IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

Important: You must read the following before continuing. The following applies to the Offering Circular following this page ("**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of this Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN AN OFFERING CIRCULAR THAT WILL BE DISTRIBUTED TO YOU ON OR PRIOR TO THE CLOSING DATE AND NOT ON THE BASIS OF THE ATTACHED DOCUMENTS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and, by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to any offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that such offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Company (as defined in the Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited (the "**Arrangers**"), the Dealers (as defined in the Offering Circular), Citicorp International Limited (the "**Trustee**"), Citibank, N.A., London Branch (the "**Registrar, Issuing and Paying Agent and Transfer Agent**"), any person who controls any Arranger or any Dealer or the Trustee or the Registrar, Issuing and Paying Agent and Transfer Agent, or any director, officer, employee or agent of any Arranger or any of the Dealers or of the Trustee, Registrar, Issuing and Paying Agent and Transfer Agent, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers and the Dealers.

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OFFERING CIRCULAR

VLL International, Inc.

(incorporated in the Cayman Islands with limited liability)

U.S.$2,000,000,000

Medium Term Note Programme

Unconditionally and Irrevocably Guaranteed By

Vista Land & Lifescapes, Inc.

(incorporated in the Philippines with limited liability)

and

the Subsidiary Guarantors

Under the Medium Term Note Programme described in this Offering Circular (the "**Programme**"), VLL International, Inc. (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**") unconditionally and irrevocably guaranteed (the "**Guarantees**") by Vista Land & Lifescapes, Inc. and the Subsidiary Guarantors as defined herein (collectively, the "**Guarantors**"). The Subsidiary Guarantors are subsidiaries of Vista Land & Lifescapes, Inc.

The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$2,000,000,000 (or its equivalent in other currencies), subject to increase as described herein. As of the date of this Offering Circular, we have issued under the Programme U.S.$720,457,000 of Notes.

Approval in-principle has been granted by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Unlisted series of Notes may also be issued pursuant to the Programme. The relevant Pricing Supplement (as defined herein) in respect of any series of Notes will specify whether or not such Notes will be listed on the SGX-ST (or any other stock exchange). There is no assurance that the application to the Official List of the SGX-ST for the listing of the Notes will be approved. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Programme, the Notes, the Guarantees, the Issuer, the Guarantors and/or its subsidiaries. Investors are advised to read and understand the contents of this document before investing. If in doubt, investors should consult their advisers.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or, in the case of Notes being offered or sold in reliance on Category 2 of Regulation S of the Securities Act, to, or for the account or the benefit of U.S. persons unless an exemption from the registration requirement of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*".

The Notes of each Series issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**Temporary Bearer Global Note**") or a permanent global note in bearer form (each a "**Permanent Bearer Global Note**"). Notes in registered form ("**Registered Notes**") will be represented by a global note in registered form (each a "**Registered Global Note**" and together with any Temporary Bearer Global Notes and Permanent Bearer Global Notes, the "**Global Notes**"), one Registered Global Note being issued in respect of each Noteholder 's entire holding of Notes in registered form of one Series. Global Notes may be deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), or with a sub-custodian for the Central Moneymarkets Unit Service ("**CMU**") operated by the Hong Kong Monetary Authority. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Form of the Notes*".

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Note unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the abilities of the Issuer and the Guarantors to fulfil their respective obligations in respect of the Notes are discussed under *"Risk Factors"* contained in this Offering Circular.

This Offering Circular is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation").

GLOBAL COORDINATORS AND ARRANGERS

(listed in alphabetical order)

DBS Bank Ltd. **HSBC**

DEALERS

(listed in alphabetical order)

Credit Suisse **DBS Bank Ltd.** **HSBC**

The date of this Offering Circular is 13 July 2020.

Each of the Issuer and Vista Land & Lifescapes, Inc. (Vista Land & Lifescapes, Inc., or Vista Land & Lifescapes, Inc. and its consolidated subsidiaries, the "**Company**", as the context requires), having made all reasonable enquiries, confirms that to the best of their knowledge and belief (i) this Offering Circular contains all material information with respect to the Issuer and the Company, and to the Notes, (ii) all statements of fact relating to the Issuer, the Company and the Notes contained in this Offering Circular are in every material respect true and accurate and not misleading in any material respect, and that there are no other facts in relation to the Issuer, the Company and the Notes the omission of which would in the context of the issue of the Notes make any statement in this Offering Circular misleading in any material respect, (iii) the statements of intention, opinion, belief or expectation with regard to the Issuer and the Company contained in this Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions, and (iv) all reasonable enquiries have been made by the Issuer and the Company to ascertain such facts and to verify the accuracy of all such statements.

Each Tranche (as defined in "*Summary of the Programme*") of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called a pricing supplement (the "**Pricing Supplement**"). This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Company, the Arrangers, the Dealers, the Trustee and the Agents (as defined in the Conditions) to inform themselves about and to observe any such restrictions. None of the Issuer, the Company, the Arrangers, the Dealers, the Trustee and the Agents represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action would be required for such purposes. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular and any Pricing Supplement, see "*Subscription and Sale*".

No person has been authorised by the Issuer, the Company, the Arrangers, the Dealers, the Trustee or the Agents (as defined in the Conditions) to give any information or to make any representation other than those contained in this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantors, the Arrangers, any Dealer, the Trustee or any Agent. Neither the delivery of this Offering Circular or any Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Company or any of them since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or create any implication that the information contained herein is correct as at any date subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantors, the Arrangers, the Dealers, the Trustee or the Agents to subscribe for or purchase any Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted by the Arrangers, the Dealers, the Trustee or the Agents as to the accuracy, completeness or sufficiency of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Company in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arrangers, the Dealers, the Trustee or the Agents. Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Company, the Arrangers, any of the Dealers, the Trustee or any of the Agents that any recipient of this Offering Circular should purchase any Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

There are restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the Financial Services and Market Act 2000, as amended (including by the Financial Services Act 2012) ("**FSMA**") with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with. See "*Subscription and Sale*".

MiFID II PRODUCT GOVERNANCE/TARGET MARKET: The Pricing Supplement (as defined in the Offering Circular) in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Global Coordinators and Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs/IMPORTANT – EEA AND UK RETAIL INVESTORS: If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) No 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) ("SECURITIES AND FUTURES ACT"):

Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In connection with the offering of any Series of Notes, each Dealer is acting or will act for the Issuer in connection with the offering and no one else and will not be responsible to anyone other than the Issuer for providing the protections afforded to clients of that Dealer nor for providing advice in relation to any such offering.

For a description of other restrictions, see "*Subscription and Sale*".

CONVENTIONS WHICH APPLY TO THIS OFFERING CIRCULAR

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**Philippines**" are references to the Republic of the Philippines. All references to the "**BSP**" are references to Bangko Sentral ng Pilipinas, the central bank of the Philippines. All references to the "**Government**" herein are references to the government of the Republic of the Philippines. All references to "**United States**" or "**U.S**". herein are to the United States of America. All references to "**Philippine pesos**" and "**₱**" herein are to the lawful currency of the Philippines, and all references to "**U.S. dollars**" or "**U.S.$**" herein are to the lawful currency of the United States. All references to the "**PSE**" are to the "**Philippine Stock Exchange**". All references to the "**Company**" or "**Vista Land**" are to Vista Land and Lifescapes, Inc., and its subsidiaries, as the context requires. All references to the "**Company**" are to Vista Land & Lifescapes, Inc. or Vista Land & Lifescapes, Inc. and its consolidated subsidiaries, as the context requires. All references to the "**Issuer**" are to VLL International, Inc., a wholly owned subsidiary of the Company, incorporated in the Cayman Islands with limited liability. All references to "**Brittany**" are to Brittany Corporation; all references to "**Camella Homes**" are to Camella Homes, Inc.; all references to "**Crown Asia**" are to Crown Asia Properties, Inc.; all references to "**Communities Philippines**" are to Communities Philippines, Inc.; all references to "**Vista Residences**" are to Vista Residences, Inc.; and all references to "**Vistamalls, Inc.** (formerly Starmalls, Inc.)" are to Vistamalls, Inc. (formerly Starmalls, Inc.) and its subsidiaries, as the context requires. All references to the "**Villar Family**" are to Mr. Manuel B. Villar, Jr., Ms. Cynthia A. Villar, and their children, Manuel Paolo, Mark and Camille Lydia. All references to "**Fine**" are to Fine Properties, Inc., a company controlled by the Villar Family. All references to "**OFs**" are to overseas Filipinos. All references to "**communicity**" or "**communicities**" are to the Company's integrated property development model featuring residential, retail, BPO and other real estate classes. References to "Mega Manila" are to Metro Manila and the neighboring provinces of Bulacan, Cavite, Laguna and Rizal.

PRESENTATION OF FINANCIAL INFORMATION

The financial information included in this Offering Circular has been derived from the consolidated financial statements of the Company. Unless otherwise indicated, the description of the Company's business activities in this Offering Circular is presented on a consolidated basis. Unless otherwise indicated, financial information in this Offering Circular has been prepared in accordance with Philippine Financial Reporting Standards ("PFRS").

In this Offering Circular, references to "**2019**", "**2018**" and "**2017**" refer to the years ended 31 December 2019, 31 December 2018 and 31 December 2017, respectively. SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited ("**SGV & Co.**"), has audited, and rendered an unqualified audit report on the Company's consolidated financial statements as of 31 December 2019 and 2018 and for the years ended 31 December 2019, 2018 and 2017, in accordance with Philippine Standards on Auditing ("**PSA**"). The Company's unaudited interim condensed consolidated financial statements as of 31 March 2020 and for the three months ended 31 March 2020 and 2019, prepared under Philippine Accounting Standard 34, Interim Financial Reporting ("**PAS 34**"), and included in this Offering Circular, have been reviewed by SGV & Co. in accordance with Philippine Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("**PSRE 2410**"). A review conducted in accordance with PSRE 2410 is substantially less in scope than an audit conducted in accordance with PSA and, as stated in its review report appearing in this Offering Circular, SGV & Co. did not audit and does not express any opinion on such unaudited interim condensed consolidated financial statements included in this Offering Circular. Accordingly, the degree of reliance on its review report on such information should be restricted in light of the limited nature of the review procedures applied.

Unless otherwise indicated, the description of the Company's business activities in this Offering Circular is presented on a consolidated basis. For further information on the Company's corporate structure, see "*Business – Overview*", "*Business – History*", and "*Business – Corporate Structure*".

In this Offering Circular, references to "**EBIT**" are to consolidated net income before interest and other financing charges and provision for income taxes and excluding unrealised foreign exchange gain or loss and interest income from investments and references to "**EBITDA**" are to consolidated net income before interest and other financing charges, provision for income taxes, depreciation and amortisation and impairment and excluding foreign exchange losses – net and interest income from investments. EBIT and EBITDA are not measures of performance under PFRS, and investors should not consider EBIT or EBITDA in isolation or as alternatives to net income as an indicator of the Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBIT and EBITDA calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

For convenience, certain Philippine peso amounts have been translated into U.S. dollar amounts, based on the prevailing exchange rate on 31 March 2020 of ₱51.044 = U.S.$1.00 being the average of buying and selling rates of exchange for Philippine peso against U.S. dollar quoted by the BSP, and published in the major Philippine financial press for that date on the following business day. Such translations should not be construed as representations that the Philippine peso or U.S. dollar amounts referred to could have been, or could be, converted into Philippine pesos or U.S. dollars, as the case may be, at that or any other rate or at all. For further information regarding rates of exchange between the peso and the U.S. dollar, see "*Exchange Rate Information*". On 7 July 2020, the BSP rate was ₱49.459 = U.S.$1.00. Figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same item of information may vary and figures which are totals may not be an arithmetic aggregate of their components.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR ANY PERSON(S) ACTING FOR IT) (THE "**STABILISING MANAGER(S)**") IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED TIME. ANY STABILISATION ACTION OR OVERALLOTMENT MUST BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

BASIS FOR CERTAIN MARKET DATA

Market data and certain industry forecasts and other data used throughout this Offering Circular were obtained or derived from internal surveys, market research, governmental data, publicly available information and/or industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information are not guaranteed and have not been independently verified by the Issuer or the Guarantors or the Arrangers or the Dealers or the Trustee or the Agents. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Guarantors, the Arrangers, the Dealers, the Trustee or the Agents make any representation or warranty, express or implied, as to the accuracy or completeness of such information. In addition, such information may not be consistent with other information compiled within or outside the Philippines.

ENFORCEABILITY OF FOREIGN JUDGMENTS

The Company and Subsidiary Guarantors are organised under the laws of the Republic of the Philippines. All or a substantial portion of the Company's and Subsidiary Guarantors' assets are located in the Philippines. The Company and the Subsidiary Guarantors have consented to service of process in England. It may be difficult for investors to effect service of process outside of the Philippines upon the Company. Moreover, it may be difficult for investors to enforce judgments against the Company outside the Philippines in any action pertaining to the Notes. In addition, all of the directors and the officers of the Company are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Issuer is an exempted company incorporated under the laws of the Cayman Islands with limited liability. The Issuer has consented to service of process in England. It may be difficult for investors to effect service of process outside of the Cayman Islands upon the Issuer. Moreover, it may be difficult for investors to enforce judgments against the Issuer outside the Cayman Islands in any actions pertaining to the Notes. In addition, substantially all of the directors and the officers of the Issuer are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Cayman Islands predicated upon the laws of jurisdictions other than the Cayman Islands.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments but is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Judgments obtained against the Company in any foreign court may be recognised and enforced by the courts of the Philippines in an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment. However, such foreign judgment or final order may be rejected in the following instances: such judgment was obtained by collusion or fraud, the foreign court rendering such judgment did not have jurisdiction, such order or judgment is contrary to good customs, public order, or public policy of the Philippines, the Company did not have notice of the proceedings before the foreign court or such judgment was based upon a clear mistake of law or fact.

Although there is no statutory enforcement in the Cayman Islands of judgments obtained in England or the Philippines, a judgment obtained in either jurisdiction will be recognised and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment:

(a) is given by a foreign court of competent jurisdiction;

(b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given;

(c) is final;

(d) is not in respect of taxes, a fine or a penalty; and

(e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Among the important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- risks relating to the Company's business;
- the Company's ability to successfully implement its strategy;
- the Company's ability to successfully manage aggressive growth;
- changes in the Philippine real estate market and the demand for the Company's housing and land development and retail mall and BPO commercial centre development;
- the Company's ability to maintain its reputation for on-time project completion;
- risks relating to the Philippines;
- the condition and changes in the Philippine, Asian or global economies;
- future political instability in the Philippines;
- changes in interest rates, inflation rates and the value of the Philippine peso against the U.S. dollar and other currencies;
- changes in Government regulations, including tax laws, or licensing in the Philippines;
- competition in the property investment and development industries in the Philippines; and
- risks relating to the presentation of financial and other information in this Offering Circular.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those disclosed under "*Risk Factors*". These forward-looking statements speak only as of the date of this Offering Circular. Each of the Issuer, the Guarantors, the Arrangers and the Dealers expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with:

(i) each relevant Pricing Supplement;

(ii) all amendments and supplements from time to time to this Offering Circular; and

(ii) any annual or interim financial statements (whether audited or unaudited) of the Company that are appended to or circulated with this Offering Circular or are dated as at a date, or for a period ending, subsequent to those financial statements appearing elsewhere in this Offering Circular,

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the Company's registered office at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City 1746, Philippines and the specified office of the Paying Agent set out at the end of this Offering Circular.

SUPPLEMENTAL OFFERING CIRCULAR

Each of the Issuer and the Guarantors has given an undertaking to the Arrangers and the Dealers that in the event of (i) a significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of the Notes arising or being noted, (ii) a change in the condition of the Issuer and/or the Guarantors which is material in the context of the Programme or the issue of any Notes or (iii) this Offering Circular otherwise coming to contain an untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained therein not misleading or if it is necessary at any time to amend this Offering Circular to comply with, or reflect changes in, the laws or regulations of the Cayman Islands, the Philippines or any other relevant jurisdiction, the Issuer and the Guarantors shall update or amend this Offering Circular (following consultation with the Arrangers and the Dealers and the relevant Dealer (if any)) by the publication of a supplement to it or a new Offering Circular, in each case in a form approved by the Arrangers and the Dealers.

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SUMMARY

This summary highlights information contained elsewhere in this Offering Circular. This summary is qualified in its entirety by more detailed information and financial statements, including notes thereto, appearing elsewhere in this Offering Circular. Investors are recommended to read this entire Offering Circular carefully, including the Company's consolidated financial statements and related notes and the section entitled "Risk Factors".

Vista Land is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country with a presence in more than 147 cities and municipalities and a land bank of approximately 3,000 hectares as of 31 March 2020, located in areas in proximity to major roads and primary infrastructure. Since it commenced operations in 1977, Vista Land has built over 400,000 homes as of 31 March 2020. The Company believes that it is one of the few leading integrated property developers in the Philippines that is focused on the affordable market. In 2017, 2018, 2019, and the three months ended 31 March 2020, the Company recorded consolidated revenues from real estate sales of ₱27,594.4 million, ₱31,856.1 million, ₱32,827.9 million (U.S.$643.1 million) and ₱7,200.2 million (U.S.$141.1 million), respectively. In addition to providing a wide range of housing products to its customers across all income segments through its residential property development business, the Company is involved in commercial property development through its retail mails and BPO commercial centres.

Historically, Vista Land's primary business has been the development and sale of horizontal real estate projects, which comprise residential lots and units in the affordable, upper mid-cost and high-end housing segments. Vista Land subsequently expanded into the development and sale of vertical residential projects, including low-to high-rise condominium developments. For the year ended 31 December 2019 and the three months ended 31 March 2020, house and lot sales comprised approximately 87% and 77% of revenue from residential sales, respectively, while the remaining residential sales were sales of condominium units. For the same periods, the Company believes that its market share in the "house and lot" segment in the Philippines is approximately 64% and 65%, respectively. The Company harnesses over 40 years of professional expertise in residential real estate development and believes it has established a nationwide presence, superior brand recognition and proven track record in homebuilding. Its projects include master-planned developments and stand-alone residential subdivisions which offer lots, house and lots and condominium units to customers in the affordable, upper mid-cost and high-end market segments. The Company has developed numerous "themed" housing and land development projects inspired by Mediterranean, Swiss, Italian, American, Caribbean and American Southern architecture and design. The Company believes that strict attention to detail in the execution of these themed communities helps to distinguish it from other companies.

The Company is continuously developing Vista Alabang, an integrated urban development that combines lifestyle retail, prime office space, a university town, themed residential developments and leisure components. The Vista Alabang project covers a total of 1,500 hectares strategically located where the cities of Muntinlupa and Las Piñas, and the provinces of Cavite and Laguna, meet. Vista Alabang is an example of the Company's "communicity" development model, or fully integrated developments with residential, retail and BPO components along with additional components such as utilities and township infrastructure, hotels, healthcare facilities and educational institutions. Vista Alabang is a template for the Company's ongoing and future communicity developments. As of 31 March 2020, the Company has identified about 24 areas from its existing projects around the country that are suitable for communicity developments.

The Company operates its residential property development business and commercial property development business through six distinct business units, namely Camella Homes, Communities Philippines, Crown Asia, Brittany, Vista Residences and Vistamalls, with details as follows:

- Camella Homes. For over 40 years, Camella Homes has serviced the affordable housing segment (houses priced below ₱5 million) in the Mega Manila area. Camella Homes markets its houses primarily under the "Camella" brand. According to the July 2018 Philippine Survey and Research Center ("**PSRC**") "MANA 2018" Study, Camella was acknowledged as the most preferred brand overall in the Philippine housing market, with a brand awareness rate of 98%. For the year ended 31 December 2019 and the three months ended 31 March 2020, Camella Homes recorded ₱14,284.7 million (U.S.$279.9 million) and ₱1,605.6 million (U.S.$31.5 million) in real estate revenues, respectively, representing 44% and 22% of the Company's total real estate revenues, respectively;

- Communities Philippines. Communities Philippines and its subsidiaries offer residential properties outside the Mega Manila area under the "Camella" and "Crown Asia" brands. In the last five years, the majority of Communities Philippines' new projects were launched under the "Camella" brand, the Company's affordable housing brand. The Company believes that Communities Philippines and its subsidiaries have the widest coverage of developments in the regions outside Mega Manila of any homebuilder in the Philippines. The Company utilizes Camella Homes' expertise and designs to offer houses in areas outside of the Mega Manila area that it believes are on par, in terms of quality, with the developments in the Mega Manila area. For the year ended 31 December 2019 and the three months ended 31 March 2020, Communities Philippines and its subsidiaries recorded ₱14,608.9 million (U.S.$286.2 million) and ₱4,159.9 million (U.S.$81.1 million) in real estate revenues, respectively, representing 45% and 58% of the Company's total real estate revenues, respectively;

- Crown Asia. Crown Asia caters to the upper mid-cost housing segment in Mega Manila, primarily offering houses priced between ₱5 million and ₱14 million. For the year ended 31 December 2019 and the three months ended 31 March 2020, Crown Asia recorded ₱1,062.0 million (U.S.$20.8 million) and ₱279.9 million (U.S.$5.5 million) in real estate revenues, respectively, representing 3% and 4% of the Company's total real estate revenues, respectively;

- Brittany. Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱14 million and above. For the year ended 31 December 2019 and the three months ended 31 March 2020, Brittany recorded ₱453.7 million (U.S.$8.9 million) and ₱14.8 million (U.S.$0.3 million) in real estate revenues, respectively, representing 1% and 0% of the Company's total real estate revenues, respectively;

- Vista Residences. Vista Residences offers vertical residential projects primarily in the Mega Manila area in the low to upper mid-cost housing segments. Vertical home projects generally involve longer project development periods as well as facilities, amenities and other specifications not often found in horizontal homes. For the year ended 31 December 2019 and the three months ended 31 March 2020, Vista Residences recorded ₱2,418.6 million (U.S.$47.4 million) and ₱1,140.0 million (U.S.$22.3 million) in real estate revenues, respectively, representing 7% and 16% of the Company's total real estate revenues, respectively; and

- Vistamalls (formerly, Starmalls, Inc.). Vistamalls is a major developer, owner and operator of retail malls that target retail consumers in the Philippines and also develops and operates BPO commercial centres. For the year ended 31 December 2019 and the three months ended 31 March 2020, Vistamalls recorded ₱6,730.4 million (U.S.$131.8 million) and ₱1,902.4 million (U.S.$37.3 million) in rental income, respectively.

In 2019, the Company introduced its "CoHo" brand, short for "Condo Homes", for affordable and high quality mid-rise (five to 15 storeys) residential condominium projects located in highly urbanized cities across the country. The Company's CoHo projects aim to elevate the lifestyle of young professionals and young families. CoHo offers mostly one bedroom units with an area of at least 30 square meters, with prices starting at ₱3.0 million.

In addition to launching the CoHo brand, in 2019, the Company launched 50 residential projects in the Philippines, comprising 27 projects for the affordable housing market and 23 vertical projects. In 2020, the Company launched two residential projects in the affordable housing market. Of the residential projects launched in 2019 and 2020, 43 projects and two projects are located in areas outside Metro Manila, respectively. As of 31 March 2020, the Company's projects can be found in 147 cities and municipalities in 49 provinces throughout the Philippines, including in the Mega Manila areas as well as outside major central business districts. The Company also has an extensive nationwide land bank available for future development. As of 31 March 2020, the Company owned approximately 2,616.8 hectares of raw land ready for development, with an additional 331.2 hectares available for development under joint venture agreements. See "*Business – Land Bank*".

In 2017, 2018, 2019 and for the three months ended 31 March 2020, respectively, Vista Land recorded:

- ₱34,839.7 million, ₱40,261.4 million, ₱42,897.3 million (U.S.$840.4 million) and ₱9,929.6 million (U.S.$194.7 million) of total revenue;

- ₱13,455.2 million, ₱15,525.7 million, ₱15,641.6 million (U.S.$306.5 million) and ₱3,493.9 million (U.S.$68.6 million) of total operating income (computed as revenue less costs and expenses); and

- ₱9,062.7 million, ₱10,534.4 million, ₱11,609.2 million (U.S.$227.5 million) and ₱2,438.3 million (U.S.$48.0 million) of net income.

As of 31 December 2018 and 2019 and 31 March 2020, respectively, Vista Land had:

- ₱238,262.0 million, ₱272,538.6 million (U.S.$5,339.3 million) and ₱274,335.3 million (U.S.$5,374.6 million) of total assets; and

₱146,355.3 million, ₱172,586.0 million (U.S.$3,381.1 million) and ₱171,946.3 million (U.S.$3,368.4 million) of total liabilities.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

- **Integrated property developer with market leadership in horizontal residential projects targeted towards end users and retail malls with strong brand recognition across the Philippines.**

  ➢ *Horizontal residential projects*

    o Clear focus on end-users

    o Strong brand recognition nationwide

    o Barriers to competition

  ➢ *Retail malls and BPO commercial centres*

  ➢ *Integrated developments – Communicities*

- **Benefits from synergies between the residential and commercial development platforms, particularly the Vistamalls retail mall and BPO platform, strengthening Vista Land's position as a top four integrated property developer.**

  ➢ *Enhanced and more recurring revenue opportunities*

  ➢ *Funding synergies*

  ➢ *Lower land costs for retail mall and BPO projects*

  ➢ *Enhanced scale*

- **Enhanced recurring revenue contribution and profitability from the Vistamalls retail mall and BPO platform and other commercial property developments.**

- **Well-positioned to benefit from favourable Philippine demographic, economic and development trends, including continued demand from the OF segment.**

- **Diverse product offerings in order to benefit from growth in different market segments and to capitalise on demand across the full spectrum of homebuyers.**

- **Geographically diverse project portfolio and land bank across the Philippines, with a strong nationwide footprint.**

- **Prudent financial management and strong balance sheet providing headroom for capital expenditure to fund expansion plans.**

- **Strong and experienced management team with a demonstrated execution track record.**

BUSINESS STRATEGY

The Company's strategy is premised on three key pillars: (i) strengthening its market position as an integrated property developer with a key focus on horizontal residential developments and retail mall and BPO operations; (ii) diversifying its revenue streams through the continued development of its commercial platform while enhancing the value and attractiveness of its properties; and (iii) improving its capital efficiency and financial flexibility.

- **Continue to develop its integrated developer model with market leadership and strong brand recognition in the Philippines.**
  - ➢ *Maximize synergies with the retail mall and BPO platform*
  - ➢ *Integrate other commercial leasing assets into its communicities*
  - ➢ *Enhance project attractiveness.*
- **Strengthen market leadership in horizontal residential projects while expanding the Company's retail mall and BPO footprint.**
  - ➢ *Continue to focus on key market segments*
  - ➢ *Improve project execution efficiency*
  - ➢ *Capture demand from overseas Filipinos*
  - ➢ *Generate a strong pipeline of retail malls and BPO facilities that can be developed within existing Vista Land communicities*
- **Diversify revenue base.**
  - ➢ *Increasing investment in retail malls and other commercial leasing assets*
  - ➢ *Increasing mid-rise residential developments via the launch of CoHo*
  - ➢ *Continuing to opportunistically invest in high-rise vertical projects*
- **Improve capital efficiency for land banking activities and financial flexibility.**
  - ➢ *Optimize use of joint ventures for capital efficiency*
  - ➢ *Focus on diversifying funding sources to improve financial flexibility*

ISSUER INFORMATION

The Issuer is an exempted company incorporated under the laws of the Cayman Islands with limited liability. The Issuer's registered offices are located at Vistra (Cayman) Limited, P.O. Box 3119, Grand Pavilion, Hisbiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands, and its telephone number at that address is +1 345 949 2648.

