,329	₱20,321	₱191,473	-	**₱240,123**

There is no cyclicality in the Group's interim operations.

7. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types and other geographical location within the Philippines

The Group's disaggregation of each sources of revenue from contracts with customers are presented below (in Php Millions):

	March 31, 2025
Type of Product	
Real estate sales	
Horizontal	**₱3,604**
Vertical	**2,246**
	5,850
Hotel operations (Note 25)	**32**
	₱5,882

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.

Contract Balances

	March 31, 2025 *(amounts in millions)*
Installment contracts receivable	**₱62,513**
Cost to obtain contract	**760**
Contract liabilities	**2,097**

Installment contracts receivable from real estate sales are collectible mainly 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 0.40% to 9.06% per annum as of March 31, 2025. The corresponding titles to the residential units sold under this arrangement are transferred to the customers only upon full payment of the contract price.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by Group based on percentage of completion. The movement in contract liability is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold and from increase in percentage of completion

b. Performance obligations

Information about the Group's performance obligations are summarized below:

Real estate sales
The Group entered into reservation agreements with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit covers subdivision land, 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 March 31, 2025 (in Php Millions):

Within one year	**₱10,338**
More than one year	**4,751**
	₱15,089

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, (c) connection to air conditioning system, (d) CUSA services, and € 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 followingg 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.

8. Treasury Shares

The treasury shares of ₱7,740.26 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 March 31, 2025.

9. Cash and Cash equivalents

This account consists of (in Php Millions):

	March 31, 2025
Cash on hand	**₱18**
Cash in banks	**2,540**
Cash equivalents	**10**
	₱2,568

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.

Cash in banks and cash equivalents earn interest at the prevailing bank deposit rates ranging from 0.01% to 3.10%.

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 of 1.26%

As of March 31, 2025, short-term cash investments amounted to ₱32.13 million.

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 2.01% to 7.81% for the three-month periods ended March 31, 2025.

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

The following are the breakdown of investment in financial asset at amortized cost and FVOCI (in Php Millions):

	March 31, 2025
Investment at amortized cost	**₱38,085**
Investment at fair value through other comprehensive income	**172**

11. Receivables

This account consists of (in Php Millions):

	March 31, 2025
Installment contracts receivable	**₱62,513**
Accrued rent receivable and receivables from tenants	**42,458**
Accrued interest receivable	**283**
Accounts receivable:	
Home Development Mutual Fund	**302**
Buyers	**227**
Others	**196**
Advances to:	
Contractors and suppliers	**10,112**
Private companies	**4,188**
Brokers	**781**
Receivables from related parties	**5,051**
	126,111
Less: Allowance for impairment losses	**(2,262)**
Total Receivables	**123,849**
Less: Noncurrent portion at amortized cost	**(56,056)**
	₱67,793

Installment Contracts Receivable
Annual interest rates on installment contracts receivables range from 0.37% to 9.06%. Total interest income recognized amounted to ₱105.24 million for three-month periods ended March 31, 2025.

In 2024, 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.

Rental Receivable
Rental receivable comprise of receivables from tenants and accrued rental receivable.

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.

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.

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

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 on 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
This consist of the following:

Advances to contractors and suppliers
Advances to contractors are advance payments in relation to the Group's construction activities and are recouped 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 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 Interest Receivable
Accrued interest receivable pertains to income earned from investments at amortized cost.

12. Real Estate Inventories

This account consists of (in Php Millions):

	March 31, 2025
Subdivision land for sale and development	**₱41,468**
Condominium units for sale and development	**13,140**
Residential house for sale and development	**883**
Construction materials and others	**771**
	₱56,262

The real estate inventories are carried at cost. There is no allowance to recognize amounts of inventories that are lower than cost.

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

13. Other Current Assets

This account consists of (in Php Millions):

	March 31, 2025
Input VAT	**₱3,363**
Creditable withholding taxes	**1,236**
Prepaid expenses	**2,206**
Restricted cash	**163**
Others	**3**
	₱6,971

Input VAT is a tax imposed on purchases of goods, professional and consulting services and construction costs. These are available for offset against output VAT in future periods.

Creditable withholding taxes pertain to taxes withheld by the customer and are recoverable and can be applied against income tax in future periods.

Prepaid expenses mainly include prepayments for marketing fees, taxes and licenses, rentals and insurance.

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.

14. Investment Properties

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.

Investment properties with carrying value of ₱370.56 million are used to secure the bank loans of the Group as of March 31, 2025. The fair value of the investment properties used as collateral amounted to ₱5,626.72 million as of March 31, 2025.

15. Property and Equipment

This account consists of (in Php Millions):

	March 31, 2025
Land	**₱83**
Hotel Building	**909**
Building and Building Improvements	**79**
Transportaion Equipment	**31**
Office Furniture, Fixtures and Equipment	**10**
Construction Equipment	**908**
Other Fixed Asset	**3**
	₱2,023

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 and (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). 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.

The carrying amount of the investment in the consolidated financial statements amounts to ₱499.06 million as of March 31, 2025.

The Group has not incurred any contingent liabilities as of March 31, 2025 in relation to its interest in the joint venture, nor does the joint venture has any contingent liabilities for which the Group is contingently liable. The Group has not entered into any capital commitments in relation to its interest in the joint venture and did not receive any dividends from the joint ventures.

Other Noncurrent Assets
This account consists of (in Php Millions):

	March 31, 2025
Deposits	**₱485**
Model house accessories at cost	**134**
Deferred input VAT	**85**
Systems development costs - net of accumulated amortization	**62**
Cash restricted for use	**163**
	₱929

18. **Accounts and Other Payables**

This account consists of (in Php Millions):

	March 31, 2025
Accounts Payable	
Contractors	**₱3,423**
Suppliers	**5,453**
Incidental Costs	**2,025**
Buyers	**1,444**
Accrued Expenses	**4,854**
Current portion of deferred output tax	**1,289**
Current portion of liabilities for purchased land	**1,825**
Commission Payable	**1,921**
Current portion of retention payable	**1,169**
Other payables	**8,250**
	₱31,653

Accounts payable - contractors pertain to contractors' billings for construction services related to the development of various projects of the Group. These are expected to be settled within a year after the financial reporting date.

Accounts payable - suppliers 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 pertain to liabilities incurred in relation to land acquired. These include payable for titling costs, clearing, security and such other additional costs incurred.

Accounts payable - buyers pertain to refunds arising from the cancellation of contract to sell agreement which is determined based on the required refund under the Maceda Law.

Accrued expenses consist mainly of accruals for project cost which are incurred but not yet billed, interest on bonds and bank loans, light and power, marketing costs, professional fees, postal and communication, supplies, repairs and maintenance, transportation and travel, security and insurance.

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.

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.

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

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 include statutory payables which are remitted on a monthly basis.

19. Security Deposits and Advance Rent

This account consists of (in Php Millions):

	March 31, 2025
Current portion of security deposits	**₱602**
Current portion of advance rent	**762**
	₱1,364

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 six-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last six 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.

Details follow as at March 31, 2025 (in Php Millions):

	Bank Loans	**Loans Payable**
Parent company	**₱52,917**	**₱ -**
Subsidiaries	**1,251**	**19,496**
	54,168	**19,496**
Less current portion	**(35,348)**	**(15,749)**
	₱18,819	**₱3,747**

The Parent Company has various peso-denominated bank loans with fixed interest-rates ranging from 4.75% to 7.76% per annum as of March 31, 2025. 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.

Certain investments at amortized cost, property and equipment, and investment properties are used as collateral to the bank loans.

Loans Payable
Loans payable pertains to the remaining balance of "Installment contracts receivable" of subsidiaries that were sold on a with recourse basis. These loans bear annual fixed interest rates ranging from 6.25% to 8.25% as at March 31, 2025, payable on equal monthly installments over a maximum period of 3 to 15 years. Other than the installment contracts receivable that serve as collateral, the loans payable has no other restrictions, requirements or covenants.

21. Notes Payable

This account consists of (in Php Millions):

	March 31, 2025
Dollar denominated bonds	**₱49,553**
Retail bonds	**21,418**
Corporate note facility	**34,921**
	105,892
Less current portion	**49,186**
	₱56,706

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 are pledged as collateral to this note.

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 are pledged as collateral to this note.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes 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.

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 the loan covenant as of March 31, 2025.

b. US$200.00 million Notes (Due July 2027)
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 are pledged as collateral to this note.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes 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.

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 the loan covenant as of March 31, 2025.

c. US$2,000.00 million Medium Term Note Programme
On December 29, 2023, the Parent Company's BOD approved the establishment of a US$2,000.00 million Medium Term Note Programme pursuant to which the Issuer (VII) may from time to time issue US Dollar-denominated notes in such amount, with interest rate, and under such other terms and conditions as the Management of the Parent Company and/or the Issuer may subsequently approve or ratify. Accordingly, the Issuer has executed a Programme Agreement with DBS Bank Ltd. And HSBC, as Dealers, for the offer, sale and issuance of the Notes.

On July 29, 2024, VII (the Issuer) issued US$300 million notes ("Notes") with a term of five years from initial draw down date. The interest rate is 9.375% per annum payable semi-annually in arrears on January 29 and July 29 of each year beginning on July 29, 2024. 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.

On August 6, 2024, VII issued an additional US$50.0 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.

On October 9, 2024, VII issued an additional US$50.0 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.

On October 28, 2024, VII issued an additional US$50.0 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.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or part of the Notes on any business day, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price equal to 100% of the principal amount of the Notes redeemed, plus Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption.

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Net Debt-to Equity Ratio of not more than 2.50x to 1.00x. These were complied with by the Group as at March 31, 2025.

As part of the issuance of the Notes, the Parent Company and its subsidiaries that acted as guarantors, irrevocably and unconditionally, are: Vista Land & Lifescapes, Inc., Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. No fees are charged for these guarantee agreements.