COMPANY INFORMATION

The Company is a Philippine corporation with its registered office located at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City, Philippines. The Company's telephone number is +63-3-226-3552. The Company has been listed on the PSE since 2007. Its corporate website is http://www.vistaland.com.ph. The information on the website is not incorporated by reference into this Offering Circular.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables present summary consolidated financial information for the Company and should be read in conjunction with the auditors' reports and with the Company's consolidated financial statements and notes thereto contained in this Offering Circular. The summary historical consolidated statements of financial position data as of 31 December 2018 and 2019 and summary historical consolidated statements of comprehensive income and cash flow data for the years ended 31 December 2017, 2018 and 2019 set forth below have been derived from the audited consolidated financial statements, including the notes thereto, included elsewhere in this Offering Circular. The summary historical consolidated statement of financial position data as of 31 March 2020, and summary historical consolidated statements of comprehensive income and cash flow data for the three months ended 31 March 2019 and 2020 have been derived from the Company's unaudited interim condensed consolidated financial statements, as reviewed by SGV & Co. in accordance with PSRE 2410 and included elsewhere in this Offering Circular. Unless otherwise stated, the Company has presented its consolidated financial results for annual and interim periods in accordance with PFRS and PAS 34, respectively. The summary information below is not necessarily indicative of the results of future operations. Furthermore, the translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP rate as of 31 March 2020 (the last date in March 2020 that such rate was published) of ₱51.044 = U.S.$1.00.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions, except for share figures)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
STATEMENT OF COMPREHENSIVE INCOME							
REVENUE							
Real estate	27,594.4	31,856.1	32,827.9	643.1	8,074.0	7,200.2	141.1
Rental income	5,625.2	6,464.7	7,748.4	151.8	1,639.7	2,197.5	43.1
Interest income from installment contracts receivable	543.5	680.1	576.8	11.3	137.0	181.8	3.6
Parking, hotel, mall administrative and processing fee, and other revenue	1,076.6	1,260.5	1,744.1	34.2	347.1	350.1	6.9
	34,839.7	40,261.4	42,897.2	840.4	10,197.8	9,929.6	194.7
COSTS AND EXPENSES							
Costs of real estate sales	13,303.6	15,177.2	15,768.5	308.9	3,838.9	3,742.6	73.3
Operating expenses	8,080.9	9,558.5	11,487.1	225.0	2,871.0	2,693.1	52.8
	21,384.5	24,735.7	27,255.6	533.9	6,709.9	6,435.7	126.1
OTHER INCOME (EXPENSES)							
Interest income from investments	1,202.6	1,225.8	1,508.9	29.6	393.5	335.2	6.6
Interest and other financing charges	(3,384.2)	(4,169.8)	(3,567.9)	(69.9)	(643.8)	(936.3)	(18.3)
	(2,181.6)	(2,944.0)	(2,059.0)	(40.3)	(250.3)	(601.1)	(11.7)
INCOME BEFORE INCOME TAX	11,273.6	12,581.7	13,582.6	266.2	3,237.6	2,892.8	56.9
PROVISION FOR INCOME TAX	2,210.9	2,047.3	1,973.4	38.7	614.7	454.5	8.9
NET INCOME	**9,062.7**	**10,534.4**	**11,609.2**	**227.5**	**2,622.9**	**2,438.3**	**48.0**

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions, except for share figures)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
OTHER COMPREHENSIVE INCOME (LOSS)							
Cumulative translation adjustments	(227.8)	(147.7)	71.5	1.4	2.7	(1.0)	(0.0)
Changes in fair value of available-for-sale (AFS) financial assets	250.3	–	–	–	(5.0)	(1.0)	(0.0)
Remeasurement gain (loss) – net of tax on pension liabilities	147.2	80.4	16.4	0.3	–	–	–
Changes in fair value on equity investments at fair value through other comprehensive income	–	23.0	11.0	0.2	–	–	–
OTHER COMPREHENSIVE INCOME, NET OF TAX	169.7	(44.3)	98.9	1.9	(2.3)	(2.0)	(0.0)
TOTAL COMPREHENSIVE INCOME	**9,232.4**	**10,490.1**	**11,708.1**	**229.4**	**2,620.6**	**2,436.3**	**48.0**
Basic/diluted earnings per share[(1)]	0.686	0.798	0.889	0.017	0.200	0.184	0.004

Note:

(1) There were 12,828,153,168 shares outstanding as of 31 December 2017, 12,823,692,618 shares outstanding as of 31 December 2018, 12,670,318,529 shares outstanding as of 31 December 2019 and 12,698,007,676 shares outstanding as of 31 March 2020.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited			Unaudited	
	As of 31 December			As of 31 March	
	2018	2019		2020	
		(in millions)			
	₱	₱	U.S.$	₱	U.S.$
STATEMENT OF FINANCIAL POSITION ASSETS					
Current Assets					
Cash and cash equivalents	20,022.2	13,945.2	273.2	8,921.9	174.8
Short-term cash investments	139.9	210.8	4.1	193.6	3.8
Available-for-sale financial assets	–	–	–	–	–
Held-to-maturity investments	–	–	–	–	–
Receivables	36,306.2	38,438.3	753.0	42,188.1	826.5
Cost to obtain	747.5	1,033.8	20.3	1,015.0	19.9
Receivable from related parties	4,706.9	5,155.6	101.0	5,592.8	109.6
Investment in amortized cost	–	2,103.6	41.2	2,389.0	46.8
Real estate inventories	41,946.9	41,400.8	811.1	42,496.1	832.5
Other current assets	6,012.5	8,026.9	157.3	8,997.6	176.3
Total current assets	109,882.1	110,315.0	2,161.2	111,794.1	2,190.2
Noncurrent Assets					
Investments at amortized cost	27,483.1	31,688.6	620.8	30,990.4	607.1
Investments at FVOCI	106.5	117.5	2.3	116.5	2.3
Receivables – net of current portion	17,334.8	19,395.3	380.0	19,076.5	373.7
Cost to obtain	529.0	532.1	10.4	549.7	10.8
Long-term cash investments	–	–	–	–	–
Available-for-sale financial assets	–	–	–	–	–
Held-to-maturity investments	–	–	–	–	–
Investment properties	73,930.6	101,434.9	1,987.2	102,741.2	2,012.8
Land and improvements	–	–	–	–	–
Property and equipment	1,613.9	2,547.3	49.9	2,629.4	51.5
Investments and advances in project development costs	4,465.3	4,150.6	81.3	4,279.5	83.8
Goodwill	147.3	147.3	2.9	147.3	2.9
Pension assets	213.3	267.9	5.2	212.2	4.2
Deferred tax assets – net	846.7	484.3	9.5	325.1	6.4
Other noncurrent assets	1,709.4	1,457.9	28.6	1,473.4	28.9
Total noncurrent assets	128,379.9	162,223.7	3,178.1	162,541.2	3,184.4
Total assets	**238,262.0**	**272,538.6**	**5,339.3**	**274,335.3**	**5,374.6**

	Audited			Unaudited
	As of 31 December			As of 31 March
	2018	2019		2020
		(in millions)		
	₱	₱	U.S.$	₱	U.S.$
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts and other payables	15,736.9	13,164.1	257.9	12,894.1	252.6
Customers' advances and deposits	1,297.8	1,469.5	28.8	1,214.8	23.8
Income tax payable	44.4	67.2	1.3	141.6	2.8
Dividends payable	33.4	68.9	1.3	12.7	0.2
Current portion of:					
Contract liabilities	1,617.3	1,726.1	33.8	1,635.1	32.0
Notes payable	4,761.0	2,440.7	47.8	3,035.1	59.5
Bank loans	5,332.8	5,731.4	112.3	6,100.0	119.5
Loans payable	336.7	3,131.4	61.3	2,686.8	52.6
Lease liabilities	–	32.7	0.6	30.8	0.6
Total current liabilities	29,160.3	27,832.0	545.1	27,751.0	543.6
Noncurrent Liabilities					
Contract liabilities – net of current portion	707.6	764.1	15.0	885.4	17.3
Bank loans – net of current portion	39,143.2	41,443.7	811.9	40,947.6	802.2
Loans payable – net of current portion	2,447.4	273.5	5.4	239.6	4.7
Notes payable – net of current portion	69,526.0	90,749.5	1,777.9	89,962.4	1,762.4
Lease liabilities – net of current portion	–	3,081.2	60.4	3,098.8	60.7
Pension liabilities	–	–	–	–	–
Deferred tax liabilities – net	3,920.3	4,007.8	78.5	4,207.3	82.4
Other noncurrent liabilities	1,450.5	4,434.2	86.9	4,854.2	95.1
Total noncurrent liabilities	117,195.0	144,754.0	2,836.0	144,195.3	2,824.8
Total liabilities	**146,355.3**	**172,586.0**	**3,381.1**	**171,946.3**	**3,368.4**
Equity					
Capital stock:					
Common stock	13,114.1	13,114.1	256.9	13,114.1	256.9
Treasury shares	(7,184.3)	(7,740.3)	(151.6)	(7,740.3)	(151.6)
Preferred stock	33.0	33.0	0.6	33.0	0.6
Additional paid-in capital	30,655.4	30,655.4	600.6	30,655.4	600.6
Other comprehensive income	534.5	633.5	12.4	631.5	12.4
Retained earnings	52,736.8	60,953.0	1,194.1	63,289.7	1,239.9
Non-controlling interest	2,017.1	2,303.9	45.1	2,405.6	47.1
Total Equity	**91,906.6**	**99,952.6**	**1,958.1**	**102,389.0**	**2,005.9**
Total Liabilities and Equity	**238,261.9**	**272,538.6**	**5,339.2**	**274,335.3**	**5,374.3**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
CASH FLOWS FROM OPERATING ACTIVITIES							
Income before income tax	11,273.6	12,581.7	13,582.6	266.1	3,237.5	2,892.8	56.7
Adjustments for:							
Interest and other financing charges	3,384.2	4,169.8	3,567.9	69.9	643.8	936.3	18.3
Depreciation and amortization	1,305.2	1,480.1	2,292.1	44.9	530.1	588.5	11.5
Unrealised foreign exchange losses (gains)	(0.4)	(5.2)	5.2	0.1	(3.7)	0.9	0.0
Provision for impairment losses on investments at amortized costs	–	–	–	–	56.4	54.8	1.1
Retirement expense, net of benefits paid and contribution to retirement plan	76.5	42.1	15.2	0.3	16.7	8.6	0.2
Interest income	(1,202.6)	(1,358.3)	(1,508.9)	(29.6)	(393.5)	(335.2)	(6.6)
Operating income before working capital changes	14,836.5	16,910.2	17,954.2	351.7	4,087.3	4,146.8	81.2
Decrease/(increase) in:							
Receivables	(7,092.7)	(11,391.2)	(4,105.4)	(80.4)	(4,844.2)	(3,443.1)	(67.5)
Real estate inventories	(3,836.3)	(679.2)	(4,443.5)	(87.1)	66.7	(226.8)	(4.4)
Other current assets	(1,295.9)	(3,919.8)	(1,893.9)	(37.1)	(144.7)	(905.5)	(17.7)
Pension assets	–	–	–	–	(33.6)	47.1	0.9
Increase/(decrease) in:							
Accounts and other payables	(1,385.7)	2,983.8	(6,251.4)	(122.5)	(2,104.2)	(1,273.2)	24.9
Contract liabilities	–	(144.7)	165.4	3.2	(587.7)	(52.4)	(1.0)
Security deposits and advance rent	946.1	83.3	855.9	16.8	506.5	30.3	0.6
Other noncurrent liabilities	286.0	(223.5)	3,785.5	74.2	1,256.0	178.4	3.5
Plan assets contributions paid	(51.6)	(52.8)	(60.7)	(1.2)	–	–	–
Net cash flows provided by (used in) operations	2,406.5	3,566.1	6,006.1	117.7	(1,797.9)	(1,498.5)	(29.4)
Income tax paid	(420.4)	(499.5)	(1,547.8)	(30.3)	(45.1)	(85.3)	(1.7)
Net cash flows provided by (used in) operating activities	**1,986.1**	**3,066.6**	**4,458.3**	**87.3**	**(1,843.1)**	**(1,583.8)**	**(31.0)**
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from:							
Maturity of investments at amortized cost	3,061.3	9,260.9	1,156.2	22.7	104.3	895.5	17.5
Short-term cash investments	–	205.7	135.9	2.7	60.5	17.2	0.3
Disposal of investments in FVTPL	–	6,623.9	–	–	–	–	–
Disposal of investments in FVOCI	–	38.1	–	–	–	–	–
Disposal of investment in AFS	2,211.9	–	–	–	–	–	–
Interest received	1,487.0	1,970.2	1,637.4	32.1	305.8	403.1	7.9
Acquisitions of:							
Investment properties	(6,051.3)	(12,270.2)	(13,599.4)	(266.4)	(4,496.2)	(117.5)	(2.3)
Investment at amortized costs	–	(13,825.2)	(8,916.3)	(174.7)	(7,170.3)	(563.3)	(11.0)
Property and equipment	(115.9)	(817.4)	(1,110.9)	(21.8)	(345.2)	(120.0)	(2.4)
Short-term cash investments	(245.6)	–	(206.8)	(4.1)	(93.5)	–	–
AFS financial assets	(7.3)	–	–	–	–	–	–
HTM investments	(4,127.8)	–	–	–	–	–	–
Systems development cost	(43.3)	(67.9)	–	–	–	–	–
Deductions from (Additions):							
Project development costs	(802.0)	(431.0)	314.6	6.2	(251.9)	(128.9)	(2.5)
Receivables from related parties	(1,071.3)	(1,070.2)	(448.7)	(8.8)	(252.7)	(437.3)	(8.6)
Restricted cash	–	–	20.9	0.4	–	–	–
Other noncurrent assets	(445.5)	35.1	(82.7)	(1.6)	(45.1)	(33.4)	(0.7)
Net cash flows used in investing activities	**(6,149.8)**	**(10,347.9)**	**(21,099.6)**	**(413.4)**	**(12,184.3)**	**(84.6)**	**(1.7)**

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from:							
Notes payable	15,844.8	18,069.8	25,000.0	489.8	–	–	–
Bank loans	6,618.9	11,880.1	7,470.0	146.3	3,038.3	5,034.7	98.6
Loans payable	2,318.5	1,727.6	3,333.7	65.3	1,216.6	273.2	5.4
Payments of:							
Lease liabilities	–	–	(212.8)	(4.2)	(34.4)	(60.5)	(1.2)
Dividends	(1,652.8)	(2,762.9)	(3,181.5)	(62.3)	(21.0)	(56.2)	(1.1)
Notes payable	(777.12)	(193.1)	(4,784.6)	(93.7)	(102.1)	(308.3)	(6.0)
Loans payable	(2,445.3)	(2,703.9)	(2,712.9)	(53.2)	(997.6)	(751.7)	(14.7)
Bank loans	(6,906.3)	(3,203.9)	(4,826.9)	(94.6)	(2,351.4)	(5,168.4)	(101.3)
Interest and other financing charges	(6,182.0)	(6,882.6)	(8,883.1)	(174.0)	(1,019.3)	(2,316.7)	(45.4)
Acquisition of treasury shares	(63.3)	(127.5)	(632.5)	(12.4)	(632.5)	–	–
Net cash flows provided by financing activities	**6,755.3**	**15,803.7**	**10,569.5**	**207.1**	**(903.4)**	**(3,353.9)**	**(65.7)**
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	0.4	5.2	(5.2)	(0.1)	3.7	(0.9)	(0.0)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,592.0	8,527.7	(6,077.0)	(119.01)	(14,927.0)	(5,023.3)	(98.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,902.5	11,494.5	20,022.2	392.3	20,022.2	13,945.2	273.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**11,494.5**	**20,022.2**	**13,945.2**	**273.2**	**5,095.1**	**8,921.9**	**174.8**

OTHER FINANCIAL INFORMATION

	Audited				Unaudited		
	As of and for the years ended 31 December				As of and for the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions, except for ratios and percentages)						
EBIT[(1)]	₱13,455.2	₱15,525.7	₱15,641.6	U.S.$306.5	₱3,487.9	₱3,493.9	U.S.$68.6
EBITDA[(2)]	₱14,764.1	₱17,005.8	₱17,986.3	U.S.$352.4	₱4,126.8	₱4,176.2	U.S.$81.9
Total debt[(3)]	₱90,300.9	₱118,763.1	₱140,365.3	U.S.$2,749.9	₱119,457.0	₱140,045.1	U.S.$2,743.6
Net debt[(4)]	₱50,142.1	₱71,117.8	₱92,417.1	U.S.$1,810.5	₱80,280.1	₱97,550.2	U.S.$1,911.1
Gross margin (%)[(5)]	51.8%	52.4%	52.0%	N/A	52.5%	48.0%	N/A
Debt-to-total capitalisation ratio (%)[(6)]	51.8%	56.4%	58.4%	N/A	55.9%	57.8%	N/A
Debt-to-EBITDA ratio[(7)]	6.1	7.0	7.8	N/A	7.0	7.8	N/A
Net debt to EBITDA ratio[(8)]	3.4	4.2	5.1	N/A	4.7	5.4	N/A
Total liabilities-to-total equity ratio (%)	138.0%	159.2%	172.7%	N/A	159.3%	167.9%	N/A
Current assets-to-current liabilities ratio	5.2	3.8	4.0	N/A	3.7	4.0	N/A
Debt-to-Equity[(9)]	1.07	1.29	1.40	N/A	1.27	1.37	N/A
Net debt-to-equity[(10)]	0.60	0.77	0.92	N/A	0.85	0.95	N/A
Debt-to-assets (%)[(11)]	45.2%	49.8%	51.5%	N/A	48.9%	51.0%	N/A
EBITDA to fixed charges[(12)]	2.97	3.01	2.44	N/A	2.89	2.30	N/A

Notes:

(1) EBIT is computed as consolidated net income before interest and other financing charges and provision for income taxes and excluding foreign exchange losses – net and interest income from investments. The following table sets forth further information with respect to the computation of EBIT:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
EBIT							
Consolidated net income	9,062.7	10,534.4	11,609.2	227.5	2,622.9	2,438.3	48.0
Interest and other financing charges	3,384.2	4,169.8	3,567.9	69.9	643.8	936.3	18.3
Interest income from investments	(1,202.6)	(1,225.8)	(1,508.9)	(29.6)	(393.5)	(335.2)	(6.6)
Foreign exchange losses (gains)	–	–	–	–	–	–	–
Provision for income tax	2,210.9	2,047.3	1,973.4	38.7	614.7	454.5	8.9
	13,455.2	**15,525.7**	**15,641.6**	**306.5**	**3,487.9**	**3,493.9**	**68.6**

(2) EBITDA is computed as EBIT, as defined in this Offering Circular, before depreciation and amortisation and impairment. The following table sets forth further information with respect to the computation of EBITDA:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
EBITDA							
EBIT	13,455.2	15,525.7	15,641.6	306.5	3,487.9	3,493.9	68.6
Depreciation and amortization	1,305.2	1,480.1	2,292.1	44.9	530.1	588.5	11.5
Impairment	3.7	–	52.6	1.0	108.8	93.8	1.8
	14,764.1	**17,005.8**	**17,986.3**	**352.4**	**4,126.8**	**4,176.2**	**81.9**

(3) Total debt computed as current and noncurrent portions of bank loans and notes payable.

(4) Net debt computed as total debt (as defined above) less the sum of consolidated cash and cash equivalents, short-term investments and long-term cash investments, available-for-sale financial assets (debt securities) and held-to-maturity investments.

(5) Represents gross profit (computed as real estate revenue less cost of real estate) as a percentage of real estate revenue.

(6) Computed as total debt (as defined above) divided by total debt plus total equity.

(7) Computed as total debt (at end of period) divided by EBITDA (last 12 months up to end of period):

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Total debt	90,300.9	118,763.1	140,365.3	2,749.9	119,457.0	140,045.1	2,743.6
EBITDA	14,764.1	17,005.8	17,986.3	352.4	17,032.2	17,983.3	352.3
Debt-to-EBITDA ratio	6.1	7.0	7.8	N/A	7.0	7.8	N/A

(8) Computed as net debt (at end of period) divided by EBITDA (last 12 months up to end of period):

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Net debt	50,142.1	71,117.8	92,417.1	1,810.5	80,280.1	97,550.3	1,911.1
EBITDA	14,764.1	17,005.8	17,986.3	352.4	17,032.2	17,983.3	352.3
Net debt-to-EBITDA ratio	3.4	4.2	5.1	N/A	4.7	5.4	N/A

(9) Debt-to-equity ratio is computed by dividing total debt by total equity.

(10) Net debt-to-equity ratio is computed by dividing net debt by total equity.

(11) Debt-to-assets ratio is computed by dividing total debt by total assets.

(12) EBITDA to fixed charges is computed by dividing EBITDA by fixed charges. Fixed charges are interest payments related to the interest-bearing debt including interest expense and capitalized interest and excluding interest income from investments.

SUMMARY OF THE PROGRAMME

The following is a general summary of the terms of the Notes issued under the Programme. The following summary is qualified in its entirety by the remainder of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Phrases used in this summary and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

Issuer	VLL International, Inc., an exempted company incorporated under the laws of the Cayman Islands.
Company	Vista Land & Lifescapes, Inc., a company incorporated under the laws of the Republic of the Philippines.
Guarantors	The Company and the Subsidiary Guarantors.
Subsidiary Guarantors	Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. and Vista Residences, Inc.
Description	Medium Term Note Programme.
Size	Up to U.S.$2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer, the Company and the Subsidiary Guarantors may increase the aggregate nominal amount of the Programme in accordance with the terms of the Programme Agreement.
Global Coordinators and Arrangers	DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited.
Dealers	Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and any other Dealer appointed in accordance with the Programme Agreement (as defined under "*Subscription and Sale*"). The Issuer, the Company and the Subsidiary Guarantors may from time to time terminate the appointment of any dealer under the Programme or appoint dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Dealers**" are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restriction applicable at the date of this Offering Circular.

Notes having a maturity of less than one year.	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Trustee and CMU Lodging and Paying Agent.	Citicorp International Limited.
Issuing and Paying Agent, Registrar and Transfer Agent . . .	Citibank, N.A., London Branch.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and/or the issue price), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the "**Pricing Supplement**").
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Clearing Systems	Clearstream, Luxembourg, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing the Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or deposited with a sub-custodian for the CMU. Global Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Issuing and Paying Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Company, the Subsidiary Guarantors and the relevant Dealer(s).

Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Company, the Subsidiary Guarantors and the relevant Dealer(s).
Specified Denomination	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central banks (or equivalent body) or any laws or regulations applicable to the relevant currency (see "*Certain Restrictions*" above).
Fixed Rate Notes	Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "*Terms and Conditions of the Notes*") will be made in such currencies, and based on such rates of exchange as the Issuer and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes (as defined in "*Terms and Conditions of the Notes*") or of interest in respect of Index Linked Interest Notes (as defined in "*Terms and Conditions of the Notes*") will be calculated by reference to such index and/or formula or to changes in prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.

Interest Periods and Interest Rates.	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Ranking	The Notes will be unsecured and will be the direct, unconditional and unsubordinated obligations of the Issuer. The Guarantees will be the direct, unconditional, unsubordinated and unsecured obligation of the Guarantors. The Notes will rank at least *pari passu* with all existing and future unsecured obligations of the Issuer. The Guarantees will rank at least *pari passu* with all existing and future unsubordinated and unsecured obligations of the Guarantors.
Taxation	All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Philippines (or certain other jurisdictions) or any authority therein or thereof having power to tax or, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except in circumstances specified in "*Terms and Conditions of the Notes – Taxation*".
Redemption	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement. Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.
Certain Covenants	The Issuer and the Guarantors have agreed in the Trust Deed constituting the Notes and the Conditions related thereto to observe certain covenants, including, among other things, incurrence of additional debt; restricted payments; sales and issuances of capital stock; grant of security interest; transactions with shareholders and affiliates; payment of dividends; mergers, acquisitions and disposals; payment of taxes; and certain other covenants. See "*Terms and Conditions of the Notes*".

Event of Default	Certain events will permit acceleration of the payment of the principal amount of the Notes (together with all interest and additional amounts accrued and unpaid thereon). These events include default with respect to the payment of principal of, premium, if any, or interest on, the Notes.
Listing and Trading	Approval in-principle has been granted by the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. If the application to the SGX-ST to list a particular series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least U.S.$200,000 (or its equivalent in other currencies). Unlisted Series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each series of Notes. The Pricing Supplement relating to each Series of Notes will state whether or not the Notes of such Series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.
Ratings	Notes issued under the Programme may be rated or unrated. Where an issue of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Governing Law	The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes or the Trust Deed will be governed by, and construed in accordance with, English law.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), Japan, Hong Kong, the Netherlands, the Philippines and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
Risks of Investing	Before making any investment decision, investors should carefully consider the risks associated with an investment in the Notes. These risks include: • risks relating to the Company's business; • risks relating to the Philippines; • risks relating to the Notes issued under the Programme and the Guarantees; • risks relating to Renminbi-denominated Notes;

	• risks relating to the structure of a particular issue of Notes; and • risks relating to the presentation of financial and other information in this Offering Circular. See "*Risk Factors*" beginning on page 19 of this Offering Circular, which, while not intended to be an exhaustive enumeration of all risks, should be considered in connection with a purchase of the Notes.
LEI of the Issuer.	549300MM90FMJYBZSV63

RISK FACTORS

An investment in the Notes involves a number of risks. Investors should carefully consider all the information contained in this Offering Circular, including the risk factors described below, before deciding to invest in the Notes. The occurrence of any of the following events could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Notes to decline. All or part of an investment in the Notes could be lost.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company's business and prospects are heavily dependent on the performance of the Philippine economy, and therefore any downturn in the general economic conditions in the Philippines could have a material adverse impact on the Company.

Historically, the Company has derived a substantial portion of its revenue from sales of real estate and homes located in the Philippines. After the acquisition of Vistamalls, a portion of its recurring revenue is derived from rents relating to its retail mall and BPO platform. The performance of the property and housing markets and the demand for, and prevailing prices of, shopping mall and office leases in the Philippines have historically been directly impacted by the performance of the Philippine economy in general, with property rates being affected by the supply and demand for comparable properties, the rate of Philippine economic growth and political and social developments.

Factors that have historically adversely affected and that may adversely affect the Philippine economy in the future include the following:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global markets;
- decreases in the amount of remittances received from OFs;
- decreases in or changes in consumption habits in the Philippines;
- decreases in property values;
- decreases in demand for housing and retail space;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the global market;
- the sovereign credit ratings of the Philippines;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, political, social or economic developments in or affecting the Philippines.

Any deterioration in economic conditions in the Philippines as a result of these or other factors could have a material adverse impact on the Philippine housing and property markets resulting in, among others, lower demand and values for real estate and increased difficulties on the part of tenants in meeting their lease and other financial obligations, which in turn would likely have a material adverse impact on the Company's business, financial condition, results of operations and prospects. For more information on the factors that could impact the Philippine economy, see "– *Risks Relating to the Philippines*".

A significant portion of demand for the Company's products is from overseas Filipinos, and therefore the Company's business is highly dependent on the ability and willingness of overseas Filipinos to purchase the Company's properties.

The Company is reliant on OFs to generate a significant portion of the demand for its housing and land development projects. For example, in 2017, 2018, 2019 and the three months ended 31 March 2020, a majority of the Company's total real estate sales were derived from sales to OFs, with OFs accounting for approximately 55% to 60% of Vista Land's residential sales in 2019 the three months ended 31 March 2020. Demand from OFs for the Company's properties could decrease if there is a reduction in the number of OFs, a reduction in the purchasing power of OFs or if there are reduced remittances from OFs. The following factors could lead to reductions in the foregoing:

- a downturn in the economic performance of the countries and regions where a significant number of potential OF customers are located, such as the United States, Italy, the United Kingdom, Hong Kong, Japan and the Middle East;

- a change in Government regulations that currently exempt the income of OFs from taxation in the Philippines;

- the imposition of restrictions by the Government on the deployment of OFs to particular countries or regions, such as the Middle East; and

- restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from OFs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Our business may be materially and adversely affected by the coronavirus outbreak and other adverse public health developments.

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China (the "**PRC**"), later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with thousands of confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. As of the date of this Offering Circular, the COVID-19 disease has continued to spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially.

Governments and health authorities around the world have imposed sweeping measures designed to contain the pandemic, including, among others, travel restrictions, border closures, curfews, quarantines, cancellations of gatherings and events and closures of universities, schools, restaurants, stores and other business. The economic repercussions of the pandemic and the efforts around the world to contain it have been severe, and include reduced global trade, lower industrial production, broad reductions in general consumption and economic activity and major disruptions to international travel and global air traffic.

In a move to contain the COVID-19 outbreak, on 12 March 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective 15 March 2020. On 16 March 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from 17 March 2020 and imposed an enhanced community quarantine ("**ECQ**") throughout the island of Luzon until 12 April 2020. On 24 March 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal as One Act", was signed into law, declaring a state of national emergency over the entire country, and authorizing the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On 7 April 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until 30 April 2020. On 1 May 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until 15 May 2020, while easing restrictions in other parts of the country. On 11 May 2020, the Inter-Agency Task Force of Emerging Infectious Disease ("**IATF**") placed high-risk local government units under modified ECQ ("**MECQ**") from 16 May 2020 until 31 May 2020, where certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On 27 May 2020, the IATF

reclassified various provinces, highly urbanized cities and independent component cities depending on the risk-level. Meanwhile, on 28 May 2020, the Government placed Metro Manila under general community quarantine ("**GCQ**"), allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue to evolve.

The Philippine Government expects the country's gross domestic product to fall by 2% to 3.4% due to the economic effects of the outbreak, and the resulting domestic shutdowns, reduced tourism, disrupted trade and manufacturing and financial market spillovers. On 7 May 2020, the National Economic Development Authority reported that the Philippine economy had slowed down for the first time in 22 years, contracting 0.2% in the first quarter of 2020, from a 5.6% growth rate in the first quarter of 2019.

The outbreak of the COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Company's business, financial condition and results of operations. These may include, temporary closures of the Company's facilities or premises, hospitalization or quarantine of its employees, delay or suspension of supplies from its suppliers, especially those located in the PRC, disruptions or suspension of its operational activities, labor shortage due to restrictions on its employees' ability to travel. For example, as a result of the COVID-19 outbreak, the Company experienced a significant decline in residential reservations in March and April 2020, as compared to the corresponding periods in 2019. Housing reservation sales decreased by 22% in the three months ended 31 March 2020 as compared to the same period in 2019 and real estate revenue decreased by 11% between those comparative periods. While reservation sales improved in May and June 2020, demand remained below pre-COVID-19 levels. Moreover, as a result of the quarantine measures implemented by the Government, the Company's malls were forced to close, resulting in a significant decline in footfall within malls, particularly those located within Metro Manila, as well as reduced rental revenue from tenants with variable rental rates. The Company has provided rent concessions, waiving 50% to 100% of rent, to certain tenants based on their profile and credit standing, in addition to the concessions that the Company is required to provide pursuant to the Bayanihan Act, such as rent payment deferrals. The Company recorded an impairment loss for rental receivables of ₱39.03 million in the three months ended 31 March 2020. See "*Business – Recent Developments*".

As of the date of this Offering Circular, the Company has incurred additional expenses relating to the purchase of protective equipment and health kits for its employees, the disinfection and reconfiguration of its premises, employment of additional company nurses, shuttle services for employees reporting to work and rapid testing, among others. The Company developed Vista Health App to monitor employees on a daily basis and reconfigured its offices to ensure compliance with social distancing policies. Although the Company has taken certain measures to try and minimize the negative effect of COVID-19 on its operations, there is no certainty that such measures will be sufficient or that the Company will not be required to incur additional expense to address the effect of COVID-19 on its operations. See "*Business – Recent Developments – Measures the Company Has Taken in Light of the COVID-19 Outbreak*".

In addition, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets. It is possible that the continued spread of COVID-19 could cause a global economic slowdown or recession. The deterioration of the regional economy and financial markets in general will have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, there is significant uncertainty relating to future developments of the outbreak of the COVID-19 and what actions the Philippine Government will take. The impacts of the outbreak of the COVID-19 on the Company's results of operations are highly uncertain.

The Company operates in a highly competitive market, and any inability to effectively compete could limit the Company's ability to maintain or increase its market share and maintain or increase profitability.

A substantial portion of the Company's revenues are derived from its operations in the highly competitive Philippine real property development market, including the residential housing market. The Company's results of operations depend on its ability to properly gauge the market for its projects when devising and executing its business strategies. Important factors that could affect the Company's ability to effectively compete include a project's location, particularly with respect to its proximity to transportation facilities and commercial centres, as well as the quality of the housing and related facilities offered by the Company

and the overall attractiveness of the project. If the Company's competitors are able to secure better locations or develop, market and sell more attractive properties than the Company, or if the Company is unable to properly gauge the market for its properties, then the Company's results of operations and prospects may be negatively impacted.

The Company may not be able to acquire land for new projects.

The Company's future growth and development are heavily dependent on its ability to acquire or enter into agreements to develop additional tracts of land suitable for the Company's planned real estate projects. The Company competes with its competitors to secure suitable sites for development. Given this competition and the limited availability of land, particularly in areas in and near Metro Manila and other urban areas in the Philippines, the Company may have difficulty acquiring tracts of land that are suitable in size, location and price. The Company may also have difficulty in attracting land owners to enter into joint venture agreements with the Company that will provide it with reasonable returns, if any. In the event the Company is unable to acquire suitable land or to enter into agreements with joint venture partners to develop suitable land at acceptable prices, with reasonable returns, if any, its growth prospects could be limited and its business and results of operations could be adversely affected. See "*Business – Land Bank – Land Acquisition*".

The real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding.

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant capital expenditures to complete existing projects and commence construction on new developments. For instance, the Company budgeted ₱40.00 billion for capital expenditures to be used for its real estate development projects in 2019, of which ₱38.28 billion was used within the year. Capital expenditures comprise expenses for acquisition of land, advances to joint ventures, land development and construction.

Historically, while the Company has funded a significant portion of its capital expenditure requirements internally from its real estate revenues, it has periodically utilised external sources of financing. This includes receivables rediscounting lines with banks and other financial institutions under the terms of which the Company, from time to time, sells instalment contract receivables on a "with recourse" basis.

However, there can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to continue funding its capital expenditure requirements internally, or that it will be able to externally obtain sufficient funds at acceptable rates to fund its capital expenditure budgets, or at all. Failure to obtain the requisite funds could delay or prevent completion of projects and materially and adversely affect the Company's business, financial condition and results of operations.

Substantial sales cancellations could have a material adverse effect on the Company's financial condition and operations.

The Company's business, financial condition and results of operations could be adversely affected in the event a material number of subdivision lot or house and lot sales are cancelled.

As a developer and seller of residential real estate, the Company is subject to Republic Act No. 6552 or the Realty Installment Buyer Act (the "**Maceda Law**"), which applies to all transactions or contracts involving the sale or financing of real estate through instalment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of instalments are granted a grace period of one month for every year of paid instalments to cure any payment default.

If the contract is cancelled, the buyer is entitled to receive a refund of at least 50.0% of the total payments made by the buyer, with an additional 5.0% per annum in cases where at least five years of instalments have been paid (but with the total not to exceed 90.0% of the total payments). Buyers who have paid less than two years of instalments and who default on instalment payments are given a 60-day grace period to pay all unpaid instalments before the sale can be cancelled, but without a right of refund. See "*Regulatory and Environmental Matters*".

If the Company were to experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or other similar situations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property at an acceptable price or at all. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, in the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenue would not have accurately reflected subsequent customer defaults or sales cancellations. As a result, the Company's historical income statements are not necessarily accurate indicators of the Company's future revenue or profits. For the sale of completed projects, once a customer has paid at least 5.0% of the total contract price, the Company recognises the total purchase price as part of its real estate sales and gross profit is recognised on such sales, subject to certain adjustments in the case of sales accounted for using the percentage of completion method. If a customer defaults on its payment obligations, or a sale is otherwise cancelled after the customer has paid the required down payment and the Company is unable to find another purchaser for such property, receivables from the cancelled sale booked in the balance sheet will be reversed but the Company does not reverse the revenue or gross profit corresponding to such cancelled sale.

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

The Company may not be able to lease its properties in a timely manner or collect rent at profitable rates or at all.

The Company's retail mall and BPO platform is subject to risks relating to the management of mall, BPO and other commercial tenants and could be affected by a number of factors including competition for tenants, changes in market rates, the inability to renew leases, bankruptcy of tenants, the increase in operating expenditures in view of the need to periodically renovate and repair spaces, and the ability to attract and retain anchor tenants and leading names in the retail market, and efficiency in collection, property management and tenant relations. In addition, adverse trends in the BPO industry could result in lower demand for leases of BPO spaces or the inability of existing BPO tenants to honour their lease commitments. The inability of the Company to lease spaces in its mall and BPO commercial centres could materially and adversely affect the Company's business, financial condition and results of operations.

The Company may not be able to successfully manage its growth or expansion strategies.

The Company intends to continue to pursue an aggressive growth strategy for its residential property business. In 2019, the Company launched a total of 50 projects comprising 27 projects for the affordable housing market, 22 mid-rise condominium projects and one vertical, while in the three months ended 31 March 2020, the Company launched a total of two projects for the affordable housing market. The Company's growth strategy for its housing and land development business may require the Company to manage relationships with an increasing number of customers, suppliers, contractors, service providers, lenders and other third parties. This substantial growth in projects will also require significant capital expenditures, which may entail taking on additional debt to finance housing and land development projects. The Company will need to manage its internal control and compliance functions so that it can comply with legal and contractual obligations and, at the same time, minimise operational and compliance risks. There can be no assurance that, in the course of implementing its growth strategy, the Company will not experience capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on the Company's reputation and on its business, results of operations or financial condition.

Similarly, the Company intends to continue its strategy of expanding its vertical residential development and commercial property leasing businesses. To this end, the Company intends to construct more vertical developments, retail malls and BPO commercial centres for lease to various retailers, BPO and other commercial tenants within or near its communicities. The Company's strategy to expand these businesses may require the Company to manage relationships with an increasing number of third parties such as potential retailers, suppliers, contractors and tenants. Moreover, vertical and commercial development and leasing are relatively new lines of business to the Company. As a result, the Company could encounter various issues associated with these businesses that it does not have extensive experience dealing with, such as applicable laws relating to commercial rental/tenancy laws and condominium construction and different operational and marketing requirements, among others. There can be no assurance that the Company's continued expansion into vertical developments, retail malls and BPO commercial centres and leasing will be successful, and as a result the Company's decision to pursue such expansion could have a material adverse effect on the Company's reputation and its business, results of operations or financial condition.

The Company may not be able to successfully manage its land bank, which could adversely affect its margins.

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

Increased inflation, fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.

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

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.

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

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.

- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the BSP on bank lending. If the Company were to reach the single borrower limit with respect to any bank, the Company may have difficulty obtaining financing with reasonable rates of interest from other banks.

- Increased inflation in the Philippines could result in an increase in the cost of raw materials, which the Company may not be able to pass on to its customers as increased prices.

- A further expansion in the budget deficit of the Government could also result in an increase in interest rates and inflation, which could in turn have a material effect on the ability of the Company to obtain financing at attractive terms, and on the ability of its customers to similarly obtain financing.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

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

Although the Philippines has adopted a system of land registration that is intended to conclusively confirm land ownership and is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases in the Philippines in which third parties have produced false or forged title certificates over land. From time to time the Company has had to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company. In the event a significant number of similar third-party claims are brought against the Company in the future or any such claims involves land that is material to the Company's projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

The Company may not be able to complete its development projects within budgeted project costs or on time or at all.

Property development projects require substantial capital expenditures prior to and during the construction period for, among other things, land acquisition and construction. The construction of property projects may take a year or longer before generating positive net cash flow through sales or pre-sales. As a result, the Company's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. The schedules of the Company's projects depend on a number of factors, including the performance and efficiency of its third-party contractors and its ability to finance construction. Other factors that could adversely affect the Company's project development schedules include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- changes in relevant regulations and government policies;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- other unforeseen problems or circumstances.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognising revenues and lower margins. This may also result in sales and resulting profits from a particular development not being recognised in the year in which it was originally expected to be recognised, which could adversely affect the Company's results of operations for that year. If a property project is not completed on time, the purchasers of pre-sold units within the project may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their pre-sale agreements and claim damages. The Company cannot assure you that it will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

A deterioration in the Company's reputation could have a material adverse effect on the Company's business and prospects.

The Company believes that it has a positive reputation among Filipino home buyers and that its continued success is largely based on its ability to maintain that reputation. If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell its housing and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.

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

The Company operates in a highly regulated environment and it is affected by the development and application of regulations in the Philippines.

The Philippines' property development industry is highly regulated. The development of real property projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("**DAR**") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

In July 2019, Senate Bill No. 256 or the Agricultural Land Conversion Ban Bill was filed which seeks to prohibit the conversion of irrigated and irrigable agricultural and for non-agricultural uses. The bill is currently pending before Senate Committee on Local Government. If passed into law, the ban may delay the implementation of the Company's proposed projects because the supply of land available for development may be limited. This may further lead to an increase in the acquisition cost of land and the development cost of the Company's projects.

Presidential Decree No. 957, as amended, ("**PD 957**") and Batas Pambansa Blg. 220 ("**BP 220**") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes.

Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks and unit sizes; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will not be revoked.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the Housing and Real Estate Development Regulation Bureau under the Department of Human Settlements and Urban Development based on its own findings or upon complaint from an interested party and there can be no assurance that the Company, its subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

The Company is subject to various environmental laws and regulations relating to the protection of the environment, human health and human safety. These include laws and regulations governing air emissions, water and waste water discharges, odour emissions and the management and disposal of, and exposure to, hazardous materials. Generally, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("**DENR**"). For environmentally-sensitive projects or in other cases at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("**EIA**") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("**ECC**") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting

its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and/or to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. See "*Regulatory and Environmental Matters*". The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

The loss of certain tax exemptions and incentives may increase the Company's tax liability and decrease any profits the Company might have in the future.

The Company benefits from certain tax exemptions and incentives under Philippine law and regulations, including provisions that exempt sales of residential lots, and sales of residential houses and lots from the value added tax ("**VAT**") of 12.0%, subject to certain conditions described below.

On 1 January 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN**") took effect. Under the said law, sales of real property utilized for low-cost and socialized housing as defined by Republic Act No. 7279 ("**R.A. 7279**"), sales of residential lots valued at ₱1.5 million or less, and sales of house and lot and other residential dwellings valued at ₱2.5 million or less are exempt from VAT. Beginning 1 January 2020, only sales of real property utilized for low-cost and socialized housing as defined by R.A. 7279 and sales of house and lot and other residential dwellings valued at ₱2 million or less will be exempt from VAT, provide that every three years thereafter, the amount herein stated shall be adjusted to its present value using the Consumer Price Index, as published by the Philippine Statistics Authority. In the event that sales of low-cost residential units become subject to VAT, the purchase prices for the Company's subdivision lots and housing and condominium units will increase and this could adversely affect the Company's sales. Moreover, taxes such as VAT generally affect, albeit indirectly, the levels of consumer spending. Consequently, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

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

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

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses or units that were designed or built by them for a period of 15 years from the date of completion of the house or unit. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house or unit sold by it when such hidden defects render the house or unit unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house or unit to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "**Building Code**"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. There can also be no assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

The inability of the Company's in-house financing customers to meet their payment obligations could have a material adverse effect on the Company's business and prospects.

The Company provides a substantial amount of in-house financing to its customers. As a result, and particularly during periods when interest rates are relatively high, the Company faces the risk that a greater number of customers who utilise the Company's in-house financing facilities will default on their payment obligations, which would require the Company to incur expenses, such as those relating to sales cancellations, foreclosures and eviction of occupants. Although the Company currently sells a portion of the receivables from its customers to commercial banks, most of these arrangements are with recourse to the Company, which means that the Company faces the risk of customer default. In addition, there is no assurance that the Company can re-sell any property once a sale has been cancelled. Therefore, the inability of its customers who obtain in-house financing from the Company to meet their payment obligations could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company derives a portion of its revenues from its in-house financing activities.

The Company provides in-house financing to its customers. In order for the Company to fund its in-house financing programme, it must be able to have the necessary cash flows from operating activities, investing activities and financing activities. There can be no assurance that the Company will continue to be able to maintain the necessary cash flows from its operations or derive income from investing activities or arrange financing on acceptable terms, if at all, to fund its in-house financing activities. In the event the Company is unable to obtain adequate funds for its in-house financing programmes, it may be compelled to scale back or even discontinue its in-house financing activities. This, in turn, could result in reduced sales as potential customers either may choose to purchase products from competitors who are able to provide in-house financing or may be unable to obtain mortgage financing from banks and other financial institutions. Further, if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Company derives from interest due on in-house financing. The inability of the Company to sustain its in-house financing activities could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is indirectly controlled by the Villar Family, and there is nothing to prevent the companies controlled by the Villar Family from competing directly with the Company.

As of 31 March 2020, Fine and its subsidiaries owned a total of 12,386,231,649 shares in the Company, representing 77.42% of the Company's total issued and outstanding shares, including 9,086,231,649 common shares and 3,300,000,000 preferred shares. In turn, Fine is controlled by members of the Villar Family, who either individually or collectively have controlled Fine since its inception. Members of the Villar Family also serve as directors and executive officers of Vista Land and Fine and other companies forming part of Vista Land, as well as their respective subsidiaries.

There is nothing to prevent companies that are controlled by the Villar Family from engaging in activities that compete directly with the Company's housing and land development businesses or activities, which could have a negative impact on the Company's business. There can also be no assurance that Fine and the Villar Family will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of Fine and the Villar Family, as the Company's controlling shareholders, may therefore differ significantly from or compete with the Company's interests, and Fine and the Villar Family may vote their Shares in a manner that is contrary to the interests of the Company. There can be no assurance that Fine and the Villar Family will exercise influence over the Company in a manner that is in the best interests of the Company.

The Villar Family's political involvement may have negative indirect effects on the Company.

Members of the Villar family have been and are currently involved in Philippine politics. Manuel B. Villar, Jr., patriarch of the Villar Family and Chairman of the Board of Directors of the Company, was a Senator of the Philippines who also ran for President in the May 2010 elections. Although Manuel B. Villar, Jr. is no longer a Senator, his wife Cynthia was elected Senator in the 2013 Philippine elections and re-elected in the 2019 elections. Their son, Mark Villar, currently serves as the Secretary of the Department of Public Works and Highways while their daughter, Camille Villar, assumed the position of Congresswoman of Las Piñas City in July 2019. Given the Villar family's involvement in politics, allegations of conflicts of interest, improper influence or corruption on the part of members of the Villar Family may have an adverse effect on the Company's business and goodwill.

The Company has a number of related-party transactions with affiliated companies.

The companies controlled by the Villar Family have a number of commercial transactions with the Company. As of 31 March 2020, the Company had outstanding amounts due from affiliated companies of ₱5,592.85 million. The Company had entered into a number of transactions with its related parties, which primarily consisted of advances and reimbursements of expenses, sale and purchase of real estate properties and development, management, marketing, leasing and administrative services agreements.

The transactions referred to above are described under "*Related Party Transactions*" and the notes to the Company's financial statements appearing elsewhere in this Offering Circular. The Company's practice has been to enter into contracts with these affiliated companies on commercial terms which are at least as favourable as the terms available to or from non-affiliated parties.

The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Villar Family. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between the Company and the Villar Family in a number of other areas relating to its businesses, including:

- major business combinations involving the Company and its subsidiaries;
- plans to develop the respective businesses of the Company and its subsidiaries; and
- business opportunities that may be attractive to the Villar Family and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

The Company is highly dependent on certain directors and members of senior management.

The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include: Manuel B. Villar, Jr., Chairman of the Board, Manuel Paolo A. Villar, President and Chief Executive Officer, Cynthia J. Javarez, Chief Operating Officer, Treasurer and Chief Risk Officer and Brian N. Edang, Chief Financial Officer and Head Investor Relations. If the Company loses the services of these key people and is unable to fill any vacant key executive or management positions with qualified candidates, its business and results of operations may be adversely affected.

The Company may be unable to attract and retain skilled professionals, such as architects and engineers.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects and engineers. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of the Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

The Company relies on third-party brokers to sell its residential housing and land development projects.

The Company relies on third-party brokers to market and sell its residential housing and land development projects to potential customers inside and outside of the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Company operates, and there can be no assurance that they will not favour the interests of their other clients over the interests of the Company in lease or sale opportunities, or otherwise act in the Company's best interests. There is competition for the services of third-party brokers in the Philippines, and many of the Company's competitors either use the same brokers as the Company or attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. Moreover, the Republic Act No. 9646 or The Real Estate Service Act of the Philippines and its implementing rules impose stringent requirements on the real estate sector, including the qualifications and licensing of real estate service practitioners. There can be no assurance that the imposition of these requirements will not affect the real estate service practice of the Company, or its ability to retain their existing third-party brokers or identify new third party brokers. These factors could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

Infringement of the Company's intellectual property rights would have a material adverse effect on the Company's business.

The Company has registered intellectual property rights for the "Vista Land", "Camella", "Lessandra", "Crown Asia", "Brittany", "Vista Residences", "Lumina", "Vistamalls" and "Starmalls" names, for the names of certain of its real estate products and for trademarks relating to the Company's brands. There can be no assurance that third parties will not assert rights in, or ownership of, the Company's name, trademarks and other intellectual property rights. Because the Company believes that the reputation and track record it has established under its brands is key to its future growth, the Company's business, financial condition and results of operations may be materially and adversely affected by the use of these names and of any associated trademarks by third parties or if the Company was restricted from using such trademarks.

Adoption of new accounting rules on revenue on construction of real estate may result in a restatement of the Company's financial statements for prior fiscal years which could be materially different from the audited consolidated financial statements of the Company included in this Offering Circular.

The consolidated financial statements of the Company as of 31 December 2017, 2018 and 2019 have been prepared in compliance with PFRS. PFRS includes Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee ("**PIC**").

The audited consolidated financial statements and the unaudited interim condensed consolidated financial statements attached to this Offering Circular include the following availment of reliefs granted by the Philippine SEC until 31 December 2020. Effective 1 January 2021, the following implementation guidance and interpretations will have to be adopted by the Company:

(1) Under Philippine SEC Memorandum Circular Nos. 14-2018 and 3-2019 for the following implementation issues of PFRS 15, Revenue from Contracts with Customers, affecting the real estate industry.

    a. Exclusion of land in the determination of percentage of completion discussed in PIC Q&A No. 2018-12-E;

    b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D; and

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

The implementation of the above interpretations is expected to impact the revenue recognition, accounting for financing implications of contracts and recording of repossessed inventories in the consolidated financial statements.

(2) Under SEC Memorandum Circular 4-2020 regarding the Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, Borrowing Cost) for the Real Estate Industry.

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

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations.

The Company's success depends partially on its ability to maintain a productive workforce. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

RISKS RELATING TO THE PHILIPPINES

Political instability in the Philippines could destabilise the country and may have a negative effect on the Company.

The Philippines has from time to time experienced political and military instability. In the last few years, there has been political instability in the Philippines, including impeachment proceedings against two former presidents and two chief justices of the Supreme Court of the Philippines, hearings on graft and corruption issues against various government officials, and public and military protests arising from alleged misconduct by previous and current administrations. There can be no assurance that acts of election-related or other political violence will not occur in the future, and any such events could negatively impact the Philippine economy. An unstable political environment, whether due to the impeachment of government officials, imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Philippines has also been subject to a number of terrorist attacks since 2000, and the Philippine armed forces have been in conflict with groups that have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. Political instability, acts of terrorism, violent crime and similar events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, the Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. There can be no assurance that any changes in such regulations or policies imposed by the Philippine government from time to time will not have an adverse effect on the Company's business, financial condition, results of operations and prospects.

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

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, massive flooding, droughts, volcanic eruptions and earthquakes. A number of climate experts believe that climate change is affecting the intensity and severity of these natural catastrophes. The potential effects of global climate change may include longer periods of drought in some regions and an increase in the number, duration and intensity of tropical storms in the country. Authorities may not be prepared or equipped to respond to such disasters. Recently, on 12 January 2020, Taal Volcano erupted causing ashfalls and earthquakes in Southern Luzon, some parts of Central Luzon, in Ilocos Region, and Metro Manila. The Philippine Institute of Volcanology and Seismology ("**PHIVOLCS**") issued an Alert Level 4, which means a hazardous explosive eruption may happen at any given moment. On 26 January 2020, PHIVOLCS downgraded the classification to Alert Level 3, which means a decreased tendency towards hazardous eruption. The danger zone was likewise reduced from a 14-kilometer radius from the volcano's main crater, to a 7-kilometer radius.

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

Further, the Company does not carry any insurance for certain catastrophic events, and there are certain losses for which the Company cannot obtain insurance at a reasonable cost or at all. The Company also does not carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

Acts of terrorism could destabilise the country and could have a material adverse effect on the Company's assets and financial condition.

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine army has been in conflict with various groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines as well as clashes with separatist groups. In January 2019, bombs were detonated in the Jolo Cathedral in the Municipality of Jolo, Sulu and a Mosque in Zamboanga City, Zamboanga del Sur. In May 2017, a clash erupted in Marawi, Lanao del Sur between government security forces and the ISIS-affiliated Maute group, following the government's offensive to capture alleged ISIS leader in Southeast Asia, Isnilon Hapilon, who was believed to be in the city. President Duterte immediately declared Martial Law in Mindanao amid protests from the opposition and sectors of civil society. In a special joint session convened on 22 July 2017, both Houses of Congress voted to extend Martial Law until the end of 2017. On 17 October 2017, President Duterte declared the liberation of Marawi City. The clashes resulted in the loss of lives of civilians, soldiers and ISIS-inspired extremists, as well as damage to property and livelihood of Marawi residents. The reconstruction of the city is on-going. On 13 December 2017, both Houses of Congress again granted President Duterte's request to extend Martial law in Mindanao until 31 December 2018. On 17 December 2018, Martial Law was extended for a final time by both Houses of Congress. Such extension expired on 31 December 2019.

An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilization could cause interruption to the Company's business and materially and adversely affect the Company's financial conditions, results of operations and prospects.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("**UNCLOS**"). Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. Actions taken by both sides have threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, a temporary suspension of tours to the Philippines by Chinese travel agencies and the rejection by China of the Philippines' request for arbitral proceedings administered in accordance with the UNCLOS to resolve the disputes.

In 2016, the Permanent Court of Arbitration ruled in favor of the Philippines against China over territorial disputes in the West Philippine Sea. The arbitral tribunal unanimously ruled, among others, that (a) China has "no historical rights" to the resources within the sea areas falling within the "nine-dash line;" (b) Chinese reclamation activity in the West Philippine Sea has caused irreparable damage to the environment, obligating the Chinese government to stop further activities in the West Philippine Sea; and (c) China had violated the Philippines' sovereign rights in its exclusive economic zone by interfering with Philippine fishing and petroleum exploration, constructing artificial islands, and failing to prevent Chinese fishermen from fishing in the zone. However, with no formal enforcement mechanism in place, the territorial dispute in the West Philippine Sea remains contentious.

On 9 June 2019, the fishing vessel F/B Gem-Ver 1 was damaged and sank in Recto Bank due to an alleged collision with a Chinese fishing vessel. This resulted in the endangered lives of 22 fisherfolk. The crew of a Vietnam fishing vessel rescued the Philippine fishermen from their sinking vessel as the latter signaled for help. The incident has prompted Supreme Court Justice Antonio Carpio to release a statement saying that the Philippine government cannot allow Chinese fishermen to fish within the Philippines' exclusive economic zone in the West Philippine Sea as it violates the Philippine Constitution. On 18 April 2020, the PRC declared some features in the Kalayaan Group of Islands, a municipality of the Palawan province of the Philippines and located in the West Philippine Sea, as under the Chinese districts of Ninsha and Xisha under the supposed administrative jurisdiction of its self-declared Sansha City. The Department of Foreign Affairs has objected to this move by Beijing, and has filed diplomatic protests with China over said incidents.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the operations of the Company could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial position and financial performance. Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or OF permits. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition and results of operations.

Investors may face difficulties enforcing judgments against the Company and the Subsidiary Guarantors.

It may be difficult for investors to enforce judgments against the Company and the Subsidiary Guarantors obtained outside of the Philippines. In addition, all of the directors and officers of the Company and the Subsidiary Guarantors are residents of the Philippines, and all or a substantial portion of the assets of such persons are located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is party to the United Nations Convention on the Enforcement and Recognition of Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, the Philippine Rules of Civil Procedure provide that a judgment or final order of a foreign court is, through the institution of an independent action, enforceable in the Philippines as a general matter, unless there is evidence that: (i) the foreign court rendering judgment did not have jurisdiction; (ii) the judgment is contrary to the laws, public policy, customs or public order of the Philippines; (iii) the party against whom enforcement is sought did not receive notice; or (iv) the rendering of the judgment entailed collusion, fraud, or a clear mistake of law or fact.

Foreign exchange regulations in the Philippines may limit the Company and the Subsidiary Guarantors' access to foreign currency for service of foreign-currency denominated debts, including its obligations under the Guarantee.

Under existing foreign exchange controls in the Philippines, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. Restrictions exist on the sale and purchase of foreign exchange in the Philippine banking system. In the past, the Government has instituted restrictions on the ability of foreign companies to use foreign exchange revenues or to convert Philippine pesos into foreign currencies to satisfy foreign currency-denominated obligations, and no assurance can be given that the Government will not institute such or other restrictive exchange policies in the future.

Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.

Although a principal objective of Philippine securities laws and PSE listing rules is to promote full and fair disclosure of material corporate information, there may be less publicly available information about Philippine public companies, such as the Company, than is regularly made available by public companies in the U.S. and other countries. As a result, Noteholders may not have access to the same amount of information or have access to information in as timely of a manner as may be the case for companies listed in the U.S. and many other jurisdictions. Furthermore, although the Company complies with the requirements of the Philippine SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. For example, the Philippine Securities Regulation Code and its Implementing Rules and Regulations ("**SRC**") requires the Company to have at least two independent Directors or such number of independent Directors as is equal to 20.0% of the Board, whichever is the lower number. The Company currently has two independent Directors. Other jurisdictions may require more independent directors.

Furthermore, corporate governance standards for public companies listed on the Philippine securities markets may differ from standards for securities markets in developed countries. Rules and policies against self-dealing and regarding the preservation of noteholder interests may be less well-defined and enforced in the Philippines than elsewhere, putting Noteholders at a potential disadvantage. Because of this, the directors of Philippine companies may be more likely to have interests that conflict with the interests of Noteholders generally, which may result in such directors taking actions that are contrary to the interests of Noteholders.

The Company's financing capabilities may be affected by the Philippine credit rating.

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are resident in the Philippines, such as the Company. There is no assurance that Moody's, S&P or other international credit rating agencies will not downgrade the credit rating of the Philippines in the future. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine government and Philippine companies, including the Company, to raise additional financing, and will increase borrowing and other costs.

RISKS RELATING TO THE NOTES ISSUED UNDER THE PROGRAMME AND THE GUARANTEES

The Issuer is a special purpose company with limited assets incorporated in the Cayman Islands.

It may be difficult for investors to effect service of process outside of the Cayman Islands upon the Issuer. Moreover, it may be difficult for investors to enforce judgments against the Issuer outside the Cayman Islands in any actions pertaining to the Notes. In addition, substantially all of the directors and the officers of the Issuer are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Cayman Islands predicated upon the laws of jurisdictions other than the Cayman Islands.

The Issuer is a finance company that will depend on payments under an intercompany loan to provide it with funds to meet its obligations under the Notes.

The Issuer was formed for the purpose of issuing the Notes; as such, the Issuer has no business operations or subsidiaries and, upon completion of this offering of Notes, its only assets will be the net proceeds from the issuance of the Notes, to the extent retained, and the intercompany advances it may make to the Company or to subsidiaries of the Company. Furthermore, the Trust Deed governing the Notes will prohibit the Issuer from engaging in any activities other than certain limited activities described in "*Terms and Conditions of the Notes – Covenants and Definitions*". Accordingly, the Issuer will be wholly dependent upon payments from the Company under the intercompany advances to make payments due on the Notes.

Substantial leverage and debt service obligations could adversely affect the Company's businesses and prevent the Issuer, the Company and the Subsidiary Guarantors from fulfilling their obligations under the Notes and the Guarantees.

Subject to limitations under the Trust Deed, the Company will be permitted to incur additional indebtedness in the future. For a summary of the Company's existing indebtedness as of the date of this offering, see "*Description of Indebtedness*". The degree to which the Company will be leveraged in the future, on a consolidated basis, could have important consequences for the Noteholders, including, but not limited to:

- making it more difficult for the Issuer, the Company and the Subsidiary Guarantors to satisfy their respective obligations with respect to the Notes and the Guarantees;
- increasing vulnerability to, and reducing the Company's flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of cash flow from operations to the payment of principal of, and interest on, the Company's consolidated indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- limiting flexibility in planning for, or reacting to, changes in the Company's businesses, the competitive environment and the industry in which the Company operates;
- placing Noteholders at a competitive disadvantage compared to the Company's competitors that are not as highly leveraged; and
- limiting the Company's ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could materially and adversely affect the Company's or the Subsidiary Guarantors' ability to satisfy debt obligations, including the Notes and the Guarantees.

The Company is subject to restrictive debt covenants that may limit the Company's ability to finance the Company's future operations and capital needs and to pursue business opportunities and activities.

The Trust Deed will, among other things, restrict the Company's ability to:

- incur or guarantee additional indebtedness;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Guarantors or their restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments and capital expenditures;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Guarantors or any of their restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities; and
- consolidate or merge with other entities.

In addition, certain of the Company's other indebtedness provide for restrictions and limitations on the Company's ability to pay dividends or make other distributions on the occurrence of certain events.

All of these limitations will be subject to significant exceptions and qualifications. See "*Terms and Conditions of the Notes – Covenants and Definitions*". These covenants could limit the Guarantors' ability to finance their future operations and capital needs and their ability to pursue business opportunities and activities that may be in the Company's interest.

The Company will require a significant amount of cash to meet its obligations under its indebtedness and to sustain its operations, which the Company may not be able to generate or raise.

The ability of the Issuer and the Company to make scheduled principal or interest payments on the Notes and the Company's ability to make payments on the Company's indebtedness and the Company's contractual obligations (see "*Description of Indebtedness*"), and to fund the Company's ongoing operations, will depend on the Company's future performance and the Company's ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this "*Risk Factors*" section, many of which are beyond the Company's control. If the Company's future cash flows from operations and other capital resources are insufficient to pay the Company's debt obligations, the Company's contractual obligations, or to fund the Company's other liquidity needs, the Company may be forced to sell assets or attempt to restructure or refinance the Company's existing indebtedness. No assurance can be given that the Company would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

Payments under the Notes and the Guarantees will be structurally subordinated to liabilities and obligations of certain of the Company's subsidiaries, and the Notes are not secured.

The Company has only a shareholder's claim on the assets of its subsidiaries. This shareholder's claim is junior to the claims that creditors of any such subsidiary have against it.

The Noteholders will only be creditors of the Issuer, the Company and the Subsidiary Guarantors, and not of the Company's other subsidiaries. In addition, the Noteholders will not have the benefit of any security interest over the shares of any of the Company's other subsidiaries or any security interest over the assets of any of the Company's other subsidiaries. As a result, liabilities of any of the Company's other subsidiaries will be effectively senior to the Notes. Any of these other subsidiaries may in the future have other liabilities, including contingent liabilities, that may be significant. Although the Trust Deed contains limitations on the amount of additional debt that the Company and certain of the Company's subsidiaries may incur, the amounts of such debt could be substantial. See "*Terms and Conditions of the Notes – Covenants and Definitions – Limitation on Indebtedness and Preferred Stock*".

Debt notarised under Philippine law has effective priority over a guarantee.

Under Philippine law, in the event of liquidation of a company, unsecured debt of the company (including guarantees of debt) which is evidenced by a public instrument as provided in Article 2244(14) of the Civil Code of the Philippines will rank ahead of unsecured debt of the company which is not so evidenced. Under Philippine law, a debt becomes evidenced by a public instrument when it has been acknowledged before a notary or any person authorised to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a jurat (which is a statement of the circumstances in which an affidavit is made) may be sufficient to constitute a debt evidenced by a public instrument.

Under bankruptcy laws, fraudulent transfer laws, financial assistance, insolvency or unfair preference or similar laws in Philippines or other jurisdictions where future subsidiary guarantors may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

(a) incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;

(b) received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

(c) received no commercial benefit; or

(d) was insolvent or rendered insolvent by reason of such incurrence.

In addition, a guarantee may be subject to review under applicable financial assistance, insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantors. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder was incurred for less than reasonably equivalent value or fair consideration.

The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase Notes upon the occurrence of certain events constituting a change of control as required by the Trust Deed.

Upon the occurrence of certain events constituting a change of control, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101.0% of the principal amount of the Notes. If a change of control were to occur, no assurance can be given that the Issuer and the Company would have sufficient funds available at such time to pay the purchase price of the outstanding Notes. A change of control may result in an event of default under, or acceleration of, other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not.

The change of control provision contained in the Trust Deed may not necessarily afford protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving the Guarantors that may adversely affect Noteholders, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Trust Deed.

Except as described under "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption upon Change of Control*", the Trust Deed does not contain provisions that require the Company to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction. The definition of "Change of Control" contained in the Trust Deed includes a disposition of all or substantially all of the assets of the Company and its restricted subsidiaries taken as a whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Company is required to make an offer to repurchase the Notes.

There has been no prior market for the Notes, an active trading market for the Notes may not develop, and the trading price of the Notes could be materially and adversely affected.

The Notes are a new issue of securities for which there is currently no trading market. The Company has been advised that the Dealers intend to make a market in the Notes, but are not obligated to do so and may discontinue such market making activity at any time without notice. The Company cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market were to develop, the Notes could trade at prices that may be lower than the initial offering price. The price at which the Notes trade depends on many factors, including but not limited to:

- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- the Company's financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. However, there can be no assurance that the Company will obtain or be able to maintain such a listing or that, if listed, a trading market will develop for the Notes on the SGX-ST. The Company does not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a holder's ability to dispose of the Notes.

The transfer of Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Guarantees have not been registered under, and Issuer and the Company are not obligated to register the Notes or the Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "*Subscription and Sale*". The Issuer and the Company have not agreed to or otherwise undertaken to register the Notes (including by way of an exchange offer), and the Issuer and the Company have no intention of doing so.

The Notes and the Guarantees will not be registered with the BSP and without BSP registration, the Issuer and the Guarantors cannot access the Philippine banking system to purchase U.S. dollars to fulfil their obligations under the Guarantees.

The Issuer and the Guarantors have not applied, and do not intend to apply, for approval of the issuance or registration of the Notes, the Guarantees or the issuance of other U.S. dollar-denominated debt obligations from the BSP. Thus, the Issuer and the Guarantors will not be able to purchase U.S. dollars from the Philippine banking system for the purpose of funding payments under the Notes and the Guarantees.

If a holder holds Notes which are not denominated in such holder's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in a holder not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if a holder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes; (2) the Investor's Currency equivalent value of the principal payable on the Notes; and (3) the Investor's Currency equivalent market value of the Notes.

The Government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency denominated obligations. The Monetary Board of the BSP, with the approval of the President of the Philippines, has statutory authority, during a foreign exchange crisis or in times of national emergency, to suspend temporarily or restrict sales of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee. None of the Issuer, the Company nor any Subsidiary Guarantor is aware of any pending proposals by the Government regarding such restrictions. Although the Government has from time to time made public pronouncements of a policy not to impose restrictions on foreign exchange, there can be no assurance that the Government will maintain such policy or will not impose economic or regulatory controls that may restrict free access to foreign currency. Any such restriction imposed in the future could adversely affect the ability of holders to repatriate foreign currency upon sale of the Notes or receipt of any dividends.

Holders may not receive definitive Notes for Notes with denominations involving integral multiples.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as specified in the applicable Pricing Supplement) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

Noteholders are required to rely on the procedures of the relevant clearing system and its participants while the Notes are cleared through the relevant clearing system.

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15.

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes.

The U.S. Foreign Account Tax Compliance Act (or "**FATCA**") imposes a new reporting regime and, potentially, a 30% withholding tax. Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may in the future affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if

any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the clearing systems and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

The Notes may enjoy tax concessions if they are deemed to be "qualifying debt securities".

Any tranche of Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2023 may be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore subject to the fulfilment of certain conditions more particularly described in the section "*Taxation – Singapore Taxation*".However, there is no assurance that such tranche of Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time."

The credit ratings assigned to the Notes may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue or Notes or the Programme. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes or the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Future discontinuance of the London interbank offered rate ("LIBOR") may adversely affect the value of Floating Rate Notes which reference LIBOR.

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the "**FCA**"), which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks".

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including LIBOR, EURIBOR or HIBOR, with respect to certain Floating Rate Notes. Interest rates and indices which are deemed to be or used as benchmarks are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs. Benchmark Events include (among other things) where a relevant Reference Rate ceases to be published for a period of at least five business days or ceases to exist, where a public statement has been made by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued or where it has become unlawful for any Paying Agent or Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Conditions), with or without the application of an adjustment spread and may include amendments to the Conditions (which may be effected by the Trustee, at the direction of the Issuer, without the consent of holders) to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser appointed by the Issuer.