B. Corporate Note Facility

a. ₱10,000 million Corporate Notes (Due April 2026)
On April 4, 2023, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2026 amounting to ₱6,000.00 million at a fixed rate of 7.61% per annum, payable on maturity date.

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

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱105.22 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The Corporate Notes do not provide early redemption at the option of the Issuer.

There are no properties pledged to secure the obligation of the Group.

Covenants
The Corporate Notes requires the Issuer to maintain the 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.

The Group was able to comply with the loan covenants as of March 31, 2025.

b. ₱6,000.00 million Corporate Notes (Due March 2027)
On March 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2027 amounting to ₱4,000.00 million at a fixed rate of 6.64% per annum, payable in equal 18 quarters commencing on the second interest payment date.

On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of ₱2,000.00 million due 2027, at a fixed interest of 7.24% per annum, payable in equal 18 quarters commencing on the second interest payment date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.36 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

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.

There are no properties pledged to secure the obligation of the Group.

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. The Group was able to comply with the debt covenants as at March 31, 2025.

c. ₱12,000.00 million Corporate Notes (Due December 2025)
On January 31, 2023, an additional issuance of Corporate Notes was made in the amount of ₱2,900.00 million due 2025, at a fixed interest of 7.26% per annum, payable on maturity date.

On December 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2025 amounting to ₱8,600.00 million at a fixed rate of 7.93% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱46.70 million and ₱88.84 million for the 2024 and 2023 corporate notes, respectively. These were capitalized as debt issue cost and amortized over the life of the liability and were offset to the carrying value of the liability.

The Corporate Notes do not provide early redemption at the option of the Issuer.

There are no properties pledged to secure the borrowing of the Group.

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. The Group complied with the covenants as at March 31, 2025.

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.

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. There are no properties pledged to secure the borrowings of the Group.

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. The Group complied with the loan covenants as at March 31, 2025.

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.

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. There are no properties pledged to secure the borrowings of the Group.

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. The Group complied with the loan covenants as at March 31, 2025.

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.

C. Retail Bonds

a. 2023 Fixed-rate Peso Retail Bonds
The Parent Company has shelf registration of Retail Bonds in the aggregate principal amount of up to ₱35,000.00 million to be offered within a period of three years. On December 6, 2023, the Parent Company issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal

amount of ₱6,000.0 million. This is the first tranche out of the ₱35,000.00 million shelf registration. The proceeds of the issuance were used for refinancing maturing loan obligations as well as for general and corporate purposes. The issue costs amounted to ₱94.27 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 3-year Retail Bonds due on December 6, 2026 with interest rate of 7.54% per annum and 5-year Retail Bonds due on December 6, 2028 with interest rates of 7.69% per annum. Interest on the Retail Bonds is payable quarterly in arrears starting on March 6, 2024 for the first interest payment date and on March 6, June 6, September 6 and December 6 each year for each subsequent payment date.

There are no properties pledged to secure the borrowings of the Group.

Redemption at the option of the Issuer
The 3-year Retail Bonds do not provide early redemption at the option of the Issuer.

The 5-year Retail Bonds provide early redemption at the option of the Issuer. The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates.

The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

i. Three (3) years from issue date at early redemption price of 101.00%
ii. Four (4) years from issue date at early redemption price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. The Group complied with the loan covenants as at March 31, 2025.

b. <u>2019 Fixed-rate Peso Retail Bonds</u>
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.

There are no properties pledged to secure the borrowings of the Group.

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. The Group complied with the loan covenants as at March 31, 2025.

c. <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.

There are no properties pledged to secure the borrowings of the Group.

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. The Group complied with the loan covenants as at March 31, 2025.

d. <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.

There are no properties pledged to secure the borrowings of the Group.

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. The Group complied with the loan covenants as at March 31, 2025.

22. Other Noncurrent Liabilities

This account consists of (in Php Millions):

	March 31, 2025
Liabilities for purchased land - net of current portion	**₱435**
Retention payable - net of current portion	**466**
Security deposits - net of current portion	**581**
Advance rent - net of current portion	**468**
Deferred output tax - net of current portion	**1,111**
	₱3,061

23. Equity

Capital Stock

The details of the Parent Company's capital stock follow:

	March 31, 2025
Common	
Authorized shares	**17,900,000,000**
Par value per share	**₱1.00**
Issued shares	**13,114,136,376**
Treasury shares	**(₱7,740,264,387)**
Value of shares issued	**₱13,114,136,376**
Preferred Series 1	
Authorized shares	**10,000,000,000**
Par value per share	**₱0.01**
Issued shares	**3,300,000,000**
Value of shares issued	**₱33,000,000**
Preferred Series 2	
Authorized shares	**200,000,000**
Par value per share	**₱0.10**
Issued shares	**30,000,000**
Value of shares issued	**₱3,000,000**

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 preferred series 2 shares.