An adjustment spread, if applied, could be positive or negative or zero and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of a relevant Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Reference Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing a relevant Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international or national reforms of benchmark rates of interests and indices in making any investment decision with respect to any Notes linked to or referencing a benchmark.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outward from the PRC.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement

of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover all provinces and cities in the PRC and to make Renminbi trade and other current account settlement available in all countries worldwide. Subject to limited exceptions, there is currently no specific PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account. Foreign investors may only remit offshore Renminbi into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case by case basis.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outward from the PRC.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Company will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Holders of beneficial interests in the Notes denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement mechanism for participating banks in Hong Kong.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC Central Government and the Hong Kong Government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and designated business customers. The People's Bank of China ("**PBOC**") has also established a Renminbi clearing and settlement mechanism for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited as the RMB clearing bank (the "**RMB Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert RMB; and there is no longer any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. On 2 April 2013, in line with the Free Trade Agreement between China and Singapore, the PBOC and the Monetary Authority of Singapore entered into a Memorandum of Understanding allowing Renminbi business to be conducted in Singapore. Under this arrangement, banks in Singapore are allowed to open Renminbi accounts for all corporations, and may provide them with Renminbi-denominated business services. PBOC has appointed the Industrial & Commercial Bank of China Singapore Branch ("**ICBC Singapore**") as the RMB clearing bank for Singapore to provide clearing and settlement to participating banks. ICBC Singapore commenced its Renminbi clearing services on 27 May 2013, clearing RMB1.6 billion worth of transactions on that day.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. As of 31 May 2013, according to the Hong Kong Monetary Authority Monthly Statistical Bulletin, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB698,481 million. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. They are only allowed to square their open positions with the RMB Clearing Bank after consolidating the RMB trade position of banks outside Hong Kong that are in the same bank group of the participating banks concerned with their own trade position, and the RMB Clearing Bank only has access to onshore liquidity support from the PBOC only for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, for

Hong Kong residents of up to RMB20,000 per person per day and for the designated business customers relating to the RMB received in providing their services. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

On 14 June 2012, the HKMA introduced a facility for providing Renminbi liquidity to authorized institutions participating in RMB business ("**Participating AIs**") in Hong Kong. The facility will make use of the currency swap arrangement between the PBOC and the HKMA. With effect from 15 June 2012, the HKMA will, in response to requests from individual Participating AIs, provide RMB term funds to the Participating AIs against eligible collateral acceptable to the HKMA. The facility is intended to address short-term RMB liquidity tightness which may arise from time to time, for example due to capital market activities or sudden need for RMB liquidity by the Participating AIs' overseas bank customers.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of its Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against the US dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. Subject to the applicable Pricing Supplement and Terms and Conditions, all payments of interest and principal with respect to Renminbi Notes will be made in Renminbi. As a result, the value of these Renminbi payments in US dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the US dollar or other foreign currencies, the value of investments in US dollar or other applicable foreign currency terms will decline.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes.

All payments to investors in respect of Renminbi Notes will be made solely by (i) when Renminbi Notes are represented by global certificates, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and/or Clearstream rules and procedures, or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including, but not limited to, in any other currency, by bank notes, by cheques or drafts or by transferring to a bank account in the PRC).

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Company.

An optional redemption feature of Notes is likely to limit their market value. During any period when the Company may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Company may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes.

The Company may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Company may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(a) the market price of such Notes may be volatile;

(b) they may receive no interest;

(c) payment of principal or interest may occur at a different time or in a different currency than expected;

(d) they may lose all or a substantial portion of their principal;

(e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to such a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes.

The Company may issue Notes where the issue price is payable in more than one installment. Any failure by an investor to pay any subsequent installment of the issue price in respect of the Notes could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes.

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Company has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Company may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Company converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favorable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Company converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

RISKS RELATING TO THE PRESENTATION OF INFORMATION IN THIS OFFERING CIRCULAR

Certain information contained herein is derived from unofficial publications.

Certain information in this Offering Circular relating to the Philippines, the industries in which the Company competes and the markets in which it operates, including statistics relating to market size, is derived from various government and private publications. Similarly, industry forecasts and other market research data have not been independently verified by the Company or the Global Coordinators and Arrangers, or any of their respective affiliates or advisors, and may not be accurate, complete, up to date or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons ("**Coupons**") attached, or registered form, without Coupons attached. Bearer Notes and Registered Notes will be issued outside the United States and to non-U.S. persons in reliance on Regulation S.

Notes to be listed on the SGX-ST will be accepted for clearance through Euroclear and Clearstream, Luxembourg and may also be accepted for clearance through the CMU and/or any other clearing system as specified in the applicable Pricing Supplement.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of either a Temporary Bearer Global Note or a Permanent Bearer Global Note (collectively, the "**Bearer Global Notes**" and each a "**Bearer Global Note**") as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to either (i) a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg or (ii) a sub-custodian for the Hong Kong Monetary Authority ("**HKMA**"), as operator of the CMU.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or Citicorp International Limited (the "**CMU Lodging and Paying Agent**") and (in the case of a Temporary Bearer Global Note delivered to a Common Depositary for Euroclear and Clearstream, Luxembourg) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent (as defined under "*Terms and Conditions of the Notes*").

On and after the date (the "**Exchange Date**") which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) in whole or in part upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given. The CMU may require that any such exchange for a Permanent Bearer Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified. The CMU may require the issue and deposit of such Permanent Bearer Global Note with its sub-custodian without permitting the withdrawal of the Temporary Bearer Global Note so exchanged, although any interests thereon exchanged shall have been properly effected in its records.

The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused. Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

In respect of a Bearer Global Note held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons, attached upon either (i) not less than 60 days' written notice (a), in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, Luxembourg, from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Issuing and Paying Agent as described therein and/or (b), in the case of Notes held through the CMU, from the relevant account holders therein to the CMU Lodging and Paying Agent as described therein, or (ii) only upon the occurrence of an Exchange Event.

For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg and, in the case of Notes cleared through the CMU, the CMU have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two authorised signatories of the Issuer has been given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or, (b) in the case of Notes held through the CMU, the relevant account holders therein or, in either case, the Trustee may give notice to the Issuing and Paying Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Issuing and Paying Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent or, as the case may be, the CMU Lodging and Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be.

For the purpose of any payments made in respect of a Bearer Global Note, the relevant place of presentation shall be disregarded in the definition of "Payment Day" set out in Condition 6.6.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a Registered Global Note. Prior to expiry of the distribution compliance period (as defined in Regulation S), if any, applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg or the CMU and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will (i) be deposited with, and registered in the name of a nominee of, a Common Depositary for Euroclear and Clearstream, Luxembourg or (ii) be deposited with a sub-custodian for and registered in the name of the HKMA as operator of the CMU, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form ("**Definitive Registered Notes**").

Payments of principal, interest and any other amount in respect of the Definitive Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes at the close of business on the relevant Record Date. None of the Issuer, the Guarantors, the Trustee, the Issuing and Paying Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

All payments in respect of Notes represented by a Registered Global Note will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the clearing system business day (being a day on which the relevant clearing system is open for business) immediately prior to the date for payment.

Interests in a Registered Global Note will be exchangeable (without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange), in whole but not in part, for Definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg and, in the case of Notes cleared through the CMU, the CMU have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to such effect from two Authorised Signatories of the Issuer has been given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) and/or, (b) in the case of Notes held through the CMU, the relevant account holders therein, may give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging and Paying Agent.

Notices

While the Notes are represented by a Global Note and such Global Note is deposited with a common depositary for Euroclear or Clearstream, Luxembourg or CMU Service, notices to the Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or CMU Service and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear, Clearstream, Luxembourg and the CMU, in each case to the extent applicable.

General

All Notes will be issued pursuant to the Trust Deed and the Agency Agreement (each as defined under "*Terms and Conditions of the Notes*").

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Issuing and Paying Agent or, as the case may be, the CMU Lodging and Paying Agent shall, if applicable, arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number which are different from the common code, ISIN and CMU instrument number assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear, Clearstream, Luxembourg or the CMU, each person (other than Euroclear, Clearstream, Luxembourg or the CMU) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors, the Trustee, the Agents and their respective agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantors, the Trustee, the Agents and their respective agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or otherwise approved by the Issuer, the Guarantors, the Issuing and Paying Agent, the Trustee and, as applicable, the Registrar. No Noteholder, Receiptholder or Couponholder (as defined under "*Terms and Conditions of the Notes*") shall be entitled to proceed directly against the Issuer or the Guarantors unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note(s) representing such Notes is exchanged for definitive Notes. In addition, in the event that the Global Note(s) is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer, the Guarantors and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Pricing Supplement" for a description of the content of the Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by VLL International, Inc. (the "**Issuer**") constituted by an Amended and Restated Trust Deed dated 16 November 2017 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Amended and Restated Trust Deed**") made between Camella Homes, Inc., Brittany Corporation, Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly known as Starmalls, Inc.) and Vista Residences, Inc. (together, the "**Subsidiary Guarantors**"), Vista Land & Lifescapes, Inc. (the "**Company**" and, together with the Subsidiary Guarantors, the "**Guarantors**"), the Issuer and Citicorp International Limited (the "**Trustee**", which expression shall include any successor as trustee or trustees under the Trust Deed), as supplemented by the First Supplemental Trust Deed to the Amended and Restated Trust Deed dated 13 July 2020 (the "**First Supplemental Trust Deed**" and, together with the Amended and Restated Trust Deed, the "**Trust Deed**") made between the Issuer, the Company, the Subsidiary Guarantors, and the Trustee.

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(b) any Global Note in bearer form (each a "**Bearer Global Note**");

(c) any Global Note in registered form (each a "**Registered Global Note**");

(d) any definitive Note in bearer form ("**Definitive Bearer Notes**" and, together with the Bearer Global Notes, the "**Bearer Notes**") issued in exchange for a Bearer Global Note; and

(e) any definitive Note in registered form ("**Definitive Registered Notes**" and, together with the Registered Global Notes, the "**Registered Notes**") (whether or not issued in exchange for a Registered Global Note).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 16 November 2017 and made between the Issuer, the Guarantors, the Trustee, Citibank, N.A., London Branch as issuing and paying agent (the "**Issuing and Paying Agent**", which expression shall include any successor or additional issuing and paying agent under the Agency Agreement) and as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent), Citicorp International Limited as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression shall include any successor or additional CMU lodging and paying agent), the other paying agents named therein (together with the Issuing and Paying Agent and the CMU Lodging and Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and Citibank N.A., London Branch as registrar (the "**Registrar**", which expression shall include any successor or additional registrar). For the purposes of these Terms and Conditions ("**Conditions**"), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

Interest bearing Definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the Instalment Amounts (other than the final Instalment Amount) attached on issue. Definitive Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in the Pricing Supplement attached to or endorsed on this Note which supplements the Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Pricing Supplement**" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the "**Noteholders**", which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the "**Receiptholders**") and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series with such Tranche of Notes and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof at 50th Floor, Champion Tower, 3 Garden Road, Central, Hong Kong and at the specified office of each of the Issuing and Paying Agent, the Registrar, the other Paying Agents, CMU Lodging and Paying Agent and Transfer Agents (such Agents and the Registrar being together referred to as "**Agents**"). Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of the Issuing and Paying Agent save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed and the applicable Pricing Supplement and are deemed to have notice of all the provisions of the Agency Agreement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Title

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

Prior to the issuance of any Bearer Notes hereunder, the Company will confirm with its own counsel that all documents used in connection with the issuance of such Bearer Notes have been reviewed and approved to ensure that such documents properly allow for the issuance of Bearer Notes in accordance with U.S. federal income tax law.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in the register which is kept by the Registrar in accordance with the provisions of the Trust Deed and the Agency Agreement. The Issuer, the Guarantors, the Trustee and the Agents will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes, but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or the Hong Kong Monetary Authority ("**HKMA**") as operator of the Central Moneymarkets Unit Service (the "**CMU**"), each person (other than Euroclear, Clearstream, Luxembourg or the CMU) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantors, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "holder of Notes" and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) ("**CMU Accountholders**") and such payments shall discharge the obligation of the issuer in respect of that payment under such Note.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the CMU, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Guarantors, the Issuing and Paying Agent and the Trustee.

2. Transfers of Registered Notes

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for Euroclear, Clearstream, Luxembourg or the CMU shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of Euroclear, Clearstream, Luxembourg or the CMU or to a successor of Euroclear, Clearstream, Luxembourg or the CMU or such successor's nominee.

2.2 Transfers of Definitive Registered Notes

Subject as provided in Condition 2.5 and Condition 2.6 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement as Specified Denominations). In order to effect any such transfer (a) the holder or holders must (i) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to the regulations set out in Schedule 5 to the Agency Agreement, which may be changed by the Issuer and the Guarantors with the prior written approval of the Registrar and the Trustee. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) sent by uninsured mail, to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Definitive Registered Note, or part of a Definitive Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Closed Periods

No Noteholder may require the transfer of a Definitive Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount or interest in respect of, that Note and (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6.4).

2.6 Exchanges and transfers of Definitive Registered Notes generally

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3. Status of the Notes and the Guarantees

3.1 Status of the Notes

The Notes and any relative Receipts and Coupons constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as stated above) rank and will at all times rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3.2 Status of the Guarantees

Under the Trust Deed, and any supplemental trust deed to the Trust Deed, as applicable, each of the Guarantors, jointly and severally, unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of its obligations under the Notes and the Trust Deed (each, a "**Guarantee**" and together, the "**Guarantees**", which expression shall include the Subsidiary Guarantees as defined below). The Guarantees constitute the direct, unsubordinated, unconditional and unsecured obligations of the Guarantors, which will at all times rank at least equally in right of payment to all present and future unsecured and unsubordinated obligations of the Guarantors, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantors, in the Trust Deed, (a) agree that their obligations under the Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Trust Deed and (b) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Guarantees. Moreover, if at any time any amount paid under a Note, the Trust Deed or the Agency Agreement is rescinded or must otherwise be restored, the rights of the Noteholders under the Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Guarantees will be made in U.S. dollars.

In addition, (a) any Restricted Subsidiary that is not already a Subsidiary Guarantor that provides a guarantee of any Indebtedness (to the extent permitted under these Conditions and to the extent such guarantee of Indebtedness is incurred after the Issue Date of the first Tranche of Notes) and (b) any future Restricted Subsidiaries shall also be required to provide a Subsidiary Guarantee in accordance with Condition 4.5 or Condition 4.17, as the case may be.

*Although Condition 4.1 contains limitations on the amount of additional Indebtedness that the Company and/or Restricted Subsidiaries may incur, the amount of such additional Indebtedness, including such additional Indebtedness of Restricted Subsidiaries that are not Subsidiary Guarantors ("**Non-Guarantor Subsidiaries**"), could be substantial. In the event of a bankruptcy, liquidation or reorganisation of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.*

3.3 Release of Subsidiary Guarantors

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

(a) upon repayment in full of the Notes;

(b) upon the sale of a Subsidiary Guarantor in compliance with the terms of the Trust Deed and the Notes (including the covenants under Conditions 4.4 and 4.9) resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as (i) such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (ii) the proceeds from such sale or disposition are used for the purposes permitted or required by the Trust Deed and the Notes; or

(c) upon designation of a Restricted Subsidiary (which is also a Subsidiary Guarantor) as an Unrestricted Subsidiary in accordance with Condition 4.11, all as set out in, and in accordance with, the Trust Deed.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Noteholders until the Issuer and the Company have delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and that such release is authorised and permitted by the Trust Deed.

4. Covenants and Definitions

4.1 Limitation on Indebtedness and Preferred Stock

(a) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness) and the Company will not permit any Restricted Subsidiary to issue any Preferred Stock, provided that (i) the Company or a Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and (ii) any Restricted Subsidiary which is not a Guarantor may Incur Permitted Subsidiary Indebtedness, in each case, if, after giving effect (on a *pro forma* basis) to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, the Fixed Charge Coverage Ratio would be not less than 2.25 to 1.0.

(b) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur or issue each and all of the following:

(i) Indebtedness under the Notes (excluding any Additional Notes) and each Guarantee;

(ii) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date of the first Tranche of Notes excluding Indebtedness permitted under Condition 4.1(b)(iii); provided that such Indebtedness of Restricted Subsidiaries that are not Guarantors (to the extent outstanding on the date of calculation) shall be included in the calculation of Permitted Subsidiary Indebtedness;

(iii) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; provided that (A) any event or circumstance which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Condition 4.1(b)(iii) and (B) if the Issuer or any Guarantor is the obligor of such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, in the case of the Issuer, or the Guarantee of such Guarantor, in the case of a Guarantor;

(iv) Indebtedness ("**Permitted Refinancing Indebtedness**") issued in exchange for, or the net proceeds of which are used to refinance, refund, repurchase or exchange, then outstanding Indebtedness Incurred under Condition 4.1(a) or Condition 4.1(b)(i) or (ii) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); provided that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Guarantee shall only be permitted under this Condition 4.1(b)(iv) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is pari passu with the Notes or a Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the earlier of the Stated Maturity of the Indebtedness to be refinanced or refunded or 91 days after the final maturity date of the Notes, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the portion of the Indebtedness to be refinanced or refunded and (C) in no event may Indebtedness of the Issuer or any Guarantor be refinanced pursuant to this Condition 4.1(b)(iv) by means of any Indebtedness of any Restricted Subsidiary (other than the Issuer) that is not a Subsidiary Guarantor;

(v) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation; provided that such Hedging Obligation does not increase the Indebtedness of the Company or such Restricted Subsidiary outstanding at any time other than as a result of fluctuations in interest rates currency exchange rates or commodity prices or by reason of fees, indemnities and compensation payable thereunder;

(vi) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);

(vii) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;

(viii) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company or a Restricted Subsidiary from the disposition of such business, assets or Restricted Subsidiary;

(ix) Indebtedness arising from the honouring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(x) Indebtedness of the Company or any Restricted Subsidiary maturing within one year; provided that the aggregate principal amount of Indebtedness permitted by this Condition 4.1(b)(x) at any time outstanding does not exceed U.S.$50.0 million (or the Dollar Equivalent thereof);

(xi) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing or refinancing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used or useful in the ordinary course of business by the Company or a Restricted Subsidiary in a Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such asset, real or personal property or equipment which will, upon such acquisition, become a Restricted Subsidiary or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in a Permitted Business; provided, however, that in each case (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such asset, property or equipment or the completion of such development, construction or improvement, and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this Condition 4.1(b)(xi) (together with the aggregate principal amount outstanding of the refinancings of all such Indebtedness Incurred under this Condition 4.1(b)(xi), but excluding any Contractor Guarantee Incurred under this Condition 4.1(b)(xi) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20.0% of Total Assets;

(xii) Acquired Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries (other than Indebtedness Incurred to provide all or any portion of the funds used to consummate the transaction or series related transactions pursuant to which such Person became a Restricted Subsidiary of the Issuer or was otherwise acquired by the Company or any of its Restricted Subsidiaries); provided, however, with respect to this Condition 4.1(b)(xii), that at the time of the acquisition or other transaction pursuant to which such Acquired Indebtedness was deemed to be Incurred (i) the Company would have been able to Incur at least U.S.$1.00 of additional Indebtedness under the proviso in the first sentence of Condition 4.1(a) after giving pro forma effect to the incurrence of such Indebtedness pursuant to this Condition 4.1(b)(xii) or (ii) the Fixed Charge Coverage Ratio would not be less that it was immediately prior to giving pro forma effect to the Incurrence of such Indebtedness pursuant to this Condition 4.1(b)(xii);

(xiii) Indebtedness permitted to be Incurred in connection with a Sale and Leaseback Transaction under Condition 4.8;

(xiv) Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary;

(xv) Preferred Stock issued by Vistamalls, Inc. not to exceed in aggregate U.S.$30.0 million;

(xvi) Indebtedness of the Company or any Restricted Subsidiary not otherwise permitted by Condition 4.1(b) in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed U.S.$30.0 million (or the Dollar Equivalent thereof);

(xvii) Indebtedness Incurred in a Qualified Receivables Transaction; *provided* that the aggregate principal amount of Indebtedness permitted by this Condition 4.1(b)(xvii) at any time outstanding does not exceed 2% of Total Assets; and

(xviii) Indebtedness Incurred by the Company and any Restricted Subsidiary under Credit Facilities, including refinancings thereof; *provided* that the aggregate principal amount of Indebtedness at any time outstanding under this Condition (xviii) does not exceed U.S.$50.0 million (or the Dollar Equivalent thereof).

(c) For the purposes of determining any particular amount of Indebtedness under this Condition 4.1, (i) Indebtedness outstanding under Condition 4.1(b)(x) on the Issue Date of the first Tranche of Notes or thereafter Incurred (to the extent outstanding on the date of determination) shall be treated as Incurred pursuant to Condition 4.1(b)(x) and (ii) guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included. For purposes of determining compliance with this Condition 4.1, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of Condition 4.1(a), the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness except to the extent specified above.

(d) The accrual of interest, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock or any Perpetual Securities Obligation as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness; provided, in each case, that the amount of any such accrual, accretion or payment is included in the Consolidated Fixed Charges of the Guarantor as accrued.

(e) Notwithstanding any other provision of this Condition 4.1, the maximum amount of Indebtedness that may be Incurred pursuant to this Condition 4.1 will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rate of currencies.

(f) The Issuer and Company will not Incur, and the Company will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Company or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Guarantee, on substantially identical terms.

4.2 Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary, directly or indirectly, to (the payments or any other actions described in Conditions 4.2(a) to (d) being collectively referred to as "**Restricted Payments**"):

(a) declare or pay any dividend or make any distribution on or with respect to the Company's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable solely in shares of the Company's or any Restricted Subsidiary's Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;

(b) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire shares of such Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary;

(c) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Guarantee (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or

(d) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to (on a *pro forma* basis), the proposed Restricted Payment:

(A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(B) the Company could not Incur at least U.S.$1.00 of additional Indebtedness under the proviso in the first sentence of clause (a) of Condition 4.1; or

(C) such Restricted Payment, together with the aggregate amount of all Restricted Payments declared or made by the Company and its Restricted Subsidiaries after the Measurement Date, would exceed the sum (without duplication) of:

(i) 50.0% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100.0% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on 1 October 2013 and ending on the last day of the Company's most recently ended quarterly period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (under Condition 4.13) at the time of such Restricted Payment; plus

(ii) 100.0% of the aggregate Net Cash Proceeds received by the Company or any Restricted Subsidiary after the Measurement Date as a capital contribution or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, or an employee stock ownership plan, option plan or similar trust; plus

(iii) 100.0% of the amount by which Indebtedness of the Company is reduced on the Company's balance sheet upon conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); provided that the foregoing amount shall not exceed the Net Cash Proceeds received by the Company or any Subsidiary of the Company from the sale of such Indebtedness (excluding sales to a Subsidiary of the Company or an employee stock ownership plan, option plan or similar trust); plus

(iv) an amount equal to the sum of (A) the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from repurchases, repayments or redemptions of such Investments by such Person, proceeds realised on the sale of such Investment and proceeds representing the return of capital (excluding dividends and distributions), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) and (B) the portion (proportionate to the Company's equity interests in an Unrestricted Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary meets the definition of a Restricted Subsidiary as set out in Condition 4.19, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person or Unrestricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income).

The foregoing provision shall not be violated by reason of:

(I) the payment of any dividend within 60 days after the related date of declaration if, at said date of declaration, such payment would comply with the preceding paragraph;

(II) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(III) the redemption, repurchase or other acquisition of Capital Stock of the Issuer or any Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a capital contribution or a substantially concurrent sale (other than to a Subsidiary of the Company, an employee stock ownership plan, option plan or similar trust) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer or any Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilised for any such Restricted Payment will be excluded from Condition 4.2(d)(C)(ii);

(IV) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent sale (other than to a Subsidiary of the Company, and employee stock ownership plan or a trust for the benefit of employees) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer or any Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilised for any such Restricted Payment will be excluded from Condition 4.2(d)(C)(ii);

(V) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, or the purchase, call for redemption or redemption, retirement or other acquisition by a Restricted Subsidiary of any shares of its Capital Stock made, on a pro rata basis to or from all holders of any class of Capital Stock of such Restricted Subsidiary;

(VI) the declaration and payment of regularly scheduled or accrued distributions on any Perpetual Securities Obligation;

(VII) the payment by the Issuer or the Company of Restricted Payments referred to in clauses (a), (b), (c) and (d) of this Condition 4.2; provided that such Restricted Payments in an aggregate amount do not exceed, together with all other such Restricted Payments made pursuant to this clause (VII), U.S.$30.0 million (or the Dollar Equivalent thereof) since the Measurement Date; or

(VIII) the declaration and payment of dividends on the Common Stock of the Company by the Company with respect to any financial year in an aggregate amount not to exceed 20% of the Company's consolidated net income in such financial year,

provided that, in the case of Condition 4.2(I), (II), (III), (IV), (VI) or (VIII), no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to Condition 4.2(I) and (V) shall be included in calculating whether the conditions of Condition 4.2(d)(C) have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this Condition 4.2 will be the Fair Market Value. The Board of Directors' determination of the Fair Market

Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of reputable standing in the Republic of the Philippines or internationally if the Fair Market Value exceeds U.S.$20.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in an amount in excess of U.S.$20.0 million (or the Dollar Equivalent thereof), the Issuer and the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Condition 4.2 were computed, together with a copy of any fairness opinion or appraisal required by the Trust Deed or these Conditions.

4.3 Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

(ii) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

(iii) make loans or advances to the Company or any other Restricted Subsidiary; or

(iv) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) The provisions of Condition 4.3(a) do not apply to any encumbrances or restrictions:

(i) existing in agreements as in effect on the Issue Date of the first Tranche of Notes, or in the Notes, the Guarantees, the Trust Deed, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(ii) existing under or by reason of applicable law (including any statute, rule, regulation or government order);

(iii) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced and remain applicable only to the Person or the property or assets of such Person acquired;

(iv) that otherwise would be prohibited by the provision described in Condition 4.3(a)(iv) if they arise, or are agreed to in the ordinary course of business, and that (A) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license or (B) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Trust Deed or these Conditions;

(v) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by Conditions 4.1, 4.4 and 4.9;

(vi) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under Condition 4.1 above if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make required payment on the Notes or (y) any Guarantor to make required payments under its Guarantee, as the case may be, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Noteholders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(vii) existing in customary provisions in shareholders' agreements, joint venture agreements and other similar agreements permitted under the Conditions, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such shareholders', joint venture or similar agreement and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a shareholders', joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes or (y) any Guarantor to make required payments under its Guarantee; or

(viii) contained in the terms and conditions of, or any document constituting, any Preferred Stock or Perpetual Securities Obligation issued by the Company or any Restricted Subsidiary.

4.4 Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including by way of options, warrants or other rights to purchase shares of such Capital Stock) except:

(a) to the Company or a Restricted Subsidiary; or

(b) to the extent that such Capital Stock represents directors' qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly-Owned Restricted Subsidiary; or

(c) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under Condition 4.2 if made on the date of such issuance or sale; or

(d) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); provided that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with Condition 4.9.

4.5 Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any existing or future Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness ("**Guaranteed Indebtedness**") of the Company or any other Restricted Subsidiary, unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental trust deed to the Trust Deed providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, such Subsidiary Guarantee or (B) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to such Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

4.6 Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend or permit to exist any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, employee compensation arrangements or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) with any Affiliate of the Company or any Restricted Subsidiary (each an "**Affiliate Transaction**"), unless:

(a) the terms of the Affiliate Transaction are no less favourable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(b) the Company delivers to the Trustee:

(i) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$25.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors, including meeting the requirements of Condition 4.6(a) and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders; and

(ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$30.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in Condition 4.6(b)(i), an opinion issued by an accounting, appraisal or investment banking firm of international standing confirming that the terms of such Affiliate Transaction are no less favourable to the Company or the relevant Restricted Subsidiary than terms available to (or from, as appropriate) a Person that is not an Affiliate of the Company or any Restricted Subsidiary.

The foregoing limitation does not limit, and shall not apply to:

(I) the payment of reasonable and customary regular fees to directors of the Issuer and the Company who are not employees of the Issuer or the Company;

(II) transactions between or among the Company and any of its Wholly-Owned Restricted Subsidiaries or between or among Wholly-Owned Restricted Subsidiaries;

(III) any Restricted Payment of the type described in Condition 4.2(a), (b), (c) or (d) if permitted by that Condition;

(IV) any sale of Capital Stock (other than Disqualified Stock) of the Issuer or the Company;

(V) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme is in compliance with the listing rules of the relevant internationally recognised stock exchange, provided they require a majority shareholder approval of any such scheme; and

(VI) any transactions between or among the Company and any Restricted Subsidiary.

In addition, the requirements of Condition 4.6(b) shall not apply to (I) Investments (other than Permitted Investments) not prohibited by Condition 4.2, (II) transactions pursuant to agreements in effect on the Issue Date of the first Tranche of Notes and described in the Offering Circular, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and the Restricted Subsidiaries than the original agreement in effect on the Issue Date of the first Tranche of Notes and (III) any transaction between or among the Company and any Restricted Subsidiary that is not a Wholly-Owned Restricted Subsidiary; provided that in the case of Condition 4.6(III), (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners of or in such Restricted Subsidiary is a Person described in (x) or (y) of the first paragraph of Condition 4.6 (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary).

4.7 Limitation on Liens

The Company will not and will not permit any Restricted Subsidiary to, directly or indirectly, Incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Issue Date of the first Tranche of Notes or thereafter acquired, securing any Indebtedness except Permitted Liens, unless the Notes are secured equally and rateably with (or prior to, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes) the Indebtedness secured by such Lien.

4.8 Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; provided that the Company and any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(a) the Company and its Restricted Subsidiaries could have (A) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the requirements of Condition 4.1 and (B) Incurred a Lien to secure such Indebtedness pursuant to Condition 4.7, in which case, the corresponding Indebtedness and Lien will be deemed Incurred pursuant to those provisions;

(b) gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(c) transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Issuer or the Company or such Restricted Subsidiary, as the case may be, applies the proceeds of such transaction in compliance with, Condition 4.9.

4.9 Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(a) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(b) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(c) at least 75.0% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets. For purposes of this provision, each of the following will be deemed to be cash:

  (i) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Guarantee) that are assumed by the transferee in the subject Asset Sale pursuant to a customary assumption, assignment, novation or similar agreement that releases, the Company or such Restricted Subsidiary from further liability; and

  (ii) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are contemporaneously, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(A) permanently repay Senior Indebtedness of the Company or any Restricted Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly permanently reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

(B) make an Investment in Replacement Assets; or

(C) acquire all or substantially all of the assets of, or any Capital Stock of, any entity involved in a Permitted Business, if, after giving effect to any such acquisition of assets or Capital Stock, such entity involved in a Permitted Business is or becomes a Restricted Subsidiary; or

(D) make capital expenditures relating to properties or assets of the Issuer or a Restricted Subsidiary that are used in a Permitted Business.

The Issuer, the Company or any Restricted Subsidiary may make an Investment in Temporary Cash Investment, pending application of such Net Cash Proceeds as set forth in clause (A), (B), (C) or (D) above.

On the 361st day after an Asset Sale or such earlier date, if any, as the Company determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in preceding paragraph (such date being referred as an "**Excess Proceeds Trigger Date**"), such aggregate amount of Net Cash Proceeds that has not been applied on or before the Excess Proceeds Trigger Date as permitted in the preceding paragraph ("**Excess Proceeds**") will be applied by the Issuer or the Company, as the case may be, to make an Offer to Purchase to all Noteholders and all holders of other Indebtedness that is *pari passu* with the Notes or any Guarantee containing provisions similar to those set forth in the Trust Deed and the Notes with respect to offers to purchase with the proceeds of sales of assets, to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the

Excess Proceeds. The offer price in any Offer to Purchase will be equal to 100.0% of the principal amount of the Notes and such other *pari passu* Indebtedness plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash.

The Issuer or the Company, as the case may be, may defer the Offer to Purchase until there are aggregate unutilised Excess Proceeds equal to or in excess of U.S.$5.0 million (or the Dollar Equivalent thereof) resulting from one or more Asset Sales, at which time, within 10 days thereof, the entire unutilised amount of Excess Proceeds will be applied as provided in the preceding paragraph. If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by the Trust Deed or the Notes. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness will be purchased on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness tendered.

4.10 Limitation on the Issuer and the Company's Business Activities

(a) The Issuer will not engage in any business activity or undertake any other activity, except any activity (a) relating to the Incurrence of Indebtedness, lending the proceeds thereof to the Company under the terms of intercompany loans and any other activities in connection therewith, (b) undertaken with the purpose of fulfilling any obligations under the Notes, the Trust Deed, the Agency Agreement or any other agreements related to the Incurrence of Indebtedness or (c) directly related to the establishment and/or maintenance of the Issuer's corporate existence.

(b) The Company will not, and will not permit any Restricted Subsidiary (except in respect to the Issuer under Condition 4.10(a)) to, directly or indirectly, engage in any business other than a Permitted Business; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of a Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Business as long as any Investment therein was not prohibited when made by Condition 4.2.

4.11 Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; provided that (a) such designation would not cause a Default; (b) neither the Company nor any Restricted Subsidiary provides any guarantees or provides credit support for the Indebtedness of such Restricted Subsidiary; (c) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Issuer or the Company; (d) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or Lien on any property of the Company or any Restricted Subsidiary; (e) such Restricted Subsidiary does not own any Capital Stock of the Company or another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated as Unrestricted Subsidiaries in accordance with this paragraph; and (f) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by Condition 4.2.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that (a) such designation shall not cause a Default; (b) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by Condition 4.1; (c) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by Condition 4.7; (d) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated is a Restricted Subsidiary); and (e) subject to Condition 4.17, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental trust deed to the Trust Deed by which such Restricted Subsidiary shall become a Subsidiary Guarantor.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions and the Trustee shall be entitled to accept such certificate as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders.

Notwithstanding anything to the contrary in these Conditions, for so long as any Tranche of Notes is outstanding, none of Camella Homes, Inc., Brittany Corporation, Crown Asia Properties, Inc., Communities Philippines, Inc. or Vista Residences, Inc. may be designated as an Unrestricted Subsidiary in accordance with this Condition 4.11.

4.12 Listing of the Notes

The Issuer shall, and the Company will cause the Issuer to, make such filings, registrations or qualifications and take all other necessary action and will use its best efforts to obtain such consents, approvals and authorisations, if any, and satisfy all conditions that the SGX-ST may impose on listing of the Notes and shall use its best efforts to obtain such listing by no later than the Business Day after the Issue Date of a Tranche of Notes and to maintain such listing.

4.13 Provision of Financial Statements and Reports

(a) The Company will file with the Trustee and furnish to the Noteholders upon request, as soon as they are available but in any event not more than ten calendar days after they are filed with the Philippine Stock Exchange, Inc. or any other national stock exchange on which the Company's Common Stock is at any time listed for trading, true and correct copies of any financial or other report (which the Company shall use its reasonable best efforts to compile in a timely manner) in the English language (and an English translation of any financial or other report in any other language) filed with such exchange; provided that, if at any time the Common Stock of the Company ceases to be listed for trading on the Philippine Stock Exchange, Inc. or any other national stock exchange, the Company will file with the Trustee and furnish to the Noteholders:

(i) as soon as they are available, but in any event within 105 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally recognised firm of independent auditors; and

(ii) as soon as they are available, but in any event within 45 calendar days after the end of each quarterly period of the Company, copies of its financial statements (on a consolidated basis) in respect of such quarterly period (including a statement of income, balance sheet and cash flow statement).

(b) In addition the Company will provide to the Trustee (1) within 105 days after the close of each fiscal year and, with respect to items (B) and (C) only, at any other time within 14 days of the written request of the Trustee, an Officers' Certificate (A) stating the Fixed Charge Coverage Ratio with respect to the four most recent quarterly periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, (B) confirming compliance with all of the Issuer's and Guarantors' obligations under the Conditions and the Trust Deed and (C) confirming that there has been no Default or Event of Default during the prior fiscal year, and the Trustee shall be entitled to accept such certificate as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders; and (2) as soon as possible and in any event within 14 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default and the action which the Company proposes to take with respect thereto, and the Trustee shall be entitled to accept such certificate as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders.

4.14 Consolidation, Merger and Sale of Assets

Neither the Issuer nor the Company will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (computed on a consolidated basis) in one transaction or a series of related transactions) unless:

(a) the Issuer or the Company shall be the continuing Person, or the Person (if other than the Issuer or the Company) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organised and validly existing under the laws of the Cayman Islands or the Republic of the Philippines and shall expressly assume, by a supplemental trust deed to the Trust Deed, executed and delivered to the Trustee, all the obligations of the Issuer or the Company under the Trust Deed and the Notes, as the case may be, and the Trust Deed, the Notes, as the case may be, shall remain in full force and effect;

(b) immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness which becomes an obligation of the Surviving Person or any Subsidiary as having been Incurred at the time of such transaction), no Default shall have occurred and be continuing;

(c) immediately after giving effect to such transaction on a pro forma basis, the Issuer, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(d) immediately after giving effect to such transaction on a pro forma basis, the Issuer, the Company or the Surviving Person, as the case may be, could Incur at least U.S.$1.00 of additional Indebtedness under the proviso in the first sentence of Condition 4.1(a);

(e) the Company delivers to the Trustee (i) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with (c) and (d) above) and (ii) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental trust deed complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders;

(f) each Guarantor, unless such Guarantor is the Person with which the Issuer or the Company has entered into a transaction described under this covenant, shall execute and deliver a supplemental trust deed to the Trust Deed confirming that its Guarantee shall apply to the obligations of the Issuer or the Surviving Person, as the case may be, in accordance with the Notes and the Trust Deed; and

(g) except where (i) the Issuer or the Company is the Surviving Person or (ii) the jurisdiction of incorporation of the Surviving Person is the Republic of the Philippines or the Cayman Islands, the Issuer or the Company, as the case may be, shall have delivered to the Trustee an Opinion of Counsel in the jurisdiction of incorporation of the Issuer or the Company, as the case may be, and the Surviving Person to the effect that the Noteholders will not recognise income gain or loss for income tax purposes of such jurisdiction as a result of such transaction and will be subject to income tax in such jurisdiction on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders.

No Subsidiary Guarantor will consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its properties and assets (computed on a consolidated basis) in one transaction or a series of related transactions to another Person (other than the Issuer, the Company or another Subsidiary Guarantor), unless:

(i) such Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction; provided that in the event that the Subsidiary Guarantor is not the continuing Person or a separate Person is formed as a result of any consolidation or merger or acquisition or lease of property and assets contemplated herein, such continuing Person or formed Person, as the case may be, shall execute and deliver a supplemental trust deed to the Trust Deed confirming such Person as a Subsidiary Guarantor;

(ii) immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness which becomes an obligation of the Surviving Person or any Subsidiary as having been Incurred at the time of such transaction), no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least U.S.$1.00 of additional Indebtedness under the proviso in the first sentence of Condition 4.1(a); and

(v) the Company delivers to the Trustee (1) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (iii) and (iv) immediately above) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental trust deed complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders,

provided that this paragraph shall not apply to any sale or other disposition (not being the sale or disposition of all or substantially all of its properties or assets) that complies with Condition 4.8 or Condition 4.9 or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with Condition 3.3.

If the Issuer is consolidated with or merged with any Person as permitted above, the Surviving Person will be the successor to the Issuer and shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Trust Deed, and the predecessor Issuer, except in the case of a lease, shall be released from the obligation to pay principal and interest on the Notes.

4.15 No Payments for Consents

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Trust Deed or the Notes unless such consideration is offered to be paid and is paid to all Noteholders that consent, waive or agree to amend in the relevant time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

4.16 Payment of Stamp Duties and Other Taxes

The Issuer, or failing which the Company, will pay any present or future stamp, court or documentary taxes, or any other excise or property taxes, charges or similar levies which arise under the laws of the Cayman Islands or the Republic of the Philippines from the execution, delivery or registration of the Notes or any other document or instrument referred to in these Conditions.

4.17 Future Subsidiary Guarantors

After the Issue Date of the first Tranche of Notes, the Company will cause each Restricted Subsidiary created or acquired by the Company or one or more of its Restricted Subsidiaries to execute and deliver a supplemental trust deed to the Trust Deed providing for an unsubordinated Subsidiary Guarantee of payments under the Notes, the Trust Deed and the Agency Agreement by such Restricted Subsidiary.

Notwithstanding the foregoing and the provisions of Condition 4.5, the Company shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes (i) if such Restricted Subsidiary is not a Material Subsidiary, (ii) if such Restricted Subsidiary has, at the time of creation or acquisition, total assets not exceeding U.S.$100,000 and total revenues for the most recent 12-month period not exceeding U.S.$100,000, (iii) to the extent that such guarantee would reasonably be expected to give rise to or result in a violation of applicable law or the charter documents of such Restricted Subsidiary which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary or (iv) if the Company has made a good faith determination that it would be commercially unreasonable to provide such guarantee.

4.18 Suspension of Certain Covenants

If on any date following the Issue Date of any Notes issued pursuant to these Conditions, any such Notes have a rating of Investment Grade from at least two Rating Agencies and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which such Notes cease to have a rating of Investment Grade from at least two of the Rating Agencies, the following Conditions will be suspended and will no longer apply:

(a) Condition 4.1 (*Limitation on Indebtedness and Preferred Stock*);

(b) Condition 4.2 (*Limitation on Restricted Payments*);

(c) Condition 4.3 (*Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*);

(d) Condition 4.4 (*Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*);

(e) Condition 4.5 (*Limitation on Issuances of Guarantees by Restricted Subsidiaries*);

(f) Condition 4.6 (*Limitation on Transactions with Shareholders and Affiliates*);

(g) Condition 4.8 (*Limitation on Sale and Leaseback Transactions*);

(h) Condition 4.9 (*Limitation on Asset Sales*); and

(i) subclauses (c) and (d) in the first paragraph of Condition 4.14, and subclauses (iii) and (iv) in the second paragraph of Condition 4.14.

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company, the Issuer or any Restricted Subsidiary properly taken in compliance with the Conditions during the continuance of the Suspension Event, and following reinstatement the calculations under Condition 4.2 will be made as if such covenant had been in effect since the Issue Date of the first Tranche of Notes except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

4.19 Definitions

Set forth below are defined terms used in the covenants and other provisions of the Trust Deed. Reference is made to the Trust Deed for other capitalised terms used in these Conditions for which no definition is provided.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary and not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary or the Asset Acquisition.

"**Additional Notes**" has the meaning given to it in Condition 17.

"**Affiliate**" means, with respect to any Person, any other Person (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, or (b) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (a) of this definition. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Applicable Premium**" means, with respect to any Note on any redemption date, the greater of:

(a) 1.0% of the principal amount of the Note; and

(b) the excess of: (I) the present value at such redemption date of (i) the redemption price of the Note at maturity (or at any relevant date of redemption as specified in the applicable Pricing Supplement), plus (ii) all required interest payments due on the Note through maturity (or at any relevant date of redemption as specified in the applicable Pricing Supplement), (excluding accrued but unpaid interest to the relevant redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (II) the principal amount of the Note.

"**Asset Acquisition**" means (a) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary, or (b) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"**Asset Disposition**" means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (a) all or substantially all of the Capital Stock of any Restricted Subsidiary or (b) all or substantially all of the assets that constitute a business segment or line of business of the Company or any Restricted Subsidiary.

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction and including any sale or issuance of the Capital Stock of any Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person other than the Company or any Restricted Subsidiary of any of its property or assets (including Capital Stock), in each case that is not governed by Condition 4.14; provided that "**Asset Sale**" shall not include:

(a) sales, transfers or other dispositions of inventory or receivables (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(b) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under Condition 4.2;

(c) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of U.S.$4.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(d) any sale, transfer, assignment or other disposition of any inventory or property with a Fair Market Value not in excess of U.S.$4.0 million (or the Dollar Equivalent thereof) to an employee of the Company in any transaction or series of related transactions under an employee benefit plan approved by the Board of Directors and in effect from time to time;

(e) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;

(f) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien; or

(g) any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, including the sale or issuance of Capital Stock by the Company or any of its Restricted Subsidiaries, to the Company or to any of the Company's Restricted Subsidiaries.

"**Associate**" means any company in which the Company owns Capital Stock which is not a Subsidiary or Restricted Subsidiary.

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate borne by the Notes of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (a) the sum of the products of (i) the number of years from such date of determination to the dates of each successive scheduled principal payment or redemption or similar payment of such Indebtedness and (ii) the amount of such principal payment by (b) the sum of all such principal payments.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Company or a Restricted Subsidiary, as the case may be, to manage the business of the Company or such Restricted Subsidiary, as the case may be, and any committee of such board duly authorised to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of any Board of Directors taking an action which it is authorised to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of such Board of Directors.

"**Business Day**" has the meaning given to it in Condition 5.2(a).

"**Capitalised Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with PFRS, is required to be capitalised on the balance sheet of such Person; provided that Capitalised Lease shall not include any lease which would have been classified as an "operating lease" before the adoption of PFRS 16. For the purpose of Condition 4.7, a Capitalised Lease will be deemed to be secured by a Lien on the property being leased.

"**Capitalised Lease Obligations**" means the capitalised amount of any rental obligations under a Capitalised Lease, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of penalty.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date of the first Tranche of Notes or issued thereafter, including, without limitation, all Common Stock and Preferred Stock; provided that Capital Stock shall not include any Perpetual Securities Obligation.

"**Change of Control**" means the occurrence of one or more of the following events:

(a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and the Restricted Subsidiaries, taken as a whole, to any "person" (within the meaning of Section 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder;

(b) the Company consolidates with, or merges with or into, any Person other than a Permitted Holder, or any Person (other than a Permitted Holder) consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(c) the Permitted Holders are the beneficial owners of less than 51.0% of the total voting power of the Voting Stock of the Company;

(d) individuals who on the Issue Date of the first Tranche of Notes constituted the Board of Directors of the Company (together with any new directors whose nomination or election by the Board of Directors of the Company was approved by either (i) a vote of at least 66.6% of the majority of the members of the Board of Directors of the Company then in office who were members of the Board of Directors of the Company on the Issue Date of the first Tranche of Notes or whose nomination or election was previously so approved or (ii) the Permitted Holders) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or

(e) the adoption of a plan relating to the liquidation or dissolution of the Company.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares.

"**Consolidated Debt**" means at any time the aggregate amount of all obligations of the Company and its Subsidiaries for or in respect of Indebtedness but excluding any such obligations to the Company and/or any of its Subsidiaries (and so that no amount shall be included or excluded more than once).

"**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(a) Consolidated Interest Expense;

(b) income taxes (other than income taxes attributable to extraordinary and non-recurring gains or sales of assets); and

(c) depreciation expense, amortisation expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income, all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with PFRS. The provision for income taxes and the depreciation and amortisation expense and non-cash charges of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion) that the net income or loss of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted to be paid as a dividend to the Company at the date of determination and without any approvals.

"**Consolidated Fixed Charges**" means, for any period, the sum (without duplication) of (a) Consolidated Interest Expense for such period and (b) all cash and non-cash dividends accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly-Owned Restricted Subsidiary provided that such dividends will be multiplied by a fraction of the numerator of which is one and the denominator of which is one minus the effective combined tax rate of the issues of such Preferred Stock for such period.

"**Consolidated Interest Expense**" means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with PFRS for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred or paid during such period by the Company and its Restricted Subsidiaries, without duplication, (a) interest expense attributable to Capitalised Lease Obligations, (b) amortisation of debt issuance costs and original issue discount expense and non-cash interest expense in respect of any Indebtedness, (c) the interest portion of any deferred payment obligation, (d) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (e) the net costs associated with Hedging Obligations (including the amortisation of fees), (f) interest accruing on Indebtedness of any other Person that is guaranteed by, or secured on the assets of, the Company or any Restricted Subsidiary (g) any capitalised interest, (h) interest Incurred in connection with investments in discontinued operations and (i) cash contributions to an employee stock ownership plan or similar trust, which are used to pay interest on Indebtedness Incurred by such plan or trust, provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period, and provided further that Consolidated Interest Expense shall not include interest expense attributable to leases which would have been classified as "operating leases" before the adoption of PFRS 16.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with PFRS; provided that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(a) the net income of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except to the extent of the amount of dividends or similar distributions actually paid in cash to the Company or a Restricted Subsidiary of the Company during such period (subject to the limitation in clause (c) below in the case of distributions paid to a Restricted Subsidiary); provided that the Company's equity in a net loss of such person shall be included, to the extent funded by the Company or a Restricted Subsidiary;

(b) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary provided that such transaction was accounted for in a manner similar to the pooling of interests;

(c) the net income of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary; provided that the Company's equity in a net loss of such person shall be included;

(d) the cumulative effect of a change in accounting principles;

(e) any net after-tax gains realised on the sale or other disposition of (A) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (B) any Capital Stock of any Person (including any gains by the Company realised on sales of Capital Stock of the Company or any Restricted Subsidiary);

(f) any non-cash unrealised gains and losses due solely to fluctuations in currency values and related tax effects; and

(g) any net after-tax extraordinary or non-recurring gains.

"**Consolidated Net Worth**" means, at any date of determination, stockholders' equity as set forth on the most recently available quarterly or annual consolidated financial statements (available pursuant to Condition 4.13) of the Company prepared in accordance with PFRS (which the Company shall use its reasonable best efforts to compile in a timely manner), plus, to the extent not included, the par or stated value of any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, any accumulated deficit, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, each item to be determined in conformity with PFRS.

"**Contractor Guarantees**" means guarantees by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"**Credit Facilities**" means one or more facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions or to issue securities arranged by such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favour of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "**Credit Facility**" shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (provided that such increase is permitted under the covenant described under Condition 4.1 or (4) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Deposit Secured Indebtedness**" means the Peso denominated Indebtedness of the Company or any Restricted Subsidiary that is secured by the cash proceeds, or Temporary Cash Investments made with the cash proceeds, of a non-Peso denominated debt capital raising exercise received by the Company or the relevant Restricted Subsidiary, whether such proceeds or Temporary Cash Investments are (i) deposited in one or more bank, securities, money market or similar accounts of the Company or the relevant Restricted Subsidiary, or (ii) sold, pledged or otherwise transferred by the Company or the relevant Restricted Subsidiary to a bank or financial institution under a repurchase agreement, securities lending agreement or any collateralisation agreement or arrangement (whether in a single or series of transactions) in connection with the Incurrence of such Peso denominated Indebtedness; provided, however, that the Dollar Equivalent (as at the date of the Incurrence of such Deposit Secured Indebtedness) of the principal amount of such Deposit Secured Indebtedness shall not exceed the lower of (x) the total amount of the cash proceeds of the relevant non-Peso debt capital raising exercise (or, if applicable, the Dollar Equivalent thereof as at the date of the Incurrence of such Deposit Secured Indebtedness) and (y) the aggregate amount of the cash or Temporary Cash Investments that secure such Deposit Secured Indebtedness (or, if applicable, the Dollar Equivalent thereof as at the date of the Incurrence of such Deposit Secured Indebtedness) which are deposited in accounts, or sold or otherwise transferred, whether outright or by way of security, to a bank or financial institution pursuant to (i) or (ii) above.

"**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise is (a) required to be redeemed prior to the Stated Maturity of the Notes, (b) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (c) convertible into or exchangeable for Capital Stock referred to in clause (a) or (b) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; provided that (i) any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale," or

"change of control" occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favourable to the holders of such Capital Stock than the provisions contained in Condition 4.9 and Condition 7.5 and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's repurchase of the Notes as are required to be repurchased pursuant to Condition 4.9 and Condition 7.5; and (ii) any class or series of debt securities or Preferred Stock convertible into or exchangeable for Common Stock, the terms of which allow for a cash payment in lieu of Common Stock upon conversion or exchange in the event that the issue or distribution of Common Stock to the holder thereof will cause such Person to violate foreign ownership regulations applicable in the Republic of the Philippines from time to time shall not constitute Disqualified Stock provided that any such cash payments are made with the proceeds of the sale of Equity Interests of such Person to an unaffiliated Person.

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Bangko Sentral ng Pilipinas on the date of determination.

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"**Fitch**" means Fitch Ratings Ltd. or any successor to the rating agency business thereof.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (a) the aggregate amount of Consolidated EBITDA for the then most recent four quarterly periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available pursuant to Condition 4.13 (the "**Four Quarterly Period**") to (b) the aggregate Consolidated Fixed Charges during such Four Quarterly Period. In making the foregoing calculation:

(a) pro forma effect shall be given to any Indebtedness or Preferred Stock that is Incurred, or that is repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarterly Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarterly Period), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; provided that, in the event of any such repayment or redemption, Consolidated EBITDA for such Four Quarterly Period shall not include any interest income actually earned during such Four Quarterly Period in respect of the funds used to repay or redeem such Indebtedness or Preferred Stock;

(b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(c) pro forma effect shall be given to Asset Sales and Asset Acquisitions and Investments (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(d) pro forma effect shall be given to asset dispositions and asset acquisitions and investments (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Sales or Asset Acquisitions or Investments had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period; *provided* that to the extent that clause (c) or (d) of this paragraph requires that pro forma effect be given to an Asset Acquisition or Asset Sales (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full quarterly periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"**Hedging Obligation**" of any Person means the obligations of such Person pursuant to any Currency Agreement, Interest Rate Agreement or Commodity Hedging Agreement.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (a) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (b) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "**Incurrence**", "**Incurred**" and "**Incurring**" have meanings correlative with the foregoing.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(a) all indebtedness of such Person for borrowed money;

(b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments as recognised under PFRS;

(c) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (including any premium to the extent such premium has become due and payable);

(d) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(e) all Capitalised Lease Obligations and Attributable Indebtedness;

(f) all indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (i) the Fair Market Value of such asset at such date of determination and (ii) the amount of such Indebtedness;

(g) all indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;

(h) to the extent not otherwise included in this definition, Hedging Obligations; and

(i) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include (i) any capital commitments or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business; provided that such Indebtedness is not reflected on the balance sheet of the Company or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet); (ii) any obligations or instruments (or portions thereof) that are not classified as a debt under PFRS and (iii) any lease liabilities arising from leases which would have been classified as "operating leases" under PFRS as of 31 December 2018, before the adoption of PFRS 16.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, provided that:

(a) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortised portion of the original issue discount of such Indebtedness at such time as determined in conformity with PFRS; and

(b) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to pre-fund the payment of the interest on such Indebtedness shall not be deemed to be "**Indebtedness**" so long as such money is held to secure the payment of such interest.

"**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"**Investment**" means:

(a) any direct or indirect advance, loan or other extension of credit to another Person;

(b) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(c) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(d) any guarantee of any obligation of another Person.

For the purposes of the provisions of Conditions 4.2 and 4.11, (i) the Company will be deemed to have made an investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the assets (net of liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not guaranteed by the Company or a Restricted Subsidiary) of such Unrestricted Subsidiary at the time of such investment, and (ii) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

The acquisition by the Company or a Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person.

"**Investment Grade**" means a rating of "*AAA*", "*AA*", "*A*" or "*BBB*", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or a rating of "*Aaa*", or "*Aa*", "*A*" or "*Baa*", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or a rating of "*AAA*", "*AA*", "*A*" or "*BBB*", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories of Fitch or any of its successors or assigns; and the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for any of S&P, Moody's or Fitch, as the case may be.

"**Issue Date**" means the date on which the relevant Tranche of Notes (other than, Additional Notes) are originally issued under the Trust Deed.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Material Subsidiary**" means, at any time, a Subsidiary of the Company:

(i) whose net income (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case not less than 10 per cent. of the consolidated revenues or net income of the Company, or, as the case may be, consolidated total assets, of the Company and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Company and its Subsidiaries, provided that, in the case of a Subsidiary of the Company acquired after the end of the financial period to which the then latest audited consolidated accounts of the Company and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Company and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts (as if the acquisition was made on the first day of the relevant financial period) by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Company;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Company which immediately prior to such transfer was a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (ii) on the date on which the first consolidated accounts of the Company and its Subsidiaries as of a date later than such transfer have been prepared and audited, unless such Subsidiary would continue to be a Material Subsidiary on the basis of such accounts under subparagraph (i) above; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated not less than 10 per cent. of the consolidated revenues or net income of the Company and its Subsidiaries taken as a whole, or represent not less than 10 per cent. of the consolidated total assets of the Company and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above; provided that the transferor (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate not less than 10 per cent. of the consolidated revenues or net income of the Company and its Subsidiaries taken as a whole, or its assets represent not less than 10 per cent. of the consolidated total assets of the Company and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above.

"**Measurement Date**" means 4 October 2013.

"**Moody's**" means Moody's Investors Service and its affiliates.

"**Net Cash Proceeds**" means with respect to any Asset Sale or any issuance or sale of Capital Stock, the proceeds of such Asset Sale or issuance or sale of Capital Stock, as the case may be, in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of:

(a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

(c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such sale;

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with PFRS;

(e) all distributions and other payments required to be made to minority interest holders; and

(f) any portion of the purchase price placed in escrow (until the termination of such escrow and up to the amount of funds released from such escrow).

"**Noteholder**" means the Person in whose name a Note is registered in the Note register.

"**Offering Circular**" means the offering circular dated 13 July 2020 relating to the sale of the Notes.

"**Offer to Purchase**" means an offer to purchase the Notes by the Issuer from the Noteholders commenced by mailing a notice by first class mail, postage prepaid, to the Trustee and by notifying each Noteholder appearing in the Note register in accordance with Condition 14 stating:

(a) the Condition pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(b) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(c) that any Note not tendered will continue to accrue interest pursuant to its terms;

(d) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(e) that Noteholders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, if applicable, together with the form entitled "**Option of the Noteholder to Elect Purchase**" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(f) that Noteholders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Noteholder, the principal amount of Notes delivered for purchase and a statement that such Noteholder is withdrawing his election to have such Notes purchased; and

(g) that Noteholders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

On the Offer to Purchase Payment Date, the Issuer shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Registrar all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly mail to the Noteholders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar shall promptly authenticate and mail to such Noteholders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer will comply with Rule 14e-1 under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer is required to repurchase Notes pursuant to an Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Issuer, the Company and the Company's Subsidiaries which the Issuer and the Company in good faith believe will assist such Noteholders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Noteholders to tender Notes pursuant to the Offer to Purchase.

"**Officer**" means the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Legal Officer or any managing director of the Issuer or the Company, as the case may be, or in the case of a Subsidiary Guarantor, one of the directors or executive officers of such Subsidiary Guarantor.

"**Officers' Certificate**" means a certificate signed by two Officers.

"**Opinion of Counsel**" means a written opinion from reputable legal counsel. The counsel may be an employee of or counsel to the Issuer, the Guarantors or the Trustee. Each such Opinion of Counsel shall include:

(a) a statement that the person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

"**Permitted Business**" means any business conducted or proposed to be conducted (as described in the Offering Circular) by the Company and the Restricted Subsidiaries or its Associates on the Issue Date and other businesses reasonably related or ancillary thereto.

"**Permitted Holders**" means any or all of the following:

(a) Mr. Manuel B. Villar, Jr., his spouse and/or any of his relatives within the third degree of consanguinity;

(b) any Affiliate of the Persons specified in clause (a) above; and

(c) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are more than 50.0% owned, whether individually or collectively, by the Person and/or Persons specified in clauses (a) or (b) above.

"**Permitted Investment**" means:

(a) any Investment in a Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Restricted Subsidiary or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Company or a Restricted Subsidiary;

(b) Temporary Cash Investments;

(c) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with PFRS and not in excess of U.S.$1.0 million (or the Dollar Equivalent thereof) outstanding at any time;

(d) stock, obligations or securities received in satisfaction of judgments;

(e) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(f) any Investment pursuant to a Hedging Obligation entered into in the ordinary course of business (and not for speculation) and designed to protect the Company or any Restricted Subsidiary against fluctuations in interest rates or foreign currency exchange rates;

(g) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(h) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with the covenant described under Condition 4.9;

(i) pledges or deposits (i) with respect to leases or utilities provided to third parties in the ordinary course of business or (ii) otherwise described in the definition of "**Permitted Liens**" or made in connection with Liens permitted under the covenant described under Condition 4.7;

(j) advances to contractors and suppliers for the acquisition of assets, consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's most recent consolidated balance sheet;

(k) deposits of Pre-sale proceeds made to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;

(l) deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the direct or indirect acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries, in each case in the ordinary course of business;

(m) any Investment pursuant to Contractor Guarantees by the Company or any Restricted Subsidiary;

(n) Investments in securities of trade creditors or customers received pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers; and

(o) any guarantee of Indebtedness permitted under Condition 4.1.

"**Permitted Liens**" means:

(a) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with PFRS shall have been made;

(b) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with PFRS shall have been made;

(c) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(d) other Liens securing obligations in an aggregate amount not exceeding U.S.$10.0 million (or the Dollar Equivalent thereof);

(e) Licenses, leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;

(f) Liens encumbering property or assets in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(g) any interest or title of a lessor in any property subject to any operating lease;

(h) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(i) Liens in favour of the Company or any Restricted Subsidiary;

(j) Liens arising from attachment or the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

(k) (i) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof or (ii) Liens in favour of any bank having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Company or any Restricted Subsidiary on deposit with or in possession of such bank;

(l) Liens existing on the Issue Date of the first Tranche of Notes;

(m) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under Condition 4.1(b)(iv); provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(n) Liens (including extensions and renewals thereof) upon real or personal property; provided that (i) such Lien is created solely for the purpose of securing Indebtedness Incurred for the purpose of acquiring or purchasing or for the development, construction or improvement of real or personal property to be used in a Permitted Business and (ii) the principal amount of the Indebtedness secured by such Lien does not exceed 100.0% of the expenditures referred to in clause (n)(i);

(o) Liens on assets securing Indebtedness which is permitted to be Incurred under Condition 4.1(b)(xi);

(p) Liens on deposits of Pre-sale proceeds made to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(q) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(r) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favour of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;

(s) Liens securing Indebtedness Incurred in connection with a Sale and Leaseback Transaction under Condition 4.8;

(t) Liens on one or more bank, securities, money market or similar accounts, including liens on the securities and other amounts credited to such accounts, to secure Deposit Secured Indebtedness or any transaction in connection therewith;

(u) Liens on the Capital Stock of any Unrestricted Subsidiary to secure Indebtedness of such Unrestricted Subsidiary that is non-recourse to the Issuer, the Company and all Restricted Subsidiaries (other than with respect to such Capital Stock);

(v) Liens securing Indebtedness under Hedging Obligations entered into in the ordinary course of business and designed to protect the Company or any Restricted Subsidiary from fluctuations in interest rates or currencies or commodities and not for speculation;

(w) Liens in connection with a Qualified Receivables Transaction; and

(x) Liens securing Indebtedness Incurred under Condition 4.1(b)(xviii).

"**Permitted Subsidiary Indebtedness**" means Indebtedness of, and all Preferred Stock issued by, the Restricted Subsidiaries (other than the Issuer) which are not Guarantors, taken as a whole (but excluding the amount of any Indebtedness of, and all Preferred Stock issued by, the Issuer and any Indebtedness or the Guarantees of any Restricted Subsidiary permitted under Conditions 4.1(b)(i), (iii), (v) and (ix)), provided that, on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock, as the case may be, and after giving effect thereto (on a pro forma basis) and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock does not exceed an amount equal to 15.0% of the Company's Total Assets in the most recent financial statements delivered pursuant to Condition 4.13.

"**Perpetual Securities Obligation**" means any perpetual capital securities, subordinated capital securities or other similar instruments (or portions thereof) of the Company or any of its Restricted Subsidiaries that are classified as equity under PFRS and are issued or incurred in accordance with these Conditions.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof.

"**PFRS**" means Philippine Accounting Standards and Philippine Financial Reporting Standards as in effect from time to time. All ratios and computations contained or referred to in the Trust Deed shall be computed in conformity with PFRS applied on a consistent basis, provided that, for the purposes of any ratios, calculations and amounts to be determined pursuant to these Conditions (but not for the purposes of the financial statements required to be delivered pursuant to Condition 4.13), PFRS will be deemed to treat "operating leases" in a manner consistent with the treatment thereof under PFRS as of 31 December 2018, before the adoption of PFRS 16.