On October 4, 2024, the Company issued 30,000,000 preferred series 2 shares at an issue price of ₱100.00 per share. The SEC approved the registration statement and issued a permit to sell on September 13, 2024.

The preferred series 2 shares were issued in two subseries, Subseries 2A and Subseries 2B, which are Peso-denominated, perpetual, cumulative, non-participating, non-voting, redeemable, and non-convertible.

The Company has the redemption option starting on the fourth and seventh year and every dividend payment thereafter, with a "step-up" rate effective on the fourth and seventh year, respectively, if the shares are not redeemed. Dividend rates are 7.9892% and 8.400% per annum for subseries 2A and subseries 2B preferred series 2 shares, respectively.

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.

Treasury Shares
Treasury shares (416,128,700) as of March 31, 2025 of the Parent Company amounting to P2,362 million represents the shares of stock held by the Parent Company, while treasury shares (752,208,215) amounting to P5,378 million represents Parent Company stocks held by Manuela. These treasury shares are recorded at cost.

Retained Earnings
Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries amounting to ₱87,912.04 million as at March 31, 2025.

Also, the retained earnings is restricted to payments of dividends to the extent of cost of treasury shares held by the Parent Company in the amount of ₱2,361.98 million as at March 31,, 2025

Non-controlling 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 ₱231.03 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 at March 31, 2025, the Group's dividends payable amounted to ₱433.46 million.

Capital Management
The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of March 31, 2025, the Group had the following ratios:

Current ratio	**174%**
Debt-to-equity ratio	**115%**
Net debt-to-equity ratio	**86%**
Asset-to-equity ratio	**272%**

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2025.

The Group considers as capital the equity attributable to equity holders of the Group.

24. Cost and Expenses

Cost of real estate sales
Cost includes acquisition cost of subdivision land, construction and development cost and capitalized borrowing costs. Cost of real estate sales recognized for the period ended March 31, 2025 and 2024 amounted to ₱2,007.19 million and ₱1,788.59 million, respectively.

Operating expenses
Operating expenses represent the cost of administering the business of the Group. These are recognized when the related services and costs have been incurred.

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

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 real estate sales and accretion of unamortized discount, and interest income from cash and ancash equivalents, short-term investments and cash restricted for use and invetments at amortized cost.

Parking, Hotel, Mall Administrative and Processing Fees, and Other Revenue consists of (in Php Millions):

	March 31, 2025
Mall administrative and processing fee	₱234
Parking	48
Hotel (Note 7)	32
Others	24
	₱338

Parking pertains to payments from mall goers and tenants for use of the parking slots both for commercial and residential buildings.

Penalty and others are payments from interest and surcharge for past due accounts. This also includes reversal of liabilities pertain to long-outstanding accounts payable - contractors which will not be settled anymore by the Group as assessed by management and sale of merchandise and other assets.

Interest and other financing charges consist of interest incurred on notes payable, bank loans and notes payable, lease liabilities and other bank charges less of amounts capitalized.

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.

Pension expense is included in "Salaries, wages and employee benefits" under Operating expenses in the consolidated statements of comprehensive income.

27. Income Tax

Provision for income tax consists of (in Php Millions):

Current:	**March 31, 2025**
RCIT/MCIT	**₱24**
Final	**-**
Deferred	**859**
	₱883

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.

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.

30. Basic/Diluted Earnings per share

The following table presents information necessary to compute the earnings per share for the three months period ended March 31:

	2025
	(amounts in millions, except per share)
Net income attributable to equity holders of Parent Company	₱2,955
Divided by weighted average number of common shares outstanding*	11,946
	₱0.247

**Weighted average common shares consider the effect of treasury shares*

The basic and diluted earnings per share are the same due to the absence of potentially dilutive common shares for the three-month periods ended March 31, 2025.

31. Fair Value Determination

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents, short-term cash investments, accrued interest receivable, receivable from tenants, buyers and HDMF, accounts and other payables (except for deferred output VAT and other statutory payables) and dividends payable: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the interim 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.

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.

32. Financial Asset and Liabilities

<u>Financial Risk Management Objectives and Policies</u>
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 Parent Company has a formal interest risk management policy. The Parent Company ensures that all loan covenants and regulatory requirements are complied with.

The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans with its installment contracts receivables as collateral to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing:

	March 31, 2025	
	Effective Interest Rate	**Amount (in Php Millions)**
Financial assets		
Fixed rate		
Cash and cash equivalents (excluding cash on hand)	**0.125% to 4.50%**	₱2,531
Cash and cash equivalents in US Dollar	**0.0625% to 3.05%**	37
Short-term cash investments	**1.26%**	32
Investment at amortized cost	2.01% to 7.81%	38,084
Installment contracts receivable	**0.37% to 9.06%**	62,513
		₱103,197
Financial liabilities		
Fixed rate		
Notes payable	5.70% to 9.375%	₱105,892
Bank loans	4.75% to 7.76%	54,167
Loans payable	**6.25% to 8.25%**	19,496
Lease liabilities	7.50% to 8.00%	5,453
		₱185,008

As of March 31, 2025, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk
The Group's foreign exchange risk is limited to certain USD denominated cash and cash equivalents, resulting primarily from movements of the Philippine Peso against the United States Dollar (USD). Below is the carrying amount of USD-denominated cash and cash and sensitivity analysis on exchange rate for effect on income before income tax.