"**Pre-sale**" means sale of subdivision lots and housing and condominium units at any time prior to completion of construction, including before commencement of site development and construction.

"**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

"**Qualified Receivables**" means the right of the Company or any Restricted Subsidiary to receive scheduled instalment payments from purchasers of residential or commercial properties sold by the Company or such Restricted Subsidiary on secured loans provided by the Issuer or such Restricted Subsidiary in the ordinary course of business to such purchasers to fund the purchase price of such properties.

"**Qualified Receivables Transaction**" means a transaction or series of transactions entered into by the Company or any Restricted Subsidiary pursuant to which the Company or such Restricted Subsidiary sells or otherwise transfers to a domestic bank or financial institution in the Republic of the Philippines Qualified Receivables; where the gross cash proceeds from such sale or transfer are at least 85.0% of the aggregate principal amount of the Qualified Receivables sold or transferred.

"**Rating Agencies**" means each of (i) S&P, (ii) Moody's and (iii) Fitch; provided that if S&P, Moody's or Fitch shall not make a rating of the relevant Notes publicly available, one or more internationally recognised statistical rating organisations, as the case may be, as the Guarantor may select, which will be substituted for any of S&P, Moody's or Fitch, as the case may be.

"**Replacement Assets**" means properties and assets (other than current assets) of a nature or type that will be used in a Permitted Business.

"**Restricted Subsidiary**" means any Subsidiary of the Company, including the Issuer, other than an Unrestricted Subsidiary.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Senior Indebtedness**" of the Company or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or such Restricted Subsidiary, as relevant, whether outstanding on the Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be not senior in right of payment to the Notes or, in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee; provided that Senior Indebtedness does not include (a) any obligation to the Company or any Restricted Subsidiary, (b) trade payables or (c) Indebtedness Incurred in violation of the Trust Deed or these Conditions.

"**SGX-ST**" means the Singapore Exchange Securities Trading Limited.

"**S&P**" means Standard & Poor's Rating Services, a division of McGraw-Hill Financial.

"**Stated Maturity**" means, (a) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (b) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness.

"**Subordinated Indebtedness**" means any Indebtedness of the Issuer or any Guarantor which is contractually subordinated or junior in right of payment to the Notes or any Guarantee, as applicable, pursuant to a written agreement to such effect.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity of which more than 50.0% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"**Subsidiary Guarantee**" means any guarantee of the due and punctual payment of all sums from time to time payable by the Issuer in respect of its obligations under the Notes, the Trust Deed and the Agency Agreement by any Subsidiary Guarantor.

"**Subsidiary Guarantor**" means (i) any Subsidiary Guarantor named herein, (ii) any other existing Restricted Subsidiary which incurs Guaranteed Indebtedness, and (iii) any Restricted Subsidiary created or acquired by the Company after the Issue Date, which, in the case of clauses (ii) and (iii), becomes a Subsidiary Guarantor in accordance with Conditions 4.5 and 4.17 and with the Trust Deed; provided that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Trust Deed and the Notes.

"**Temporary Cash Investment**" means any of the following:

(a) direct obligations of the United States of America, the Republic of the Philippines and any state of the European Economic Area (including the United Kingdom) or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America, the Republic of the Philippines and any state of the European Economic Area (including the United Kingdom) or any agency thereof, in each case maturing within one year;

(b) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organised under the laws of the United States of America or any state thereof, any state of the European Economic Area (including the United Kingdom) and which bank or trust company has capital, surplus and undivided profits aggregating in excess of U.S.$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognised statistical rating organisation (as defined in Rule 436 under the United States Securities Act of 1933, as amended) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) above entered into with a bank or trust company meeting the qualifications described in clause (b) above;

(d) commercial paper, maturing within 180 days of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Issuer or the Company) organised and in existence under the laws of the United States of America, any state thereof or any foreign country recognised by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(e) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof or Hong Kong and rated at least "A" by S&P or Moody's;

(f) any mutual fund that has at least 95.0% of its assets continuously invested in investments of the types described in clauses (a) through (e) above;

(g) securities of any sovereign state, political subdivision, government, or private corporation that are rated Investment Grade, regardless of tenor, and only to the extent such securities are secured in accordance with the Conditions in connection with the Incurrence of Deposit Secured Indebtedness permitted under Condition 4.1(b)(xiv); and

(h) time deposit accounts, certificates of deposit and money market deposits maturing within 90 days of the date of acquisition thereof issued by Metropolitan Bank and Trust Company, Bank of the Philippine Islands, Banco de Oro Unibank, Inc. or any other bank organised under the laws of the Republic of the Philippines whose long term debt is rated as high or higher than any of those banks; provided, however, that no more than the greater of (i) U.S.$10.0 million (or the Dollar Equivalent thereof) and (ii) 50.0% of the aggregate of all Temporary Cash Investments may at any date of determination be made in any one such entity.

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

"**Treasury Rate**" means, as of any redemption date, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to maturity; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded US Treasury securities adjusted to a constant maturity of one year will be used.

"**Total Assets**" means total assets as determined by reference to the audited annual or (as the case may be) unaudited quarterly consolidated financial statements of the Company as of the last day of its most recently ended quarterly period, provided that, for the purpose of calculating Total Assets, PFRS will be deemed to treat "operating leases" in a manner consistent with the treatment thereof under PFRS as in effect as of 31 December 2018, before the adoption of PFRS 16.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**Unrestricted Subsidiary**" means (a) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Company in the manner provided herein and (b) any Subsidiary of an Unrestricted Subsidiary.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly-Owned**" means, with respect to any Subsidiary of any Person, the ownership of 100.0% of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly-Owned Subsidiaries of such Person.

5. Interest

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of definitive Notes where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

For the purposes of these Conditions:

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

(a) if "**Actual/Actual (ICMA)**" is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

(c) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(i) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. In the case of (a) and (b), each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means, except as used in Condition 2.2, a day which is both:

(i) a day, which is not a Saturday, Sunday, legal holiday or other day, on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, The City of New York or Metro Manila and each Additional Business Centre specified in the applicable Pricing Supplement; and

(ii) either (A) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which, if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively, (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the "**TARGET 2 System**") is open or (C) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issuing and Paying Agent under an interest rate swap transaction if the Issuing and Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(i) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(ii) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(iii) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**"), the Euro-zone interbank offered rate ("**EURIBOR**") or the Hong Kong interbank offered rate ("**HIBOR**"), the first day of that Interest Period or (b) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(i) the offered quotation; or

(ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Issuing and Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issuing and Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (a) above, no such offered quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Issuing and Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Issuing and Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issuing and Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "30/360, 360/360" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30E/360" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Issuing and Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and (if required by the Issuer and the contact details of such stock exchange is notified to the Issuing and Paying Agent) any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as reasonably practicable after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) Determination or Calculation by Trustee

If for any reason at any relevant time the Issuing and Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Issuing and Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine the Rate of Interest at

such date as, in its absolute discretion (having regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Issuing and Paying Agent or the Calculation Agent, as applicable.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Issuing and Paying Agent or, if applicable, the Calculation Agent, or, if applicable, the Trustee, shall (in the absence of fraud, wilful misconduct, gross negligence or manifest error) be binding on the Issuer, the Guarantors, the Trustee, the Issuing and Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of fraud, wilful misconduct, gross negligence or manifest error) no liability to the Issuer, the Guarantors, the Noteholders, the Receiptholders or the Couponholders shall attach to the Issuing and Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or nonexercise by it of its powers, duties and discretions pursuant to such provisions.

(h) Benchmark Replacement

In addition, notwithstanding the provisions above in this Condition 5, if the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine (acting in good faith and a commercially reasonable manner), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate or, alternatively if there is no Successor Rate, an Alternative Reference Rate for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(h)); provided, however, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period and, if applicable, to any Maximum Rate of Interest and/or Minimum Rate of Interest applicable to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(h);

(iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Trustee and Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5.2(h). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee or Issuing and Paying Agent (if required); and

(v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Trustee, the Issuing and Paying Agent and the Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions.

An Independent Adviser appointed pursuant to these Conditions will act as an expert and (in the absence of gross negligence, wilful default or fraud) shall have no liability whatsoever to the Trustee or the Noteholders for any determination made by it under these Conditions.

For the purposes of this Condition 5.2(h):

"**Adjustment Spread**" means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"**Alternative Reference Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in international debt capital markets transactions for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

"**Benchmark Event**" means:

(i) the Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist;

(ii) a public statement by the administrator of the Reference Rate that it has ceased or that it will cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate);

(iii) a public statement by the supervisor of the administrator of the Reference Rate, that the Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Reference Rate as a consequence of which the Reference Rate will be prohibited from being used either generally, or in respect of the Notes;

(v) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for any Paying Agent, the Calculation Agent(s) or the Issuer to calculate any payments due to be made to any Noteholder using the Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Reference Rate, or the discontinuation of the Reference Rate, as the case may be; (b) in the case of paragraph (iv) on the date of the prohibition of use of the Reference Rate; and (c) in the case of paragraph (v) above, on the date with effect from which the Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent(s) and the Paying Agents. For the avoidance of doubt, neither the Trustee, the Calculation Agent(s) nor the Paying Agents shall have any responsibility for making such determination;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of the Reference Rate:

(i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:

(A) the central bank for the currency to which the Reference Rate relates;

(B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate (as applicable);

(C) a group of the aforementioned central banks or other supervisory authorities; or

(D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

5.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

5.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

5.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6. Payments

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and

(c) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes not held in the CMU will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of Instalment Amounts (if any) in respect of Definitive Bearer Notes not held in the CMU, other than the final Instalment Amount, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final Instalment Amount will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant Instalment Amount together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form not held in the CMU (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form not held in the CMU becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

In the case of Definitive Bearer Notes held in the CMU, payment will be made to the person(s) for whose account(s) interest in the relevant Definitive Bearer Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any relevant notification by CMU, which notification shall be conclusive evidence of the records of CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note (i) in the case of a Bearer Global Note lodged with the CMU, to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited as being held by the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment, or (ii) in the case of a Bearer Global Note not lodged with the CMU, against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made (in the case of a Bearer Global Note not lodged with the CMU) on such Bearer Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable or (in the case of a Bearer Global Note lodged with the CMU) on withdrawal of such Bearer Global Note by the CMU Lodging and Paying Agent, and in such case, such record shall be prima facie evidence that the payment in question has been made.

6.4 Payments in respect of Registered Notes

Payments of principal (other than Instalment Amounts prior to the final Instalment Amount) in respect of each Registered Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made on the due date by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business and in respect of Notes clearing through the CMU, a day on which the CMU is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment (in the case of a currency other than Renminbi) will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and, in the case of a payment in Renminbi, means the Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro and Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro and (in the case of a payment in Renminbi) a bank in Hong Kong.

Payments of interest and payments of Instalment Amounts (other than the final Instalment Amount) in respect of each Registered Note (in the case of a Specified Currency other than Renminbi) will be made on the due date by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business and in respect of Notes clearing through the CMU, a day on which the CMU is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifth day (in the case of Renminbi) and the fifteenth day (in the case of a currency other than Renminbi, whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Payments of interest and payments of instalments of principal (other than the final instalment) in Renminbi shall be made by transfer to the registered account of the payee. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or an Instalment Amount (other than the final Instalment Amount) in respect of a Registered Note form, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and Instalment Amounts (other than the final Instalment Amount) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final Instalment Amount will be made in the same manner as payment of the principal amount of such Note.

In the case of Definitive Registered Note or Registered Global Note held through the CMU, payment will be made at the discretion of the registered holder to the CMU Accountholders and such payment shall discharge the obligation of the Issuer in respect of that payment.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Note.

None of the Issuer, the Guarantors, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

The holder of a Global Note (if the Global Note is not lodged with the CMU) or (if the Global Note is lodged with the CMU) the person(s) for whose account(s) interests in such Global Note are credited as being held through the CMU in accordance with the CMU Rules as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error), shall be the only persons(s) entitled to receive payments in respect of Notes represented by such Global Note and the Issuer, or as the case may be, the Guarantors will be discharged by payment to, or to the order of, the holder of such Global Note or such person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU, as the case may be, in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, for his share of each payment so made by the Issuer, or as the case may be, the Guarantors to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantors, adverse tax consequences to the Issuer or any Guarantor.

6.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

  (i) in the case of definitive Notes only, the relevant place of presentation;

  (ii) each Additional Financial Centre specified in the applicable Pricing Supplement; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively), (ii) in relation to any sum payable in euro, a day on which the TARGET 2 System is open or (iii) in relation to any sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.6); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. Redemption and Purchase

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

7.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 15 nor more than 60 days' notice to the Trustee and the Issuing and Paying Agent and, in accordance with Condition 7.9 and Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer determines and certifies to the Trustee in an Officers' Certificate immediately prior to the giving of such notice that, as a result of any change in, or amendment to, the laws or treaties (including any regulations or rulings promulgated thereunder) of the Cayman Islands or the Republic of the Philippines or such other jurisdiction in which the Issuer or any of the Guarantors is then organised, as the case may be (or any political subdivision or taxing authority thereof or therein), affecting taxation, or any change in official position regarding the application, interpretation or administration of such laws, treaties, regulations or rulings (including a holding judgment or order by a court of competent jurisdiction), which change, amendment, application, interpretation or administration is announced or becomes effective on or after the Issue Date of the first Tranche of the Notes with respect to any payment due or to become due under the Notes or the Trust Deed, the Issuer (or, if any Guarantee were called, the Issuer or any of the Guarantors) is, or on the next Interest Payment Date would be, required to pay additional amounts which may be payable with respect to principal under Condition 8 on or in respect thereof and such obligation to pay such additional amounts cannot be avoided by the taking of reasonable measures by the Issuer or any of the Guarantors, as the case may be; provided that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Issuer or any of the Guarantors would be obliged to pay such additional amounts; provided that where any additional amounts due in accordance with Condition 8 are in consequence of the laws and treaties of the Republic of the Philippines, this Condition 7 shall only have effect to permit the Notes to be redeemed in the event that the rate of withholding or deduction required by such law or treaty is in excess of 20.0% (the "**Minimum Withholding Level**").

Prior to the publication and giving of any notice of redemption of the Notes pursuant to Condition 7.9, the Issuer will deliver to the Trustee:

(a) an Officers' Certificate, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred;

(b) an Opinion of Counsel or written advice of a qualified tax expert, such counsel or tax expert being from an internationally recognised law or accountancy firm reasonably acceptable to the Trustee, that the Issuer or any of the Guarantors, as the case may be, has or will become obliged to pay additional amounts which may be payable with respect to principal under Condition 8 as a result of such change, amendment, application, interpretation or administration. Such certificate and opinion or advice shall be made available for inspection by the Noteholders; and

(c) in the case of a redemption where the Minimum Withholding Level has been exceeded, an Opinion of Counsel or written advice of a qualified tax expert of the standing set out in Condition 7.2(b) above, that the Issuer or any of the Guarantors has or will become obliged to pay additional amounts which may be payable with respect to principal under Condition 8 and that the Minimum Withholding Level has been exceeded,

and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and

(b) notice to the Trustee, the Issuing and Paying Agent and the Guarantors and, in the case of a redemption of Registered Notes, the Registrar not less than 15 days before the giving of the notice referred to in (a) above;

(which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or the CMU (as appropriate), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, the incurrence of Indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded if any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

7.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer, in accordance with Condition 14, not less than 45 nor more than 60 days' notice, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement such Note on the Optional Redemption Date and at the Optional Redemption Amount, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Registered Notes may be redeemed under this Condition 7.4 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement. Such option shall operate as set out below in Condition 7.4.

To exercise the right to require redemption of the Notes pursuant to this Condition 7.4, the holder of this Note must, if this Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and the CMU, deliver, to the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If such Note is a Definitive Bearer Note, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg or the CMU, to exercise the right to require redemption of this Note, the holder of this Note must, within the notice period, give notice to the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or the CMU (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or the CMU or any common depositary, as the case may be, for them to the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means or notice being given to the CMU Lodging and Paying Agent) in a form acceptable to Euroclear and Clearstream, Luxembourg or the CMU and the CMU Lodging and Paying Agent, as the case may be, from time to time and, if this Note is represented by a Global Note held through Euroclear or Clearstream, Luxembourg, at the same time present or procure the presentation of the relevant Global Note to the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg and the CMU given by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4.

7.5 Redemption upon Change of Control

No later than 30 days following a Change of Control, the Issuer will make an Offer to Purchase all outstanding Notes (a "**Change of Control Offer**") at a purchase price equal to 101.0% of the Early Redemption Amount thereof plus accrued and unpaid interest, if any, to the Offer to Purchase Payment Date.

The definition of Change of Control includes a phrase relating to the sale of "all or substantially all" the properties or assets of the Issuer, the Company or the Restricted Subsidiaries. Although there is a limited body of case law interpreting the phrase "substantially all, "no precise definition of the phrase has been established. Accordingly, the ability of a Noteholder to require the Issuer to repurchase such Noteholder's Note as a result of a sale of less than all the assets of the Issuer to another person or group is uncertain and will depend upon particular facts and circumstances.

Notwithstanding the above, the Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Trust Deed applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Except as described above with respect to a Change of Control, the Trust Deed does not contain provisions that permit the Noteholders to require that the Issuer purchase or redeem the Notes in the event of a takeover, recapitalisation or similar transaction.

7.6 Early Redemption Amounts

For the purpose of Condition 7.2 and Condition 7.5 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note (other than a Zero Coupon Note, an Instalment Note and a Partly Paid Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1 + AY)^{y}$$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is the Day Count Fraction specified in the applicable Pricing Supplement which will either be 30/360 in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which will be 360 or such other calculation basis as may be specified in the applicable Pricing Supplement.

7.7 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.6.

7.8 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

7.9 Notice of Redemption

Notice of redemption will be given or published at least 30 days but not more than 60 days before the redemption date to the Noteholders. Unless the Issuer shall default in payment of the redemption price plus accrued interest to the redemption date specified in such notice, on and after the redemption date interest ceases to accrue on such Notes. Notes in principal amounts larger than U.S.$200,000 may be redeemed in part but only in whole multiples of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Neither the Trustee nor the Agents shall be responsible for calculating, verifying or determining any redemption payments, including the Early Redemption Amount, Final Redemption Amount or Optional Redemption Amount, as the case may be.

7.10 No Other Redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7.1 to 7.6 above.

7.11 Purchases

Notwithstanding anything else in these Conditions, the Issuer, the Company and any Subsidiary of the Company may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in any manner and at any price.

7.12 Cancellation

All Notes which are (a) redeemed or (b) purchased in accordance with Condition 7.11 above will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Issuing and Paying Agent and cannot be reissued or resold.

7.13 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Issuing and Paying Agent, the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. Taxation

8.1 Payment without Withholding

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer or any of the Guarantors shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any Relevant Jurisdictions, unless such withholding or deduction of Taxes is required by law. In such event, the Issuer or, as the case may be, such Guarantor, shall pay such additional amount ("**Additional Amounts**") as will result in receipt by the holders of the Notes, Receipts or Coupons of such amounts as would have been received by them had no such withholding or deduction been required; except that no such Additional Amounts shall be payable in relation to any payment of principal or interest in respect of any Note, Receipt or Coupon for:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between such Noteholder and a Relevant Jurisdiction in which the Issuer or any of the Guarantors is organised or deemed to be resident for tax purposes, as the case may be, other than merely holding such Note; or

(ii) presentation of such Note (where presentation is required) more than 30 calendar days after the later of (A) the date on which the payment first became due and if the full amount payable has not been received by the Trustee or the Issuing and Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders, Receiptholders and Couponholders, except to the extent that such Noteholder, Receiptholder or Couponholder would have been entitled to such Additional Amounts if it had presented such Note, Receipt or Coupon for payment on the last day of such period of 30 calendar days; or

(b) any withholding or deduction imposed on a payment to an individual and required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;

(c) any withholding or deduction by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or

(d) any tax imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or any successor version, any current or future regulations issued thereunder or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

The payment of principal or interest in respect of any Note, Receipt or Coupon or the net proceeds received on the sale or exchange of any Note, Receipt or Coupon or the payment of any amount in respect of the Guarantees shall be deemed to include the payment of Additional Amounts provided for in these Conditions or the Trust Deed to the extent that Additional Amounts are, were or would be payable in respect thereof pursuant to these Conditions or the Trust Deed.

As used in these Conditions, "**Relevant Jurisdiction**" means, in respect of payments by the Issuer, the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax or, in respect of payments by any of the Guarantors, the Republic of the Philippines or any political subdivision or any authority thereof or therein having power to tax or in the event of any substitution or other corporate action resulting in any of the Issuer and the Guarantors being incorporated in any other jurisdiction, that other jurisdiction or any political subdivision or any authority thereof or therein having power to tax.

8.2 Additional Amount

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed to include any additional amounts which may be payable under this Condition 8 or any undertaking given in addition to or in substitution of this Condition 8 pursuant to the Trust Deed.

9. Prescription

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. Events of Default and Enforcement

10.1 Events of Default

If any of the following events (other than an Event of Default specified in paragraphs (f) or (g) of this Condition 10) occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of at least 25.0% in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution, shall (subject to the Trustee being indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer and the Guarantors declaring that the Notes are, and upon such declaration they shall become, immediately due and payable at their principal amount together with any accrued interest, any premium, and any Additional Amounts, without further action or formality:

(a) *Non-payment of Interest*: default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 15 calendar days;

(b) *Non-payment of Principal or Premium*: default in the payment of the principal or premium, if any, of any Note when the same becomes due and payable at maturity or otherwise or a failure to redeem or purchase Notes when required pursuant to the Trust Deed or the Notes;

(c) *Breach of Other Obligations*: the Issuer or any of the Guarantors defaults in the performance or observance of any other covenants or agreements in the Trust Deed, the Notes, the Agency Agreement, any Guarantee and the default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is capable of remedy continues for 30 calendar days after the date on which written notice of such default is given to the Issuer and the Guarantors by the Trustee or given to the Issuer, the Guarantors and the Trustee by the holders of at least 25.0% in aggregate principal amount of the Notes then outstanding hereunder;

(d) *Change of Control*: the failure by the Issuer to (i) make an Offer to Purchase or (ii) the Issuer fails to purchase tendered Notes in the manner described in Condition 7.5;

(e) *Cross-acceleration*: there occurs with respect to any Indebtedness of the Issuer, the Company or any Restricted Subsidiary having an outstanding principal amount of U.S.$20.0 million (or its Dollar Equivalent) or more in the aggregate for all such Indebtedness for all such Persons, whether such Indebtedness now exists or shall hereafter be created, (1) an event of default that has caused the holders thereof to declare such Indebtedness to be due and payable prior to its stated maturity and/or (2) the failure to make a payment of principal, premium (if any) or interest when due (subject to any grace period provided in such Indebtedness);

(f) *Unsatisfied Judgment*: any final judgment or order from which no further appeal or judicial review is permissible for the payment of money shall be rendered against the Issuer or any Guarantor in an amount in excess of U.S.$20.0 million (or its Dollar Equivalent) individually or in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self-insurance or retention as not so covered) and shall not be discharged, and there shall be any period of 60 consecutive days following entry of the final judgment or order in excess of U.S.$20.0 million (or its Dollar Equivalent) individually or in the aggregate during which a stay of enforcement of such final judgment or order, irrespective of reason, shall not be in effect;

(g) *Insolvency and Rescheduling*:

(i) the Issuer or any of the Guarantors ceases or threatens to cease to carry on its business or a substantial part of its business, except as otherwise permitted by Condition 4.4, 4.9 and 4.14;

(ii) any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or any of the Guarantors, or for the appointment of a liquidator, curator in bankruptcy, or receiver of the Issuer or any of the Guarantors or of all or substantially all of their assets;

(iii) the Issuer or any of the Guarantors is generally unable to honour its obligations as they fall due;

(iv) the Issuer or any of the Guarantors commences negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of its Indebtedness, or the Issuer or any of the Guarantors proposes or makes an assignment for the benefit of, or enters into any general assignment or an arrangement or composition with, its creditors;

(v) the Issuer or the Guarantors files a petition for a suspension of payments or for bankruptcy or is declared bankrupt or becomes subject to any other regulation having similar effect;

(h) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues, measured as a whole, of the Issuer, the Company or any Material Subsidiary and is not discharged or within 60 days of having been so levied, enforced or sued;

(i) *Guarantee Not in Force*: any Guarantee is not (or is claimed by the Issuer or any Guarantor not to be) in full force and effect;

(j) *Moratorium or Expropriation*: a moratorium is agreed or declared in respect of any Indebtedness of the Issuer or any of the Guarantors, or any governmental authority shall take any action to condemn, seize, nationalise or appropriate all or a substantial part of the assets of the Issuer or any of the Guarantors or any of the Capital Stock of the Issuer or the Company or shall take any action that prevents or will prevent the Issuer or any of the Guarantors from performing its payment obligations under these Conditions, the Trust Deed, the Guarantees, the Notes, the Receipts or the Coupons, or the Issuer or any of the Guarantors shall be prevented from exercising normal control over all or a substantial part of its property;

(k) *Repudiation*: the Issuer or any of the Guarantors repudiates the Trust Deed, the Agency Agreement, any of the Guarantees, the Notes, the Receipts or the Coupons or does or causes or permits to be done any act or thing evidencing an intention to repudiate such agreement; or

(l) *Analogous Events*: any event occurs in respect of the Issuer or any of the Guarantors, which under the laws of any relevant jurisdiction has a similar or analogous effect to any of those events mentioned in paragraphs (g) and (h) in this Condition 10.1.

If an Event of Default specified in paragraph (g) of this Condition 10 occurs, the principal of, premium on, if any, and accrued interest (and any Additional Amounts thereon) on all the Notes shall become and be immediately due and payable without any declaration or other act on the part of the Trustee, any Noteholders, any Receiptholders or any Couponholders.

If the Trustee is unable in its sole discretion to determine whether an Event of Default or Default is capable or incapable of remedy and/or an event is materially prejudicial to the interests of the Noteholders, the Receiptholders and/or the Couponholders, it may call for and rely on a resolution of the Noteholders to make such determination and the Trustee shall not be obliged to make any determination unless it has been indemnified and/or pre-funded and/or secured to its satisfaction.

The Issuer shall promptly deliver to the Trustee written notice of any Default or Event of Default upon the Issuer or any of the Guarantors, as the case may be, becoming aware of such Default or Event of Default. The Trustee shall notify the Noteholders of the receipt of any such certificate or notice. The Trustee shall not be deemed to have notice of any Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof. For the purposes of this paragraph, "**Responsible Officer**" shall mean any officer of the Trustee having direct responsibility in relation to the Trust Deed, or to whom corporate trust matters are referred because of that officer's knowledge of and familiarity with the particular subject.

10.2 Interpretation

References to accounting terms include (where appropriate) references to other accounting terms in respect of the items, as determined by the Auditors (as defined in the Trust Deed) of the Company.

10.3 Enforcement

At any time after the Notes have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or any Guarantor as it may think appropriate to enforce terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of at least 25.0% in aggregate principal amount of the Notes then outstanding or shall have been so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders and (b) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

11. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and relevant stock exchange regulations, at the specified office of the Issuing and Paying Agent or the Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Agents

The names of the initial Agents and their initial specified offices are set out on the inside back cover of this Offering Circular.

The Issuer and the Guarantors are entitled, with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be an Issuing and Paying Agent and a Registrar (which will maintain the register of Noteholders outside the United Kingdom);

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority and the same is required by such stock exchange or regulatory authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Registrar and Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

(d) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Any variation, termination, appointment or change referred to in the preceding paragraph and/or appointment referred to in this paragraph shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantors and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. Notices

All notices regarding Bearer Notes will be deemed to be validly given if published in a daily newspaper having general circulation in Asia or such other English language daily newspaper with general circulation in Asia notified to the Trustee. It is expected that such publication will be made in the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed. So long as the Bearer Notes are listed on the SGX-ST, it is expected that such publication will be *The Business Times*. Any such notice will be deemed to have been given on the date of the first publication or, if required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding Registered Notes will be deemed to be validly given if (a) sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the day after mailing and (b) if and for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper having general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of (i) Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes or (ii) the CMU, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the first business day preceding the date of despatch of such notice as holding interests in the relevant Global Note and, in the case of both (i) and (ii) above, such notice shall be deemed to have been given to the Noteholders on the date of delivery to Euroclear or Clearstream, Luxembourg or the CMU as the case may be. In addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been validly given to the holders of the Notes on the same day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or the persons shown in the relevant CMU Instrument Position Report.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any definitive Note) with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Issuing and Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, and/or, in the case of Notes lodged with the CMU, by delivery by such holder of such notice to the CMU Lodging and Paying Agent in Hong Kong, as the case may be, in such manner as the Issuing and Paying Agent, the Registrar, the CMU Lodging and Paying Agent and Euroclear and/or Clearstream, Luxembourg and/or the CMU, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

15. Meetings of Noteholders, Modifications, Waiver and Substitution

15.1 Meeting of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by Noteholders holding not less than 50.0% in principal amount of the Notes for the time being outstanding. Except where the business of such a meeting includes consideration of a Reserved Matter (as defined below), the quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing over 50% in principal amount of the Notes for the time being outstanding, or at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals:

(a) to modify the maturity of any Notes or the dates on which interest is payable in respect of any Notes, Receipts or Coupons;

(b) to reduce or cancel the principal amount of, any premium payable on redemption of, or amount of interest on or to vary the method of calculating the rate of interest on, any Notes, Receipts or Coupons;

(c) to change the currency of payment of any Notes, Receipts or Coupons;

(d) to modify or cancel the Guarantees; or

(e) to amend this provision or to modify the provisions concerning the quorum required at any meeting of the Noteholders or the majority required to pass an Extraordinary Resolution (each of (a), (b), (c), (d) and (e) above, a "**Reserved Matter**"), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 2/3%, or at any adjourned such meeting not less than 33 1/3%, in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution duly passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting at which such resolution was passed, and on all Receiptholders and Couponholders. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90.0% of the aggregate principal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

Any application of a Successor Rate, Alternative Reference Rate, an Adjustment Spread or any rate determined in accordance with Condition 5.2(h), as the case may be, and any related benchmark amendments shall not constitute a matter which is required to be approved by an Extraordinary Resolution.

The provisions of this Condition 15.1 are subject to the further provisions of the Trust Deed.

15.2 Modifications and Waivers

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (a) any modification (except as mentioned in Condition 15.1 above or Condition 15.5 below) to, or the waiver or authorisation of any breach or proposed breach of, the Notes, the Trust Deed or the Agency Agreement which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (b) any modification to these Conditions or the Trust Deed or the Agency Agreement which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law (or in the case of the Agency Agreement, for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defecting provision therein). Any such modification, waiver or authorisation will be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee so agrees otherwise, any such modifications will be notified by the Issuer to the Noteholders as soon as practicable thereafter.

15.3 Notification to the Noteholders

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

15.4 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, substitution or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

15.5 Substitution

The Trust Deed contains provisions under which (a) the Company or any Subsidiary of the Company may, without the consent of the Noteholders, assume the obligations of the Issuer as principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed and (b) any Subsidiary of the Company may, without the consent of the Noteholders assume the obligations of the any of the Subsidiary Guarantors as a guarantor under the Notes, the Receipts, the Coupons and the Trust Deed, provided that, in each case, certain conditions specified in the Trust Deed are fulfilled, including (i) in the case of a substitution of the Issuer by a company other than the Company or any of the Subsidiary Guarantors, a requirement that the Guarantees of the Notes are fully effective in relation to the obligations of the new principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed and that such obligations are guaranteed by the Guarantors in the same terms (with consequential amendments as necessary) as the Guarantees to the Trustee's satisfaction, (ii) in the case of a substitution of any of the Subsidiary Guarantors as guarantor under the Trust Deed, a requirement that the Trustee is satisfied that the interests of the Noteholders will not be materially prejudiced thereby and a requirement that the Guarantee of the Notes by the new guarantor is fully effective in relation to the obligations of the new guarantor under the Notes, the Receipts, the Coupons and the Trust Deed and (iii) certain other conditions set out in the Trust Deed being complied with.

No Noteholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder except to the extent provided for in Condition 8 (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

16. Indemnification of the Trustee and Trustee Contracting with the Issuer and/or the Guarantor

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, any Guarantor and any entity related to the Company without accounting for any profit.