Below are the carrying values and the amounts in US$ of these foreign currency denominated financial assets and liabilities.

	as of March 31, 2025 Amount (in millions)	
Cash and cash equivalents	US$1	₱37
Investments at amortized cost	US$666	₱38,084
Notes Payable	US$866	₱49,553

In translating the foreign currency- denominated monetary assets in peso amounts, the Philippine Peso - US dollar exchange rates as of March 31, 2025 used was ₱57.21.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of March 31, 2025:

	March 31, 2025		
	Amount (in millions)	**Increase/Decrease in US Dollar rate**	**Effect on income before tax (in millions)**
Cash and cash equivalents	US$1	+1.00	₱1
	US$1	-1.00	(1)
Investments at amortized costs	US$666	+1.00	666
	US$666	-1.00	(666)
Notes payable	US$866	+1.00	(866)
	US$866	-1.00	866

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. The related parties have a strong capacity to meet their contractual cash flows and was provided with letter of financial support by Fine Properties, Inc., ultimate parent company to assure collection by the Group.

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- third parties 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 due to the letter of financial support provided by Fine Properties, Inc. and have a strong capacity to meet their contractual cash flows in the near term.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk as of March 31, 2025 is equal to the carrying values of its financial assets.

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 2025.

33. Commitments and Contingencies

The Group has entered into several contracts with contractors for the development of its real estate properties. These contracts are due to be completed on various dates up to December 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.

34. Subsequent Events

Dividend Declaration
On April 29, 2025, the BOD of VREIT approved the declaration of regular cash dividends for the fourth quarter of 2024 amounting to ₱ 0.05107 per share. The dividend declarations are in favor of all stockholders of record as of May 15, 2025 and payable on May 30, 2025.

On May 20, 2025, the BOD of the VREIT approved the declaration of regular cash dividends for the first quarter of 2025 amounting to ₱368.40 million or ₱0.04912 per share. The dividend declarations are in favor of all stockholders of record as of June 13, 2025 and payable on July 04, 2025.

New Loan Availment
On May 2, 2025, VLL International, Inc. (VII), has obtained a US$150 million syndicated term loan facility at a rate of 6.40509% per annum. The obligations of VII under the loan facility are guaranteed by the Parent Company and its subsidiaries namely Brittany Corporation, Crown Asia Properties, Inc., Camella Homes, Inc., Communities Philippines, Inc., Vistamalls, Inc., and Vista Residences, Inc. The proceeds of the term loan facility will be used for financing, refinancing or reimbursing working capital and general corporate purposes of the Group. For the foregoing purpose, the Parent Company has entered into a Syndicated Term Loan Facility with Sumitomo Mitsui Banking Corporation Singapore Branch as Mandated Lead Arranger, Underwriter and Bookrunner, and Sumitomo Mitsui Banking Corporation as Facility Agent.

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the period ended March 31, 2024 and 2025 and as at March 31, 2025 and December 31, 2024.

		Mar-31-25	Dec-31-24
Current Ratio	Current assets / Current liabilities	**1.74**	1.81
Long-term debt-to-equity ratio	Long-term debt[1] / Equity	**0.82**	0.86
Debt ratio	Interest bearing debt[2] / Total assets	**0.42**	0.43
Debt to equity ratio	Interest bearing debt / Total equity	**1.15**	1.20
Net debt to equity	Net debt[3] / Total equity	**0.86**	0.86
Asset to equity ratio	Total assets / Total equity	**2.72**	2.78

		Mar-31-25	Mar-31-24
EBITDA to total interest	EBITDA[6] / Total interest paid[4]	**4.27**	2.19
Price Earnings Ratio	Market Capitalization[5] / Net Income	**5.53**	6.26
Asset to liability ratio	Total assets / Total liabilities	**1.58**	1.62
Net profit margin	Net profit / Net Revenue	**0.31**	0.30
Return on assets	Net income[7] / Total assets	**0.04**	0.04
Return on equity	Net income[7] / Total equity	**0.10**	0.10
Interest Service Coverage Ratio	EBITDA[6] / Total interest paid[4]	**4.27**	2.19

[1] Pertains to long term portion of the Bank loans and Notes Payable
[2] Includes Bank Loans and Notes Payable
[3] Interest bearing debt less Cash, Short-term Cash Investments and Investments at amortized cost
[4] Total interest paid less Interest Income from Investments
[5] Based on closing price at March 31, 2025 and 2024
[6] EBITDA less Interest Income from Investments
[7] Annualized net income