The Trust Deed contains provisions expressly declaring that the Trustee has no liability whatsoever to the Issuer or any Guarantor other than in respect of any breach by the Trustee of any express contractual obligations that the Trustee has undertaken for the benefit of the Issuer or any Guarantor pursuant to the Trust Deed and the Agency Agreement.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion, taking any such action, making any such decision, or giving any such direction, to seek directions, to the extent reasonable, from the Noteholders by way of an Extraordinary Resolution, and the Trustee will not be responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received.

The Trustee may rely, without liability to Noteholders, Receiptholders or Couponholders, on any certificate prepared by the directors of the Issuer or the Company and accompanied by a certificate or report prepared by an internationally recognised firm of accountants pursuant to these Conditions and/or the Trust Deed, whether or not addressed to the Trustee and whether or not the internationally recognised form of accountants' liability in respect thereof is limited by a monetary cap or otherwise limited or excluded and shall be obliged to do so where the certificate or report is delivered pursuant to the obligation of the Issuer or the Company to procure such delivery under these Conditions; and such certificate or report shall be conclusive and binding on the Issuer, the Company, the Trustee, the Noteholders, the Receiptholders and the Couponholders.

Any certificate (including an Officers' Certificate) or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

17. Further Issues

To the extent permitted by Condition 4, the Issuer shall be at liberty, from time to time, without the consent of the Noteholders, the Receiptholders or the Couponholders and in accordance with the Trust Deed, to create and issue further notes ("**Additional Notes**") having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. Governing Law and Submission to Jurisdiction

19.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

19.2 Submission to Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes (including disputes relating to any non-contractual obligations) which may arise out of or in connection with the Notes, the Receipts, the Coupons, the Guarantees or the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Receipts, the Coupons, the Guarantees or the Trust Deed ("**Proceedings**"), including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts, the Coupons, the Guarantees or the Trust Deed, may be brought in such courts. The Issuer and each Guarantor has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the Trustee, the Noteholders, the Receiptholders and the Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

19.3 Appointment of Process Agent

Each of the Issuer and the Guarantors irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom as its agent for service of process and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

19.4 Waiver of Sovereign Immunity

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

19.5 Other documents and the Guarantor

The Issuer and, where applicable, the Guarantor have in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche of Notes issued under the Programme, subject only to the deletion of non-applicable provisions, is set out below.

*[**MiFID II product governance/Professional investors and ECPs only target market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]*

*[**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]*

[The following legend regarding the SFA notification is to be included if Notes are Excluded Investment Products, otherwise appropriate legend to be included:]

*[**Section 309B(1)(c) of the SFA Notification –** The Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).] [Note: Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.]*

[The following language applies if the Notes are intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore.]

*[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore ("**Income Tax Act**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]*

[Date]

VLL INTERNATIONAL, INC.

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]
Guaranteed by VISTA LAND & LIFESCAPES, INC.,
BRITTANY CORPORATION, CAMELLA HOMES, INC., CROWN ASIA
PROPERTIES, INC., COMMUNITIES PHILIPPINES, INC.,
VISTAMALLS, INC. and VISTA RESIDENCES INC.

under its U.S.$2,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 13 July 2020 (collectively, the "**Offering Circular**"). This Pricing Supplement comprises the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

[***N.B. If the Issuer has prepared any unaudited, but reviewed, condensed consolidated financial statements dated as at a date, or for a period ending, subsequent to the financial statements appearing in the latest Offering Circular, ensure that such financial statements are provided to potential investors of the relevant series of Notes as soon as practicable upon announcement of the deal.***]

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 13 July 2020, which are incorporated by reference in the Offering Circular dated [*current date*] and are attached hereto. This Pricing Supplement comprises the final terms of the Notes and must be read in conjunction with the Offering Circular dated [*current date*].]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

[In the case of any Notes which are to be offered to the public in a Member State of the European Economic Area or the United Kingdom in circumstances which would have required the publication of a prospectus under Regulation (EU) 2017/1129, the minimum specified denomination will be €100,000 (or its equivalent in any other currency as of the date of Issue of the Notes) and the provisions regarding denomination below should be read accordingly.]

1.	(i)	Issuer:	VLL International, Inc. (LEI: 549300MM90FMJYBZSV63)
	(ii)	Guarantors:	Vista Land & Lifescapes, Inc. Camella Homes, Inc. Brittany Corporation Crown Asia Properties, Inc. Communities Philippines, Inc. Vistamalls, Inc. (formerly Starmalls, Inc.) Vista Residences, Inc.
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 25 below, which is expected to occur on or about [date]] [Not Applicable]
3.		Specified Currency or Currencies:	[●]
4.		Aggregate Nominal Amount:	
	(i)	Series:	[●]
	(ii)	Tranche:	[●]

5.	(i)	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
	(ii)	[Net proceeds:	[●]] [Delete for unlisted issuances.]
6.	(i)	Specified Denominations:	[●] *(N.B. Notes must have a minimum denomination of €100,000 (or equivalent) in order to benefit from Transparency Directive (Directive 2004/109/EC of the European Parliament and of the Council on the Harmonisation of Transparency Requirements in relation to information about issuers whose securities are admitted to trading on a regulated market) exemptions in respect of whole sale securities and in order to benefit from the wholesale exemption set out in Article 1.4(c) of the Prospectus Regulation in that Member State.)* *(Note – where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed:* *(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange or a United Kingdom exchange; and (ii) only offered in the European Economic Area or the United Kingdom in circumstances where a prospectus is not required to be published under the Prospectus Regulation the €100,000 minimum denomination is not required.)* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")* *(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)*
	(ii)	Calculation Amount:	[●] *(If there is only one Specified Denomination, insert the Specified Denomination.* *If there is more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8.	Maturity Date:	[*Fixed rate – specify date/Floating rate* – Interest Payment Date falling in or nearest to [specify month]][1]
9.	Interest Basis:	[[●] per cent. Fixed Rate] [[LIBOR/EURIBOR/HIBOR] +/-[●] per cent. Floating Rate]] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [specify other] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11.	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	Date(s) of [Board] approval(s) for issuance of Notes and Guarantees obtained:	[●] [and [●], respectively]] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantees)
14.	Listing:	[SGX-ST/specify other/None]
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear] *(If payable other than annually, consider amending [Condition 5])*

[1] *Note that for Renminbi and Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.*

	(ii) Interest Payment Date(s):	[[●] in each year up to and including the Maturity Date]/[specify other][2] (N.B.: This will need to be amended in the case of long or short coupons)
	(iii) Fixed Coupon Amount(s): *(Applicable to Notes in definitive form)*	[●] per Calculation Amount[3]
	(iv) Broken Amount(s): *(Applicable to Notes in definitive form)*	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)[4] or [*specify other*]]
	(vi) Determination Date(s):	[●] in each year *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]* *(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration)* *(N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
17.	Floating Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Specified Period(s)/Specified	[●] Interest Payment Dates:

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2 *Note that for certain Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business' Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day, other than a Saturday or a Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [●]."*

3 *For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards in the case of Renminbi denominated Fixed Rate Notes and to the nearest HK$0.01, HK$0.005 being rounded upwards in the case of Hong Kong dollar denominated Fixed Rate Notes."*

4 *Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.*

(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
(iii)	Additional Business Centre(s):	[●]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/ specify other]
(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent):	[●]
(vi)	Screen Rate Determination:	
	– Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [LIBOR/EURIBOR/*specify other Reference Rate*] Relevant Financial Centre: [London/Brussels/*specify other Relevant Financial Centre*]
	– Interest Determination Date(s):	[●] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling, Hong Kong dollar or euro LIBOR), first day of each Interest Period if Sterling LIBOR or Hong Kong dollar LIBOR or HIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
	– Relevant Screen Page:	[●] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(vii)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●] *(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
(viii)	Margin(s):	[+/-][●] per cent. per annum
(ix)	Minimum Rate of Interest:	[●] per cent. per annum
(x)	Maximum Rate of Interest:	[●] per cent. per annum

	(xi) Day Count Fraction:	[Actual/Actual or Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360, 360/360 or Bond Basis 30E/360 or Eurobond Basis 30E/360 (ISDA) Other] *(See [Condition 5] for alternatives)*
	(xii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[As set out in Condition 5.2(h)]
18.	Zero Coupon Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Accrual Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Any other formula/basis of:	[●] determining amount payable:
	(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[30/360] [*specify other*] *(Consider applicable day count fraction if not U.S. dollar denominated)*
19.	Index Linked Interest Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Index/Formula:	[*give or annex details*]
	(ii) Calculation Agent:	[●]
	(iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Issuing and Paying Agent):	[●]
	(iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]

(v)	Specified Period(s)/Specified Interest Payment Dates:	[●]
(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
(vii)	Additional Business Centre(s):	[●]
(viii)	Minimum Rate of Interest:	[●] per cent. per annum
(ix)	Maximum Rate of Interest:	[●] per cent. per annum
(x)	Day Count Fraction:	[●]
20.	Dual Currency Interest Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Issuing and Paying Agent):	[●]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other/see Appendix]
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	[●]
(b)	Maximum Redemption Amount:	[●]

	(iv) Notice period (if other than as set out in the Conditions):	[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee.)*
22.	Investor Put:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/Specify other/see Appendix]
	(iii) Notice period (if other than as set out in the Conditions):	[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee.)*
23.	Final Redemption Amount:	[[●] per Calculation Amount/Specify other/see Appendix]]
24.	Early Redemption Amount payable on redemption for taxation reasons, upon change of control or on event of default and/or the method of calculating the same (if required or if different from that set out in [Condition 7.6]):	[[●] per Calculation Amount/Specify other/see Appendix]]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]*]

		[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]*] ** (Ensure that this is consistent with the wording in the "**Form of the Notes**" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Notes.)* [Registered Notes: [Registered Global Note ([U.S.$[●]] nominal amount) [registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/registered in the name of the HKMA as operator of the CMU]]
26.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 17(iii) and 19(vii) relate)*
27.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[*Not Applicable/give details. N.B.: a new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues.*]
29.	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
30.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

31.	(i) If syndicated, names and addresses of Managers and commitments:	[Not Applicable/*give names and addresses and commitments*]
	(ii) Date of Subscription Agreement:	[●]
	(iii) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
32.	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name and address*]
33.	Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount
34.	U.S. Selling Restrictions:	Reg. S (Category 1/Category 2); [TEFRA D/TEFRA C/TEFRA not applicable]
35.	Additional selling restrictions:	[Not Applicable/*give details*]
36.	Additional U.S. federal income tax considerations:	[Not Applicable/*give details*] [*To consider whether any considerations relating to the U.S. Foreign Account Tax Compliance Act need to be included*]

OPERATIONAL INFORMATION

37.	Any clearing system(s) other than Euroclear or Clearstream, Luxembourg and the relevant identification number(s):	[CMU/Not Applicable/give name(s) and number(s)]
38.	Delivery:	Delivery [against/free of] payment
39.	Additional Paying Agent(s) (if any):	[●]
40.	ISIN:	[●]
41.	Common Code:	[●] *(insert here any other relevant codes such as a CMU instrument number)*

GENERAL

42.	Rating(s):	[*Rating Agency: [●]*]
43.	The aggregate principal amount of Notes issues has been translated into U.S. dollars at the rate of:	[[Not Applicable]/[U.S.$[●]]

[USE OF PROCEEDS]

[*Give details if different from the "Use of Proceeds" section in the Offering Circular.*]

[STABILISATION]

[In connection with this issue, [insert name of *Stabilising Manager(s)*] (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue

date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]

[LISTING

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$2,000,000,000 Medium Term Note Programme of VLL International, Inc.]

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

Each of the Issuer and the Guarantors represents and warrants that, except as disclosed in this Pricing Supplement, there has been no significant change in the financial or trading position of the Issuer or the Guarantors since [*date of most recently audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer or the Guarantors since [*date of most recently published annual accounts*].

RESPONSIBILITY

The Issuer and the Guarantors accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of VLL International, Inc.:

By: _____ By: _____
Duly authorised *Duly authorised*

Signed on behalf of Vista Land & Lifescapes, Inc.:

By: _____ By: _____
Duly authorised *Duly authorised*

Signed on behalf of Brittany Corporation:

By: _____ By: _____
Duly authorised *Duly authorised*

Signed on behalf of Camella Homes, Inc.:

By: _____ By: _____
Duly authorised *Duly authorised*

Signed on behalf of Crown Asia Properties, Inc.:

By: _____ By: _____
Duly authorised *Duly authorised*

Signed on behalf of Communities Philippines, Inc.:

By: _____ By: _____
Duly authorised *Duly authorised*

Signed on behalf of Vistamalls, Inc.:

By: _____ By: _____
Duly authorised *Duly authorised*

Signed on behalf of Vista Residences, Inc.:

By: _____ By: _____
Duly authorised *Duly authorised*

USE OF PROCEEDS

The net proceeds from each issue of the Notes under the Programme will be used for working capital, investment and other general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CAPITALISATION

The following table sets out, in accordance with PFRS, the Company's consolidated capitalisation and indebtedness as of 31 March 2020. The table should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as of 31 March 2020 including the notes thereto, found elsewhere in this Offering Circular.

	As of 31 March 2020	
	(unaudited)	
	(in millions)	
Cash and cash equivalents	₱8,921.9	U.S.$174.8
Debt:		
Bank loans	47,047.6	921.7
Notes payable	92,997.5	1,821.9
Total debt[(1)]	**140,045.1**	**2,743.6**
Equity:		
Common stock	13,114.1	256.9
Preferred stock	33.0	0.6
Additional paid-in capital	30,655.4	600.6
Treasury Shares	(7,740.3)	(151.6)
Other comprehensive income (loss)	631.5	12.4
Non-controlling interest	2,405.6	47.1
Retained earnings	63,289.7	1,239.9
Total equity	**₱102,389.0**	**U.S.$2,005.9**

Note:

(1) Excludes loans payable, which represents the sold portion of the Company's instalment contracts receivables with recourse. Loans payable are settled from the collection of receivables.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the Company's capitalisation or indebtedness since 31 March 2020.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected consolidated financial information for the Company and should be read in conjunction with the auditors' reports and with the Company's consolidated financial statements and notes thereto contained in this Offering Circular. The selected historical consolidated statements of financial position data as of 31 December 2018 and 2019 and selected historical consolidated statements of comprehensive income and cash flow data for the years ended 31 December 2017, 2018 and 2019 set forth below have been derived from the audited consolidated financial statements, including the notes thereto, included elsewhere in this Offering Circular. The selected historical consolidated statement of financial position data as of 31 March 2020, and selected historical consolidated statements of comprehensive income and cash flow data for the three months ended 31 March 2019 and 2020 have been derived from the Company's unaudited interim condensed consolidated financial statements, as reviewed by SGV & Co. in accordance with PSRE 2410 and included elsewhere in this Offering Circular. Unless otherwise stated, the Company has presented its consolidated financial results for annual and interim periods in accordance with PFRS and PAS 34, respectively. The information below is not necessarily indicative of the results of future operations. Furthermore, the translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP rate as of 31 March 2020 (the last date in March 2020 that such rate was published) of ₱51.044 = U.S.$1.00.

Consolidated Statements of Comprehensive Income

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions, except for share figures)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
STATEMENT OF COMPREHENSIVE INCOME							
REVENUE							
Real estate	27,594.4	31,856.1	32,827.9	643.1	8,074.0	7,200.2	141.1
Rental income	5,625.2	6,464.7	7,748.4	151.8	1,639.7	2,197.5	43.1
Interest income from installment contracts receivable	543.5	680.1	576.8	11.3	137.0	181.8	3.6
Parking, hotel, mall administrative and processing fee, and other revenue	1,076.6	1,260.5	1,744.1	34.2	347.1	350.1	6.9
	34,839.7	40,261.4	42,897.2	840.4	10,197.8	9,929.6	194.7
COSTS AND EXPENSES							
Costs of real estate sales	13,303.6	15,177.2	15,768.5	308.9	3,838.9	3,742.6	73.3
Operating expenses	8,080.9	9,558.5	11,487.1	225.0	2,871.0	2,693.1	52.8
	21,384.5	24,735.7	27,255.6	533.9	6,709.9	6,435.7	126.1
OTHER INCOME (EXPENSES)							
Interest income from investments	1,202.6	1,225.8	1,508.9	29.6	393.5	335.2	6.6
Interest and other financing charges	(3,384.2)	(4,169.8)	(3,567.9)	(69.9)	(643.8)	(936.3)	(18.3)
	(2,181.6)	(2,944.0)	(2,059.0)	(40.3)	(250.3)	(601.1)	(11.7)
INCOME BEFORE INCOME TAX	11,273.6	12,581.7	13,582.6	266.2	3,237.6	2,892.8	56.9
PROVISION FOR INCOME TAX	2,210.9	2,047.3	1,973.4	38.7	614.7	454.5	8.9
NET INCOME	**9,062.7**	**10,534.4**	**11,609.2**	**227.5**	**2,622.9**	**2,438.3**	**48.0**

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions, except for share figures)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
OTHER COMPREHENSIVE INCOME (LOSS)							
Cumulative translation adjustments	(227.8)	(147.7)	71.5	1.4	2.7	(1.0)	(0.0)
Changes in fair value of available-for-sale (AFS) financial assets	250.3	–	–	–	(5.0)	(1.0)	(0.0)
Remeasurement gain (loss) – net of tax on pension liabilities	147.2	80.4	16.4	0.3	–	–	–
Changes in fair value on equity investments at fair value through other comprehensive income	–	23.0	11.0	0.2	–	–	–
OTHER COMPREHENSIVE INCOME, NET OF TAX	169.7	(44.3)	98.9	1.9	(2.3)	(2.0)	(0.0)
TOTAL COMPREHENSIVE INCOME	**9,232.4**	**10,490.1**	**11,708.1**	**229.4**	**2,620.6**	**2,436.3**	**48.0**
Basic/diluted earnings per share[(1)]	0.686	0.798	0.889	0.017	0.200	0.184	0.004

Note:

(1) There were 12,828,153,168 shares outstanding as of 31 December 2017, 12,823,692,618 shares outstanding as of 31 December 2018, 12,670,318,529 shares outstanding as of 31 December 2019 and 12,698,007,676 shares outstanding as of 31 March 2020.

Consolidated Statements of Financial Position

	Audited			Unaudited	
	As of 31 December			As of 31 March	
	2018	2019		2020	
		(in millions)			
	₱	₱	U.S.$	₱	U.S.$
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current Assets					
Cash and cash equivalents	20,022.2	13,945.2	273.2	8,921.9	174.8
Short-term cash investments	139.9	210.8	4.1	193.6	3.8
Available-for-sale financial assets	–	–	–	–	–
Held-to-maturity investments	–	–	–	–	–
Receivables	36,306.2	38,438.3	753.0	42,188.1	826.5
Cost to obtain	747.5	1,033.8	20.3	1,015.0	19.9
Receivable from related parties	4,706.9	5,155.6	101.0	5,592.8	109.6
Investment in amortized cost	–	2,103.6	41.2	2,389.0	46.8
Real estate inventories	41,946.9	41,400.8	811.1	42,496.1	832.5
Other current assets	6,012.5	8,026.9	157.3	8,997.6	176.3
Total current assets	109,882.1	110,315.0	2,161.2	111,794.1	2,190.2

	Audited			Unaudited
	As of 31 December			As of 31 March
	2018	2019		2020
		(in millions)		
	₱	₱	U.S.$	₱	U.S.$
Noncurrent Assets					
Investments at amortized cost	27,483.1	31,688.6	620.8	30,990.4	607.1
Investments at FVOCI	106.5	117.5	2.3	116.5	2.3
Receivables – net of current portion	17,334.8	19,395.3	380.0	19,076.5	373.7
Cost to obtain	529.0	532.1	10.4	549.7	10.8
Long-term cash investments	–	–	–	–	–
Available-for-sale financial assets	–	–	–	–	–
Held-to-maturity investments	–	–	–	–	–
Investment properties	73,930.6	101,434.9	1,987.2	102,741.2	2,012.8
Land and improvements	–	–	–	–	–
Property and equipment	1,613.9	2,547.3	49.9	2,629.4	51.5
Investments and advances in project development costs	4,465.3	4,150.6	81.3	4,279.5	83.8
Goodwill	147.3	147.3	2.9	147.3	2.9
Pension assets	213.3	267.9	5.2	212.2	4.2
Deferred tax assets – net	846.7	484.3	9.5	325.1	6.4
Other noncurrent assets	1,709.4	1,457.9	28.6	1,473.4	28.9
Total noncurrent assets	128,379.9	162,223.7	3,178.1	162,541.2	3,184.4
Total assets	**238,262.0**	**272,538.6**	**5,339.3**	**274,335.3**	**5,374.6**
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts and other payables	15,736.9	13,164.1	257.9	12,894.1	252.6
Customers' advances and deposits	1,297.8	1,469.5	28.8	1,214.8	23.8
Income tax payable	44.4	67.2	1.3	141.6	2.8
Dividends payable	33.4	68.9	1.3	12.7	0.2
Current portion of:					
Contract liabilities	1,617.3	1,726.1	33.8	1,635.1	32.0
Notes payable	4,761.0	2,440.7	47.8	3,035.1	59.5
Bank loans	5,332.8	5,731.4	112.3	6,100.0	119.5
Loans payable	336.7	3,131.4	61.3	2,686.8	52.6
Lease liabilities	–	32.7	0.6	30.8	0.6
Total current liabilities	29,160.3	27,832.0	545.1	27,751.0	543.6
Noncurrent Liabilities					
Contract liabilities – net of current portion	707.6	764.1	15.0	885.4	17.3
Bank loans – net of current portion	39,143.2	41,443.7	811.9	40,947.6	802.2
Loans payable – net of current portion	2,447.4	273.5	5.4	239.6	4.7
Notes payable – net of current portion	69,526.0	90,749.5	1,777.9	89,962.4	1,762.4
Lease liabilities – net of current portion	–	3,081.2	60.4	3,098.8	60.7
Pension liabilities	–	–	–	–	–
Deferred tax liabilities – net	3,920.3	4,007.8	78.5	4,207.3	82.4
Other noncurrent liabilities	1,450.5	4,434.2	86.9	4,854.2	95.1
Total noncurrent liabilities	117,195.0	144,754.0	2,836.0	144,195.3	2,824.8
Total liabilities	**146,355.3**	**172,586.0**	**3,381.1**	**171,946.3**	**3,368.4**

	Audited			Unaudited
	As of 31 December			As of 31 March
	2018	2019		2020
			(in millions)	
	₱	₱	U.S.$	₱	U.S.$
Equity					
Capital stock:					
Common stock	13,114.1	13,114.1	256.9	13,114.1	256.9
Treasury shares	(7,184.3)	(7,740.3)	(151.6)	(7,740.3)	(151.6)
Preferred stock	33.0	33.0	0.6	33.0	0.6
Additional paid-in capital	30,655.4	30,655.4	600.6	30,655.4	600.6
Other comprehensive income	534.5	633.5	12.4	631.5	12.4
Retained earnings	52,736.8	60,953.0	1,194.1	63,289.7	1,239.9
Non-controlling interest	2,017.1	2,303.9	45.1	2,405.6	47.1
Total Equity	**91,906.6**	**99,952.6**	**1,958.1**	**102,389.0**	**2,005.9**
Total Liabilities and Equity	**238,261.9**	**272,538.6**	**5,339.2**	**274,335.3**	**5,374.3**

Consolidated Statements of Cash Flows

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
CASH FLOWS FROM OPERATING ACTIVITIES							
Income before income tax	11,273.6	12,581.7	13,582.6	266.1	3,237.5	2,892.8	56.7
Adjustments for:							
Interest and other financing charges	3,384.2	4,169.8	3,567.9	69.9	643.8	936.3	18.3
Depreciation and amortization	1,305.2	1,480.1	2,292.1	44.9	530.1	588.5	11.5
Unrealised foreign exchange losses (gains)	(0.4)	(5.2)	5.2	0.1	(3.7)	0.9	0.0
Provision for impairment losses on investments at amortized costs	–	–	–	–	56.4	54.8	1.1
Retirement expense, net of benefits paid and contribution to retirement plan	76.5	42.1	15.2	0.3	16.7	8.6	0.2
Interest income	(1,202.6)	(1,358.3)	(1,508.9)	(29.6)	(393.5)	(335.2)	(6.6)
Operating income before working capital changes	14,836.5	16,910.2	17,954.2	351.7	4,087.3	4,146.8	81.2
Decrease/(increase) in:							
Receivables	(7,092.7)	(11,391.2)	(4,105.4)	(80.4)	(4,844.2)	(3,443.1)	(67.5)
Real estate inventories	(3,836.3)	(679.2)	(4,443.5)	(87.1)	66.7	(226.8)	(4.4)
Other current assets	(1,295.9)	(3,919.8)	(1,893.9)	(37.1)	(144.7)	(905.5)	(17.7)
Pension assets	–	–	–	–	(33.6)	47.1	0.9
Increase/(decrease) in:							
Accounts and other payables	(1,385.7)	2,983.8	(6,251.4)	(122.5)	(2,104.2)	(1,273.2)	24.9
Contract liabilities	–	(144.7)	165.4	3.2	(587.7)	(52.4)	(1.0)
Security deposits and advance rent	946.1	83.3	855.9	16.8	506.5	30.3	0.6
Other noncurrent liabilities	286.0	(223.5)	3,785.5	74.2	1,256.0	178.4	3.5
Plan assets contributions paid	(51.6)	(52.8)	(60.7)	(1.2)	–	–	–
Net cash flows provided by (used in) operations	2,406.5	3,566.1	6,006.1	117.7	(1,797.9)	(1,498.5)	(29.4)
Income tax paid	(420.4)	(499.5)	(1,547.8)	(30.3)	(45.1)	(85.3)	(1.7)
Net cash flows provided by (used in) operating activities	**1,986.1**	**3,066.6**	**4,458.3**	**87.3**	**(1,843.1)**	**(1,583.8)**	**(31.0)**

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from:							
Maturity of investments at amortized cost	3,061.3	9,260.9	1,156.2	22.7	104.3	895.5	17.5
Short-term cash investments	–	205.7	135.9	2.7	60.5	17.2	0.3
Disposal of investments in FVTPL	–	6,623.9	–	–	–	–	–
Disposal of investments in FVOCI	–	38.1	–	–	–	–	–
Disposal of investment in AFS	2,211.9	–	–	–	–	–	–
Interest received	1,487.0	1,970.2	1,637.4	32.1	305.8	403.1	7.9
Acquisitions of:							
Investment properties	(6,051.3)	(12,270.2)	(13,599.4)	(266.4)	(4,496.2)	(117.5)	(2.3)
Investment at amortized costs	–	(13,825.2)	(8,916.3)	(174.7)	(7,170.3)	(563.3)	(11.0)
Property and equipment	(115.9)	(817.4)	(1,110.9)	(21.8)	(345.2)	(120.0)	(2.4)
Short-term cash investments	(245.6)	–	(206.8)	(4.1)	(93.5)	–	–
AFS financial assets	(7.3)	–	–	–	–	–	–
HTM investments	(4,127.8)	–	–	–	–	–	–
Systems development cost	(43.3)	(67.9)	–	–	–	–	–
Deductions from (Additions):							
Project development costs	(802.0)	(431.0)	314.6	6.2	(251.9)	(128.9)	(2.5)
Receivables from related parties	(1,071.3)	(1,070.2)	(448.7)	(8.8)	(252.7)	(437.3)	(8.6)
Restricted cash	–	–	20.9	0.4	–	–	–
Other noncurrent assets	(445.5)	35.1	(82.7)	(1.6)	(45.1)	(33.4)	(0.7)
Net cash flows used in investing activities	**(6,149.8)**	**(10,347.9)**	**(21,099.6)**	**(413.4)**	**(12,184.3)**	**(84.6)**	**(1.7)**
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from:							
Notes payable	15,844.8	18,069.8	25,000.0	489.8	–	–	–
Bank loans	6,618.9	11,880.1	7,470.0	146.3	3,038.3	5,034.7	98.6
Loans payable	2,318.5	1,727.6	3,333.7	65.3	1,216.6	273.2	5.4
Payments of:							
Lease liabilities	–	–	(212.8)	(4.2)	(34.4)	(60.5)	(1.2)
Dividends	(1,652.8)	(2,762.9)	(3,181.5)	(62.3)	(21.0)	(56.2)	(1.1)
Notes payable	(777.12)	(193.1)	(4,784.6)	(93.7)	(102.1)	(308.3)	(6.0)
Loans payable	(2,445.3)	(2,703.9)	(2,712.9)	(53.2)	(997.6)	(751.7)	(14.7)
Bank loans	(6,906.3)	(3,203.9)	(4,826.9)	(94.6)	(2,351.4)	(5,168.4)	(101.3)
Interest and other financing charges	(6,182.0)	(6,882.6)	(8,883.1)	(174.0)	(1,019.3)	(2,316.7)	(45.4)
Acquisition of treasury shares	(63.3)	(127.5)	(632.5)	(12.4)	(632.5)	–	–
Net cash flows provided by financing activities	**6,755.3**	**15,803.7**	**10,569.5**	**207.1**	**(903.4)**	**(3,353.9)**	**(65.7)**
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	0.4	5.2	(5.2)	(0.1)	3.7	(0.9)	(0.0)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,592.0	8,527.7	(6,077.0)	(119.01)	(14,927.0)	(5,023.3)	(98.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,902.5	11,494.5	20,022.2	392.3	20,022.2	13,945.2	273.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**11,494.5**	**20,022.2**	**13,945.2**	**273.2**	**5,095.1**	**8,921.9**	**174.8**

Other Financial Information

	Audited				Unaudited		
	As of and for the years ended 31 December				As of and for the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions, except for ratios and percentages)						
EBIT[(1)]	₱13,455.2	₱15,525.7	₱15,641.6	U.S.$306.5	₱3,487.9	₱3,493.9	U.S.$68.6
EBITDA[(2)]	₱14,764.1	₱17,005.8	₱17,986.3	U.S.$352.4	₱4,126.8	₱4,176.2	U.S.$81.9
Total debt[(3)]	₱90,300.9	₱118,763.1	₱140,365.3	U.S.$2,749.9	₱119,457.0	₱140,045.1	U.S.$2,743.6
Net debt[(4)]	₱50,142.1	₱71,117.8	₱92,417.1	U.S.$1,810.5	₱80,280.1	₱97,550.2	U.S.$1,911.1
Gross margin (%)[(5)]	51.8%	52.4%	52.0%	N/A	52.5%	48.0%	N/A
Debt-to-total capitalisation ratio (%)[(6)]	51.8%	56.4%	58.4%	N/A	55.9%	57.8%	N/A
Debt-to-EBITDA ratio[(7)]	6.1	7.0	7.8	N/A	7.0	7.8	N/A
Net debt to EBITDA ratio[(8)]	3.4	4.2	5.1	N/A	4.7	5.4	N/A
Total liabilities-to-total equity ratio (%)	138.0%	159.2%	172.7%	N/A	159.3%	167.9%	N/A
Current assets-to-current liabilities ratio	5.2	3.8	4.0	N/A	3.7	4.0	N/A
Debt-to-Equity[(9)]	1.07	1.29	1.40	N/A	1.27	1.37	N/A
Net debt-to-equity[(10)]	0.60	0.77	0.92	N/A	0.85	0.95	N/A
Debt-to-assets (%)[(11)]	45.2%	49.8%	51.5%	N/A	48.9%	51.0%	N/A
EBITDA to fixed charges[(12)]	2.97	3.01	2.44	N/A	2.89	2.30	N/A

Notes:

(1) EBIT is computed as consolidated net income before interest and other financing charges and provision for income taxes and excluding foreign exchange losses – net and interest income from investments. The following table sets forth further information with respect to the computation of EBIT:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
			(in millions)				
	₱	₱	₱	U.S.$	₱	₱	U.S.$
EBIT							
Consolidated net income	9,062.7	10,534.4	11,609.2	227.5	2,622.9	2,438.3	48.0
Interest and other financing charges	3,384.2	4,169.8	3,567.9	69.9	643.8	936.3	18.3
Interest income from investments	(1,202.6)	(1,225.8)	(1,508.9)	(29.6)	(393.5)	(335.2)	(6.6)
Foreign exchange losses (gains)	–	–	–	–	–	–	–
Provision for income tax	2,210.9	2,047.3	1,973.4	38.7	614.7	454.5	8.9
	13,455.2	**15,525.7**	**15,641.6**	**306.5**	**3,487.9**	**3,493.9**	**68.6**

(2) EBITDA is computed as EBIT, as defined in this Offering Circular, before depreciation and amortisation and impairment. The following table sets forth further information with respect to the computation of EBITDA:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
EBITDA							
EBIT	13,455.2	15,525.7	15,641.6	306.5	3,487.9	3,493.9	68.6
Depreciation and amortization	1,305.2	1,480.1	2,292.1	44.9	530.1	588.5	11.5
Impairment	3.7	–	52.6	1.0	108.8	93.8	1.8
	14,764.1	**17,005.8**	**17,986.3**	**352.4**	**4,126.8**	**4,176.2**	**81.9**

(3) Total debt computed as current and noncurrent portions of bank loans and notes payable.