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering three months ended 31 March 2025 compared to three months ended 31 March 2024

Revenues

Real estate

The Company recorded revenue from real estate sales of ₱5,850 million for the three months ended 31 March 2025, an increase of 5% from ₱5,559 million for the three months ended 31 March 2024. This was primarily attributable to the increase in the overall completion rate of sold inventories of some of its business units as well as the recognition of the significant financing component for the period. The Company uses the percentage of completion method of revenue recognition where revenue is recognised in reference to the stages of development of the properties:

- Real estate revenue of Crown Asia increased to ₱740 million for the three months ended 31 March 2025 from ₱444 million for the three months ended 31 March 2024. 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 residential segment during the period as well as the significant financing component recognized.
- Real estate revenue from Vista Residences increased by 7% to ₱1,512 million for the three months ended 31 March 2025 from ₱1,416 million for the three months ended 31 March 2024. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the period. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.
- Real estate revenue of Brittany increased by 20% to ₱573 million for the three months ended 31 March 2025 from ₱478 million in the same period 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 or upscale residential segment.
- Real estate revenue of Communities Philippines increased by 4% to ₱2,075 million for three months ended 31 March 2025 from ₱1991 million for the three months ended 31 March 2024. This increase was principally attributable to the increase in the number of sold homes completed or under construction outside the Mega Manila area in the affordable residential segment during the period.
- Real estate revenue of Camella to ₱1,359 million for the three months ended 31 March 2025 from ₱1,345 million for the three months ended 31 March 2024. This increase was principally attributable to the increase in the number of sold homes completed or under construction in the Mega Manila area.

Rental income

Rental income increased by 4% from ₱4,180 million for the three months ended 31 March 2024 to ₱4,354 million for the three months ended 31 March 2025. The increase was primarily attributable to the increase in rates for the period.

Interest income from instalment contracts receivable

Interest income from instalment contracts receivable decreased by 22% from ₱135 million for the three months ended 31 March 2024 to ₱105 million for the three months ended 31 March 2025. The decrease was primarily attributable to the decrease in the number of buyers obtaining in-house financing.

Parking, hotel, mall administrative and processing fee, and other revenue

Parking, hotel, mall administrative and processing fee, and other revenue decreased by 9% from ₱370 million for the three months ended 31 March 2024 to ₱338 million for the three months ended 31 March 2025. The decrease was primarily attributable to the decrease in hotel and other revenues specifically forfeitures for the period.

Costs and Expenses

Cost and expenses decreased by 5% from ₱4,614 million for the three months ended 31 March 2024 to ₱4,391 million for the three months ended 31 March 2025.

Costs of real estate sales

Cost of real estate sales increased by 12% from ₱1,788 million for the three months ended 31 March 2024 to ₱2,007 million for the three months ended 31 March 2025 primarily due to the increase in the number of sold homes completed or under construction.

Operating expenses

Operating expenses decreased by 16% from ₱2,826 million for the three months ended 31 March 2024 to ₱2,384 million for the three months ended 31 March 2025 with decreases of the following:

- transportation and travel from ₱30 million for the three months ended 31 March 2024 to ₱17 million for the three months ended 31 March 2025 due to the lower travel related expenses;

- depreciation from ₱595 million for the three months ended 31 March 2024 to ₱474 million for the three months ended 31 March 2025 due to lower carrying value; and

- professional fees from ₱684 million for the three months ended 31 March 2024 to ₱218 million for the three months ended 31 March 2025 due to lower services availed for the period.

Other Income (Expenses)

Interest income from investments and other income

Interest income from investments and other income decreased by 18% from ₱421 million for the three months ended 31 March 2024 to ₱344 million for the three months ended 31 March 2025. The decrease was due to the lower balance of our investments at amortized costs for the period.

Interest and other financing charges

Interest and other financing charges increased by 26% from ₱1,862 million for the three months ended 31 March 2024 to ₱2,338 million for the three months ended 31 March 2025. The increase was primarily attributable to the lower capitalisation for the period.

Provision for Income Tax

Provision for income tax decreased by 8% from ₱963 million for the three months ended 31 March 2024 to ₱883 million for the three months ended 31 March 2025 primarily due to the lower taxable base for the period.

Net Income

As a result of the foregoing, the Company's net income increased by 5% from ₱3,226 million for the three months ended 31 March 2024 to ₱3,399 million for the three months ended 31 March 2025.

As of March 31, 2025 vs. December 31, 2024

Total assets as of 31 March 2025 were ₱379,471 million compared to ₱375,970 million as of 31 December 20223. Below are the changes of accounts.

- Cash and cash equivalents including short term and long-term investments and investments at amortized costs decreased from ₱45,596 million as of 31 December 2024 to ₱40,685 million as of 31 March 2025 or a 11% decrease due to cash flows used in financing activities for the period.

- Receivables including current portions slightly increased from ₱121,314 million as of 31 December 2024 to ₱123,848 million as of 31 March 2025 due to sales recorded for the period.

- Project development costs increased by 10% from ₱2.092 million as of 31 December 2024 to ₱2,311 million as of 31 March 2025 due primarily to increase in advances for future project developments.

- Investment properties increased by 3% from ₱134,752 million as of 31 December 2024 to ₱138,325 million as of 31 March 2025 due primarily to capitalized interest for the period.

- Other assets (current and non-current) including cost to obtain increased by 12% from ₱7,717 million as of 31 December 2024 to ₱8,659 million as of 31 March 2025 due to the increase in withholding taxes and prepaid expenses for the period.

Total liabilities as of 31 March 2025 were ₱240,123 million compared to ₱241,852 million as of 31 December 2024, or an decrease of 1%. This was due to the following:

- Security deposits and advance rent decreased by 20% from ₱1,712 million as of 31 December 2024 to ₱1,364 million as of 31 March 2025 due reclassification to non current portion for the period.

- Income tax payable increased by 8% from ₱133 million as of 31 December 2024 to ₱144 million as of 31 March 2025 due to higher unpaid balances payable on the next reporting period.

- Dividends payable decreased by 9% from ₱477 million as of 31 December 2024 to ₱433 million as of 31 March 2025 due to settlements for the period.

- Bank loans decreased by 3% from ₱55,636 million as of 31 December 2024 to ₱54,167 million as of 31 March 2025 due to settlements for the period.

- Deferred tax liabilities – net increased by 6% to ₱16,287 million as of 31 March 2025 from ₱15,428 million as of 31 December 2024 due primarily to an increase in temporary difference that will result to a potential tax liability for the period arising from the full adoption of PFRS 15.

- Other noncurrent liabilities increased by 21% from ₱2,521 million as of 31 December 2024 to ₱3,059 million as of 31 March 2025 due primarily to the increase in noncurrent portion of liabilities for deferred output tax.

Total stockholder's equity increased by 2% from ₱136,087 million as of 31 December 2024 to ₱139,348 million as of 31 March 2025 due mainly to the net income for the period.

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

Key Performance Indicators	**03/31/2025**	**12/31/2024**
Current ratio [(a)]	1.74:1	1.81:1
Liability-to-equity ratio [(b)]	1.72:1	1:78:1
	03/31/2025	**03/31/2024**
Interest expense/Income before Interest expense [(c)]	35.3%	30.8%
Return on assets [(d)]	3.6%	3.7%
Return on equity [(e)]	9.8%	9.7%

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 was lower as of end March 2025 compared to end December 2024 due to a higher current liabilities.

Liability-to-equity ratio was lower as of 31 March 2025 compared to the 31 December 2024 due to higher equity for the period.

Interest expense to Income before interest expense increased due to the higher interest expense for the period.

Return on asset slightly increased in the three months ended 31 March 2025 compared to that of the three months ended 31 March 2024 due to the higher annualized income for 2025..

Return on equity increased due primarily to the higher annualized income for the period.

Material Changes to the Company's Balance Sheet as of March 31, 2025 compared to December 31, 2024 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term investments and investments at amortized costs decreased from ₱45,596 million as of 31 December 2024 to ₱40,685 million as of 31 March 2025 or a 11% decrease due to cash flows used in financing activities for the period.

Receivables including current portions slightly increased from ₱121,314 million as of 31 December 2024 to ₱123,848 million as of 31 March 2025 due to sales recorded for the period.

Project development costs increased by 10% from ₱2.092 million as of 31 December 2024 to ₱2,311 million as of 31 March 2025 due primarily to increase in advances for future project developments.

Investment properties increased by 3% from ₱134,752 million as of 31 December 2024 to ₱138,325 million as of 31 March 2025 due primarily to capitalized interest for the period.

Other assets (current and non-current) including cost to obtain increased by 12% from ₱7,717 million as of 31 December 2024 to ₱8,659 million as of 31 March 2025 due to the increase in withholding taxes and prepaid expenses for the period.

Security deposits and advance rent decreased by 20% from ₱1,712 million as of 31 December 2024 to ₱1,364 million as of 31 March 2025 due reclassification to non current portion for the period.

Income tax payable increased by 8% from ₱133 million as of 31 December 2024 to ₱144 million as of 31 March 2025 due to higher unpaid balances payable on the next reporting period.

Dividends payable decreased by 9% from ₱477 million as of 31 December 2024 to ₱433 million as of 31 March 2025 due to settlements for the period.

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Deferred tax liabilities – net increased by 6% to ₱16,287 million as of 31 March 2025 from ₱15,428 million as of 31 December 2024 due primarily to an increase in temporary difference that will result to a potential tax liability for the period arising from the full adoption of PFRS 15.

Other noncurrent liabilities increased by 21% from ₱2,521 million as of 31 December 2024 to ₱3,059 million as of 31 March 2025 due primarily to the increase in noncurrent portion of liabilities for deferred output tax.

Material Changes to the Company's Statement of income for the 3-months of 2025 compared to the 3-months of 2024 (increase/decrease of 5% or more)

Revenue from real estate sales of ₱5,850 million for the three months ended 31 March 2025, an increase of 5% from ₱5,559 million for the three months ended 31 March 2024. This was primarily attributable to the increase in the overall completion rate of sold inventories of some of its business units as well as the recognition of the significant financing component for the period. The Company uses the percentage of completion method of revenue recognition where revenue is recognised in reference to the stages of development of the properties.

Interest income from instalment contracts receivable decreased by 22% from ₱135 million for the three months ended 31 March 2024 to ₱105 million for the three months ended 31 March 2025. The decrease was primarily attributable to the decrease in the number of buyers obtaining in-house financing.

Parking, hotel, mall administrative and processing fee, and other revenue decreased by 9% from ₱370 million for the three months ended 31 March 2024 to ₱338 million for the three months ended 31 March 2025. The decrease was primarily attributable to the decrease in hotel and other revenues specifically forfeitures for the period.

Cost of real estate sales increased by 12% from ₱1,788 million for the three months ended 31 March 2024 to ₱2,007 million for the three months ended 31 March 2025 primarily due to the increase in the number of sold homes completed or under construction.

Operating expenses decreased by 16% from ₱2,826 million for the three months ended 31 March 2024 to ₱2,384 million for the three months ended 31 March 2025 with decreases of (1) transportation and travel from ₱30 million for the three months ended 31 March 2024 to ₱17 million for the three months ended 31 March 2025 due to the lower travel related expenses; (2) depreciation from ₱595 million for the three months ended 31 March 2024 to ₱474 million for the three months ended 31 March 2025 due to lower carrying value; and (3) professional fees from ₱684 million for the three months ended 31 March 2024 to ₱218 million for the three months ended 31 March 2025 due to lower services availed for the period.

Interest income from investments and other income decreased by 18% from ₱421 million for the three months ended 31 March 2024 to ₱344 million for the three months ended 31 March 2025. The decrease was due to the lower balance of our investments at amortized costs for the period.

Interest and other financing charges increased by 26% from ₱1,862 million for the three months ended 31 March 2024 to ₱2,338 million for the three months ended 31 March 2025. The increase was primarily attributable to the lower capitalisation for the period.

Provision for income tax decreased by 8% from ₱963 million for the three months ended 31 March 2024 to ₱883 million for the three months ended 31 March 2025 primarily due to the lower taxable base for the period.

The Company's net income increased by 5% from ₱3,226 million for the three months ended 31 March 2024 to ₱3,399 million for the three months ended 31 March 2025.

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.

PART II - OTHER INFORMATION

Item 3. 3-months of 2025 Developments

A. New Projects or Investments in another line of business or corporation.

None

B. Composition of Board of Directors

Manuel B. Villar, Jr.	Chairman of the Board
Manuel Paolo A. Villar	Vice Chairman, President & CEO
Cynthia J. Javarez	Director, Treasurer & CRO
Frances Rosalie T. Coloma	Director
Camille A. Villar	Director
Justina F. Callangan	Independent Director
Cherrylyn P. Caoile	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

On January 2, 2025, the Board of Directors of the Company approved the schedule of declaration and distribution of Cash Dividends in 2025 to all stockholders of the Corporation's outstanding Series 2A Preferred Shares (VLL2A) and Series 2B Preferred Shares (VLL2B). Please see pertinent details below:

Preferred Shares	**Period**	**Dividend per Share** (in Php)	**Record Date**	**Payment Date**
VLL2A	4Q2024	1.9973	December 16, 2024	January 4, 2025
	1Q2025		March 20, 2025	April 4, 2025
	2Q2025		June 20, 2025	July 4, 2025
	3Q2025		September 22, 2025	October 4, 2025
VLL2B	4Q2024	2.100	December 16, 2024	January 4, 2025
	1Q2025		March 20, 2025	April 4, 2025
	2Q2025		June 20, 2025	July 4, 2025
	3Q2025		September 22, 2025	October 4, 2025

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable.

H. Other information, material events or happenings that may have affected or may affect market price of security.

None.

I. Transferring of assets, except in normal course of business.

None.

<u>Item 4. Other Notes as of 3-months of 2025 Operations and Financials.</u>

J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None.

K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

L. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

See Notes to Financial Statements and Management Discussion and Analysis.

N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

O. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

None.

P. Existence of material contingencies and other material events or transactions during the interim period

None.

Q. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

S. Material commitments for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development and construction requirements which are well within the regular cash flow budget coming from internally generated funds.

T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of March 31, 2025, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 3-months of 2025 financial statements.

U. Significant elements of income or loss that did not arise from continuing operations.

None.

V. Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

W. Seasonal aspects that had material effect on the financial condition or results of operations.

None.

X. Disclosures not made under SEC Form 17-C.

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

Vista Land & Lifescapes, Inc.
Issuer

By:

BRIAN N. EDANG
CFO & Head Investor Relations

Date: May 26, 2025