(4) Net debt computed as total debt (as defined above) less the sum of consolidated cash and cash equivalents, short-term investments and long-term cash investments, available-for-sale financial assets (debt securities) and held-to-maturity investments.

(5) Represents gross profit (computed as real estate revenue less cost of real estate) as a percentage of real estate revenue.

(6) Computed as total debt (as defined above) divided by total debt plus total equity.

(7) Computed as total debt (at end of period) divided by EBITDA (last 12 months up to end of period):

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Total debt	90,300.9	118,763.1	140,365.3	2,749.9	119,457.0	140,045.1	2,743.6
EBITDA	14,764.1	17,005.8	17,986.3	352.4	17,032.2	17,983.3	352.3
Debt-to-EBITDA ratio	6.1	7.0	7.8	N/A	7.0	7.8	N/A

(8) Computed as net debt (at end of period) divided by EBITDA (last 12 months up to end of period):

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Net debt	50,142.1	71,117.8	92,417.1	1,810.5	80,280.1	97,550.3	1,911.1
EBITDA	14,764.1	17,005.8	17,986.3	352.4	17,032.2	17,983.3	352.3
Net debt-to-EBITDA ratio	3.4	4.2	5.1	N/A	4.7	5.4	N/A

(9) Debt-to-equity ratio is computed by dividing total debt by total equity.

(10) Net debt-to-equity ratio is computed by dividing net debt by total equity.

(11) Debt-to-assets ratio is computed by dividing total debt by total assets.

(12) EBITDA to fixed charges is computed by dividing EBITDA by fixed charges. Fixed charges are interest payments related to the interest-bearing debt including interest expense and capitalized interest and excluding interest income from investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations and certain trends, risks and uncertainties that may affect its business. The significant accounting policies section discloses certain accounting policies and management judgments that are material to the Company's results of operations and financial condition for the periods presented in this report. The discussion and analysis of the Company's results of operations is presented in three comparative sections: the three months ended 31 March 2020 compared with the three months ended 31 March 2019, the year ended 31 December 2019 compared with the year ended 31 December 2018 and the year ended 31 December 2018 compared with the year ended 31 December 2017. Disclosure relating to liquidity and financial condition and the trends, risks and uncertainties that have had or that are expected to affect revenues and income complete the management's discussion and analysis.

Prospective investors should read this discussion and analysis of the Company's consolidated financial condition and results of operations in conjunction with the audited consolidated financial statements, the unaudited interim condensed consolidated financial statements and the notes thereto set forth elsewhere in this Offering Circular.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Offering Circular. The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP rate as of 31 March 2020 (the last date in March 2020 that such rate was published) of ₱51.044 = U.S.$1.00.

Overview

Vista Land is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country with a presence in more than 147 cities and municipalities and a land bank of approximately 3,000 hectares as of 31 March 2020, located in areas in proximity to major roads and primary infrastructure. Since it commenced operations in 1977, Vista Land has built over 400,000 homes as of 31 March 2020. The Company believes that it is one of the few leading integrated property developers in the Philippines that is focused on the affordable market. In 2017, 2018, 2019, and the three months ended 31 March 2020, the Company recorded consolidated revenues from real estate sales of ₱27,594.4 million, ₱31,856.1 million, ₱32,827.9 million (U.S.$643.1 million) and ₱7,200.2 million (U.S.$141.1 million), respectively. In addition to providing a wide range of housing products to its customers across all income segments through its residential property development business, the Company is involved in commercial property development through its retail mails and BPO commercial centres.

The Company operates its residential property development business and commercial property development business through six distinct business units, namely Camella Homes, Communities Philippines, Crown Asia, Brittany, Vista Residences and Vistamalls, with details as follows:

- Camella Homes. For over 40 years, Camella Homes has serviced the affordable housing segment (houses priced below ₱5 million) in the Mega Manila area. Camella Homes markets its houses primarily under the "Camella" brand. According to the July 2018 Philippine Survey and Research Center ("**PSRC**") "MANA 2018" Study, Camella was acknowledged as the most preferred brand overall in the Philippine housing market, with a brand awareness rate of 98%. For the year ended 31 December 2019 and the three months ended 31 March 2020, Camella Homes recorded ₱14,284.7 million (U.S.$279.9 million) and ₱1,605.6 million (U.S.$31.5 million) in real estate revenues, respectively, representing 44% and 22% of the Company's total real estate revenues, respectively;

- Communities Philippines. Communities Philippines and its subsidiaries offer residential properties outside the Mega Manila area under the "Camella" and "Crown Asia" brands. In the last five years, the majority of Communities Philippines' new projects were launched under the "Camella" brand, the Company's affordable housing brand. The Company believes that Communities Philippines and its subsidiaries have the widest coverage of developments in the regions outside Mega Manila of any homebuilder in the Philippines. The Company utilizes Camella Homes' expertise and designs to offer

houses in areas outside of the Mega Manila area that it believes are on par, in terms of quality, with the developments in the Mega Manila area. For the year ended 31 December 2019 and the three months ended 31 March 2020, Communities Philippines and its subsidiaries recorded ₱14,608.9 million (U.S.$286.2 million) and ₱4,159.9 million (U.S.$81.1 million) in real estate revenues, respectively, representing 45% and 58% of the Company's total real estate revenues, respectively;

- Crown Asia. Crown Asia caters to the upper mid-cost housing segment in Mega Manila, primarily offering houses priced between ₱5 million and ₱14 million. For the year ended 31 December 2019 and the three months ended 31 March 2020, Crown Asia recorded ₱1,062.0 million (U.S.$20.8 million) and ₱279.9 million (U.S.$5.5 million) in real estate revenues, respectively, representing 3% and 4% of the Company's total real estate revenues, respectively;

- Brittany. Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱14 million and above. For the year ended 31 December 2019 and the three months ended 31 March 2020, Brittany recorded ₱453.7 million (U.S.$8.9 million) and ₱14.8 million (U.S.$0.3 million) in real estate revenues, respectively, representing 1% and 0% of the Company's total real estate revenues, respectively;

- Vista Residences. Vista Residences offers vertical residential projects primarily in the Mega Manila area in the low to upper mid-cost housing segments. Vertical home projects generally involve longer project development periods as well as facilities, amenities and other specifications not often found in horizontal homes. For the year ended 31 December 2019 and the three months ended 31 March 2020, Vista Residences recorded ₱2,418.6 million (U.S.$47.4 million) and ₱1,140.0 million (U.S.$22.3 million) in real estate revenues, respectively, representing 7% and 16% of the Company's total real estate revenues, respectively; and

- Vistamalls (formerly, Starmalls, Inc.). Vistamalls is a major developer, owner and operator of retail malls that target retail consumers in the Philippines and also develops and operates BPO commercial centres. For the year ended 31 December 2019 and the three months ended 31 March 2020, Vistamalls recorded ₱6,730.5 million (U.S.$131.9 million) and ₱1,902.46 million (U.S.$37.3 million) in rental income, respectively.

In 2019, the Company introduced its "CoHo" brand, short for "Condo Homes", for affordable and high quality mid-rise (five to 15 storeys) residential condominium projects located in highly urbanized cities across the country. The Company's CoHo projects aim to elevate the lifestyle of young professionals and young families. CoHo offers mostly one bedroom units with an area of at least 30 square meters, with prices starting at ₱3.0 million.

In addition to launching the CoHo brand, in 2019, the Company launched 50 residential projects in the Philippines, comprising 27 projects for the affordable housing market and 23 vertical projects. In 2020, the Company launched two residential projects in the affordable housing market. Of the residential projects launched in 2019 and 2020, 43 projects and two projects are located in areas outside Metro Manila, respectively. As of 31 March 2020, the Company's projects can be found in 147 cities and municipalities in 49 provinces throughout the Philippines, including in the Mega Manila areas as well as outside major central business districts. The Company also has an extensive nationwide land bank available for future development. As of 31 March 2020, the Company owned approximately 2,616.8 hectares of raw land ready for development, with an additional 331.2 hectares available for development under joint venture agreements. See "*Business – Land Bank*".

In 2017, 2018, 2019 and for the three months ended 31 March 2020, respectively, Vista Land recorded:

- ₱34,839.7 million, ₱40,261.4 million, ₱42,897.3 million (U.S.$840.4 million) and ₱9,929.6 million (U.S.$194.7 million) of total revenue;

- ₱13,455.2 million, ₱15,525.7 million, ₱15,641.6 million (U.S.$306.5 million) and ₱3,493.9 million (U.S.$68.6 million) of total operating income (computed as revenue less costs and expenses); and

- ₱9,062.7 million, ₱10,534.4 million, ₱11,609.2 million (U.S.$227.5 million) and ₱2,438.3 million (U.S.$48.0 million) of net income.

As of 31 December 2018 and 2019 and 31 March 2020, respectively, Vista Land had:

- ₱238,262.0 million, ₱272,538.6 million (U.S.$5,339.3 million) and ₱274,335.3 million (U.S.$5,374.6 million) of total assets; and

- ₱146,355.3 million, ₱172,586.0 million (U.S.$3,381.1 million) and ₱171,946.3 million (U.S.$3,368.4 million) of total liabilities.

Factors Affecting Results of Operations

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and that the Company expects to affect its financial results in the future. Factors other than those set forth below could also have a significant impact on the Company's results of operations and financial condition in the future.

General Global and Philippine Economic Conditions and the Condition of the Philippine Property and Housing Markets

The Company derives all of its revenue from its land and housing development activities in the Philippines. The Philippine property and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Company's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine property and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from OFs. Furthermore, as the Company continues expanding into the commercial leasing segment of the real estate industry, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economic conditions.

Demand for Residential Properties and Commercial Centres

The Company has benefited from greater demand for residential properties and commercial centres resulting from, among other factors, the growth of the Philippine economy, the increasing number of Filipinos investing in the Philippine real estate market, strong levels of OF remittances, increasing demand from expatriate Filipinos and the Philippines' growing BPO industry. The increased demand for residential properties has been a significant factor in the Company's increased revenues and profits over the last three years. In response to these developments, the Company has increased the number of housing and land development projects, particularly projects within the low-cost and affordable and middle-income sectors favoured by first-time home buyers. The Company has also begun to offer new residential products, such as condominiums and leisure projects, to address potential demand from specific target markets. In addition, the Vistamalls retail mall and BPO platform has benefited from steadily increasing occupancy rates, resulting in increased recurring rental income, because of the strategic locations of these commercial centres. In response to this increasing demand, the Company has begun to expand some of its existing retail malls and has plans to locate upcoming commercial developments in or around its communicities to enhance attractiveness to potential retail mall and BPO tenants while addressing the needs of residential customers. It is unclear whether the demand for housing and commercial centres in the Philippines will remain high or continue to grow or whether the demand for the Company's products will reach the levels anticipated by the Company. Negative developments with respect to demand for housing and commercial centres in the Philippines would in turn have a negative effect on the Company's operational results. Conversely, positive developments in demand for housing and retail malls and BPO commercial centres would likely positively contribute to the Company's operational results as observed in the past.

Access to and Cost of Financing for the Company and its Potential Customers

The ability of the Company and its potential customers to obtain financing, as well as the cost of such financing, affects the Company's business and demand for its products. For example:

- The Company currently funds a portion of its development projects by selling certain of its receivables from its in-house financing programme to commercial banks. Higher interest rates increase the discounts required by commercial banks in such transactions, which make it more expensive for the Company to finance its business.

- The Company's access to capital and its cost of financing are affected by restrictions such as single borrower limits imposed by the BSP on bank lending in the Philippines.

- A substantial portion of the Company's customers procure financing to fund their purchases, either from banks or by using the Company's in-house financing programme. Increased interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

- If the Government continues to increase its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also reduce the amount of bank financing available to prospective property purchasers and to real estate developers such as the Company. Any lack of access to financing could negatively impact both the Company's plans to expand and develop its business and the ability of potential customers to obtain financing for property purchases.

Timing of Project Completion and of Customer Payments

The Company's results of operations tend to fluctuate from period to period. The number of properties that the Company can develop or complete during any particular period is limited by the time and cost constraints associated with acquiring land and/or entering into joint ventures with landowners. There are also substantial capital requirements for property development and construction and a lengthy development period before positive cash flows may be generated from any particular project. The Company may also experience delays in project construction and/or completion.

Further, the Company does not recognise a sale as income until a buyer has paid the required down payment, which, depending on the financing scheme and the type of property involved, ranges from 10.0% to 30.0% of the total purchase price. Once the required down payment has been fully paid, the revenue is recognised as follows:

- with respect to completed projects, revenue is accounted for using the accrual method; and

- with respect to ongoing projects for which the Company continues to have outstanding material obligations under sales contracts to complete the project after the property is sold, the percentage of completion method is used.

Under the percentage of completion method, revenue is recognised as certain milestone obligations are fulfilled, measured principally in relation to actual costs incurred as of a particular milestone over the total estimated costs of the project. Because a buyer is generally given anywhere from one to 14 months from the time he enters into a sales contract to fully pay a down payment, the amount of sales the Company can recognise as income during any given accounting period will depend on when buyers actually make their down payments and when certain milestones are met with respect to completing the sold property. The period during which a buyer enters into a purchase agreement with the Company will also have an impact on the Company's real estate sales. For example, in the Company's experience, buyers who enter into purchase agreements during the fourth quarter of the year generally do not fully pay their down payments until the succeeding year. As a result, the Company's results of operations in a given year may not reflect the actual number of purchase agreements entered into during such year. See "*– Description of Selected Income Statement Items – Revenue – Real Estate*" and "*– Significant Accounting Policies*".

Sales Made Prior to Commencement of Project Development

Sales of subdivision lots and housing and condominium units before site development and construction commence, which are referred to as "pre-sales", constitute an important source of the Company's operating cash inflow. The Company uses cash from pre-sales to finance site development and construction costs. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including market demand for pre-sale properties and the number of properties available for pre-sale. Reduced cash flow from pre-sales will require the Company to increase its reliance on external financing, increase the Company's cost of sales and impact the Company's ability to finance its future property developments.

The Regulatory and Tax Framework

The Company operates its businesses in highly regulated environments. Regulations applicable to the Company's operations include standards regarding the following:

- road access;
- suitability of building sites;
- community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- environment suitability;
- lot sizes;
- size of housing and condominium units; and
- house and condominium unit construction.

Approval of the Company's development plans is conditioned on, among other things, completion of the acquisition of the project site and an assessment of financial, technical and administrative capabilities. Approvals must be obtained at both the national and local levels. The Company expects that its results of operations will continue to be affected by the nature and extent of the regulation of its business, including the time and costs required to procure the necessary approvals for its new projects.

In addition, significant changes in the Philippine tax framework directly affect the Company's net income while other changes, such as increases in the rate of value-added tax or additional exemptions granted by tax authorities, are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines. The Company expects that changes in regulatory and tax policy and applicable tax rates will continue to affect results of operations.

Tax Incentives and Exemptions

Certain of the Company's sales of subdivision lots and housing and condominium units are currently not subject to 12.0% VAT. In the event these sales become subject to VAT, increases in the prices of the Company's subdivision lots and housing and condominium units could affect its real estate sales. These prospective tax charges will directly affect the Company's net income, and the Company expects that changes in regulatory and tax policy and applicable tax rates will continue to affect its results of operations from time to time. See "*Risk Factors – Risks Relating to the Company's Business – The loss of certain tax exemptions and incentives may increase the Company's tax liability and decrease any profits the Company might have in the future*".

Price Volatility of Construction Materials and Other Development Costs

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement. While the Company, as a matter of policy, attempts to fix the cost of materials components in its construction contracts, in cases where demand for steel and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. As a result, rising costs for any construction materials will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products as compared to its competitors' products. This could reduce the Company's profitability.

With regard to sales of subdivision lots, if the actual cost of completing the development of a particular project exceeds the Company's estimates, any increase in cost is recorded as part of the cost of sales of subdivision lots in the same project. This means that the cost of sales for future sales in the same project will be higher. Therefore, although the Company has historically been able to pass on increased development costs to buyers, if the Company is unable to pass on the increased development cost to buyers, its margin on future sales from the same project will be lower.

Competition

The Company faces significant competition in the Philippine residential and commercial property development market. In particular, the Company competes with other developers in locating and acquiring (either directly or through joint venture arrangements) parcels of land of suitable size in prime locations and at attractive prices. This is particularly true for land located in Mega Manila, as well as in other urbanised areas throughout the Philippines. The Company's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that yield reasonable returns. Based on the Company's current development plans, the Company believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

In the event the Company is unable to acquire suitable land at acceptable prices or enter into joint ventures with land owners, its long-term growth prospects could be limited and its business and results of operations could be adversely affected. See "*Risk Factors – Risks Relating to the Company's Business – The Company may not be able to acquire land for new projects*".

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

Significant Accounting Policies

The preparation of the Company's consolidated financial statements and the interim condensed consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. For a description of the Company's significant accounting policies, see note 3 to the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended 31 March 2020 and note 3 to the Company's audited consolidated financial statements as of and for the year ended 31 December 2019 included elsewhere in this Offering Circular.

There were no significant changes in the significant accounting judgments, estimates and assumptions used by the Company for the three months ended 31 March 2020, except, as a consequence of the COVID-19 pandemic, for the impairment testing of goodwill and expected credit losses determination for instalment contracts receivable and accounts receivable from tenants as discussed in note 3 to the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended 31 March 2020.

Description of Selected Income Statement Items

Revenue

The Company's revenue consists of revenue derived from real estate sales, interest income from instalment contracts and other miscellaneous income. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. The table below sets out the Company's revenue for the periods indicated.

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
			(in millions)				
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Real estate	27,594.4	31,856.1	32,827.9	643.1	8,074.0	7,200.2	141.1
Rental income	5,625.2	6,464.7	7,748.4	151.8	1,639.7	2,197.5	43.1
Interest income from installment contracts receivable	543.5	680.1	576.8	11.3	137.0	181.8	3.6
Parking, hotel, mall administrative and processing fee, and other revenue	1,076.6	1,260.5	1,744.1	34.2	347.1	350.1	6.9
Total	**34,839.7**	**40,261.4**	**42,897.2**	**840.4**	**10,197.8**	**9,929.6**	**194.7**

Real Estate

The Company derives real estate revenues from pre-sales and sales of its housing and condominium units. For real estate sales, the Company assesses whether it is probable that the economic benefits will flow to the Company when sales prices are collectible. Collectability of a particular sales price is demonstrated by a particular buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a sufficient enough stake in the property so that the risk of loss through default motivates the buyer to honour his obligation to the seller. Collectability is also assessed by considering factors such as the credit standing and age of the buyer as well as the location of the property.

Real estate revenue from completed housing and condominium units and lots is accounted for using the full accrual method. The percentage of completion method is used to recognise income from sales of properties in ongoing projects for which the Company continues to have outstanding material obligations under sales contracts to complete the project after the property is sold. Under this method, revenue is recognised as certain milestone obligations are fulfilled, measured principally in relation to actual costs incurred as of a particular milestone over the total estimated costs of the project. Required down payments range from 10.0% to 30.0% of the total contract price, depending on the type of property being purchased, and buyers are given up to 14 months to fully pay the down payment. Typically, buyers of subdivision lots and/or housing and condominium units for the Company's socialised and affordable projects are required to pay down payments ranging from 10.0% to 20.0% of the total purchase price, while buyers for the Company's middle-income and high-end projects are required to pay down payments ranging from 20.0% to 30.0% of the total purchase price.

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
			(in millions)				
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Business units							
Brittany	904.0	481.4	453.7	8.8	99.1	14.8	0.3
Crown Asia	1,178.7	979.5	1,062.0	20.8	228.1	279.9	5.5
Camella Homes	8,158.3	9,731.5	14,284.7	279.9	2,051.4	1,605.6	31.5
Communities Philippines	13,090.7	15,358.1	14,608.9	286.2	5,089.5	4,159.9	81.5
Vista Residences	4,262.7	5,305.6	2,418.6	47.4	605.9	1,140.0	22.3
Total Real Estate Revenue	**27,594.4**	**31,856.1**	**32,827.9**	**643.1**	**8,074.0**	**7,200.2**	**141.1**

If a sale is cancelled in the same calendar year in which it was recorded, either because a buyer defaults on his/her payment obligations or otherwise cancels a sale, the Company reverses the corresponding entries made in both the "Real Estate" line item under "Revenue" and the "Real Estate" line item under "Costs and Expenses" of its statement of comprehensive income.

The Company does not reverse the recognition of a prior year's real estate sale in the event a sale is cancelled in a subsequent calendar year. If a sale is cancelled after the end of the calendar year in which it was recorded, the Company reverses the real estate sales and the related costs in the income statement of the current year as well as recognises the lot inventory (which are subdivided development lots that are ready to be sold) and credits the corresponding contracts receivable and reimbursable costs (which are transaction costs initially borne by the Company that are reimbursable under the sales contract with the buyer) with any difference charged as "miscellaneous income". As a result, to the extent the Company experiences cancellations of sales during the years subsequent to the years such sales were recorded, the Company's revenues for previous years may be overstated.

Interest Income from Installment Contracts Receivable

The Company's interest income from instalment contracts receivable is derived principally from interest paid by customers who have obtained in-house financing from the Company. The interest income generated from outstanding contracts receivables is net of the interest expenses on sold or assigned receivables. The interest rates charged by the Company for in-house financing typically range from 12.0% per annum to 16.0% per annum, depending on the term of the loan, with a provision for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions. This escalation of interest rate could be as a result of, among other circumstances, fluctuations in the foreign exchange rate between the Philippine peso against the U.S. dollar or an increase in the inflation rate in the Philippines such that it increases the costs of financing by the banks and the other financial institutions. For more information about the Company's in-house financing, see "*Business – Sales and Marketing – Residential Development Business – Modes of Payments – In-House Financing*".

Parking, Hotel, Mall Administrative and Processing Fee, and Other Revenue

The Company's parking, hotel, mall administrative and processing fee, and other revenue is derived principally from parking fees, mall administrative and processing fees, revenue from hotel operations, while other revenue consists mainly of forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before they complete the required down payment and rental income earned from investment properties.

Costs and Expenses

Costs and expenses consist of costs of real estate sales and operating expenses. The following table sets out the Company's costs and expenses for the periods indicated.

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Costs of real estate sales	13,303.6	15,177.2	15,768.5	308.9	3,838.9	3,742.6	73.3
Operating expenses	8,080.9	9,558.5	11,487.1	225.0	2,871.0	2,693.1	52.8
Total	**21,384.5**	**24,735.7**	**27,255.6**	**533.9**	**6,709.9**	**6,435.7**	**126.1**

Costs of Real Estate Sales

Costs of real estate sales reflect the cost of subdivision lots and housing and condominium units sold and the sales of which have been recorded as real estate sales. The cost of subdivision lots and housing and condominium units sold before project completion is determined based on, among other factors, the cost of land, expenses for regulatory approvals, project personnel costs, site development costs, construction costs (including raw materials) and other project cost estimates. Generally, the Company does not commence construction of a housing unit until the buyer has paid at least the required down payment. From time to time the Company commences construction of middle-income and high-end housing and condominium units before the down payment is fully paid, although in these cases the Company typically requires 10.0% to 15.0% of the total purchase price to have been paid before commencing construction. In either case, the contractor hired by the Company to build the housing unit undertakes such construction at a fixed contract price. The Company therefore has not, in the past, needed to make material adjustments to the cost of real estate sales that relate to construction costs of housing and condominium units.

The following table sets out the Company's cost of real estate sales from its business units for the period indicated.

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Business units							
Brittany	285.9	176.5	165.1	3.1	32.9	8.5	0.2
Crown Asia	542.1	394.3	390.5	7.7	89.8	87.4	1.7
Camella Homes	4,655.0	4,649.2	7,268.6	142.4	1,049.6	686.2	13.4
Communities Philippines	5,477.5	7,274.0	6,762.6	132.5	2,375.6	2,397.0	47.0
Vista Residences	2,343.1	2,683.2	1,181.7	23.2	291.0	563.5	11.0
Total Cost of Real Estate Sales	**13,303.6**	**15,177.2**	**15,768.5**	**308.9**	**3,838.9**	**3,742.6**	**73.3**

Operating Expenses

Operating expenses represent the cost of administering the business of the Company. These are recognised when the relevant services and costs have been incurred. The following table sets out the principal components of "Operating expenses".

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Depreciation and amortization	1,305.2	1,480.1	2,292.1	44.9	530.1	588.5	11.5
Commissions	1,482.5	1,759.3	1,566.7	30.7	408.7	356.6	7.0
Advertising and promotions	900.9	1,064.3	1,428.0	28.0	378.3	288.3	5.7
Salaries, wages and employee benefits	1,163.1	1,197.7	1,255.6	24.6	285.3	344.2	6.7
Repairs and maintenance	899.8	1,144.1	1,233.6	24.2	335.4	342.5	6.7
Occupancy costs	898.3	1,173.1	1,167.3	22.9	246.3	117.6	2.3
Professional fees	–	–	–	–	183.2	206.4	4.0
Taxes and licenses	489.2	658.1	945.8	18.5	214.2	169.2	3.3
Contacted services	460.8	486.9	794.6	15.6	–	–	–
Transportation and travel	105.3	143.1	170.2	3.3	38.2	32.4	0.6
Representation and entertainment	88.7	64.4	66.5	1.3	14.3	4.3	0.1
Office expenses	43.2	59.9	62.9	1.2	14.8	16.1	0.3
Provision for impairment losses on receivables	3.7	–	52.6	1.0	108.8	93.8	1.8
Miscellaneous	240.2	327.5	451.2	8.8	113.4	133.2	2.6
	8,080.9	**9,558.5**	**11,487.1**	**225.0**	**2,871.0**	**2,693.2**	**52.8**

The Company depreciates its property and equipment on a straight-line basis over the estimated useful life of the relevant asset. The Company estimates that the useful life of its building is 20 years. See Note 4 to the Company's audited consolidated financial statements as of 31 December 2019 included in this Offering Circular.

Other Income and Expenses

Interest Income from Investments

Interest income from investments consists of cash, short-term and long-term cash investments.

Interest and Other Financing Charges

Interest and other financing charges consist of the following:

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
				(in millions)			
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Interest incurred on:							
Bank loans and loans payable	2,124.6	3,368.5	3,372.1	66.1	758.3	716.7	14.0
Notes payable	3,558.2	3,357.8	5,790.1	113.4	1,063.2	1,888.9	37.0
Lease liabilities	–	–	268.9	5.3	49.2	76.2	1.5
Make-whole premium	448.00	–	–	–	–	–	–
Other bank charges	135.4	315.3	48.8	1.0	47.8	6.4	0.1
	6,266.2	7,041.6	9,479.90	185.8	1,918.5	2,688.2	52.6
Amounts capitalised	(2,882.0)	(2,871.8)	(5,912.1)	(115.8)	(1,274.8)	(1,752.0)	(34.3)
Total	**3,384.2**	**4,169.8**	**3,567.8**	**70.0**	**643.7**	**936.3**	**18.3**

The capitalisation rate used to determine the borrowings eligible for capitalisation is 6.15% in 2017, 6.48% in 2018, 7.04% in 2019 and 1.82% in 2020.

Provision for Income Tax

The Company's provision for income tax consists of provisions for current and deferred income taxes. The current provision for income tax is based on the current tax rate. Deferred income tax substantially represents allowance for probable losses, unrealised foreign exchange losses, net operating losses and the deferred tax liabilities from unrealised gains on real estate transactions and unamortised discounts on long-term notes and others.

Unrealised gain on real estate transactions reflected revenue that was recognised in the Company's income statement but not recognised as taxable income for the Bureau of Internal Revenue's income tax purposes. For income tax purposes, collections of 25% and above are recognised in the year of sale and below 25% are recognised if these are collected.

Results of Operations

Three months ended 31 March 2020 compared to three months ended 31 March 2019

Revenue

Real estate

The Company recorded revenue from real estate sales of ₱7,200.2 million (U.S.$141.1 million) for the three months ended 31 March 2020, a decrease of 11% from ₱8,074.0 million for the three months ended 31 March 2019. This was primarily attributable to lower buyer appetite during the COVID-19 pandemic and the decrease in the overall completion rate of sold inventories of all its business units as a result of the ECQ implemented on 16 March 2020, which prohibited construction activities:

- Real estate revenue of Camella decreased by 22% to ₱1,605.6 million (U.S.$31.5 million) for the three months ended 31 March 2020 from ₱2,051.4 million for the three months ended 31 March 2019. This decrease was principally attributable to the decrease in the number of sold homes completed or under construction in the Mega Manila area in the affordable housing segment during the period.

- Real estate revenue of Communities Philippines decreased by 18% to ₱4,159.9 million (U.S.$81.5 million) for three months ended 31 March 2020 from ₱5,089.5 million for the three months ended 31 March 2019. This decrease was principally attributable to the increase in the number of sold homes completed or under construction outside the Mega Manila area in the affordable housing segment during the year.

- Real estate revenue of Brittany decreased by 85% to ₱14.8 million (U.S.$0.3 million) for the three months ended 31 March 2020 from ₱99.1 million in the same period last year. This decrease was principally attributable to the decrease in the number of sold homes completed or under construction in the Mega Manila area in the high-end housing segment.

- Real estate revenue of Crown Asia increased by 23% to ₱279.9 million (U.S.$5.5 million) for the three months ended 31 March 2020 from ₱228.1 million for the three months ended 31 March 2019. This increase was principally attributable to the increase in the number of sold homes completed or under construction in the Mega Manila area in the middle-income housing segment during the year.

- Real estate revenue from Vista Residences increased by 88% to ₱1,140.0 million (U.S.$22.3 million) for the three months ended 31 March 2020 from ₱605.9 million for the three months ended 31 March 2019. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the period. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

Rental income

Rental income increased by 34% from ₱1,639.7 million for the three months ended 31 March 2019 to ₱2,197.5 million (U.S.$43.1 million) for the three months ended 31 March 2020. The increase was primarily attributable the additional gross floor area leased out of the Company's investment properties during the period as well as an increase in rental rates of its existing malls. The Company anticipates a decline in the rental revenues in the coming quarters due to the government mandated rental concessions as well as additional concessions that it will be negotiating with some of its tenants.

Interest income from installment contracts receivable

Interest income from installment contracts receivable increased by 33% from ₱137.0 million for the three months ended 31 March 2019 to ₱181.8 million (U.S.$3.6 million) for the three months ended 31 March 2020. The increase was primarily attributable to recorded interest from sales through deferred cash financing.

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

Parking, hotel, mall administrative and processing fee, and other revenue increased by 1% from ₱347.1 million for the three months ended 31 March 2019 to ₱350.1 million (U.S.$6.9 million) for three months ended 31 March 2020. The slight increase was primarily attributable to the 25% increase from parking fees from the Company's malls to ₱1.9 million (U.S.$0.0 million) for the three months ended 31 March 2020, a 13% increase pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment and a 1% increase from mall administrative and processing fees to ₱287.8 million (U.S.$5.6 million), offset by an 8% decrease from income from hotel operations to ₱29.8 million (U.S.$0.6 million) for the three months ended 31 March 2020.

Costs and Expenses

Cost and expenses decreased by 4% to ₱6,435.7 million (U.S.$126.1 million) for the three months ended 31 March 2020 from ₱6,709.9 million for the three months ended 31 March 2019.

Costs of real estate sales

Cost of real estate sales decreased by 3% from ₱3,838.9 million for the three months ended 31 March 2019 to ₱3,742.6 million (U.S.$73.3 million) for the three months ended 31 March 2020 primarily due to the decrease in the overall recorded sales of Vista Land's business units.

Operating expenses

Operating expenses decreased by 6% from ₱2,871.0 million for the three months ended 31 March 2019 to ₱2,693.1 million (U.S.$52.8 million) for the three months ended 31 March 2020 with decreases of the following:

- a decrease in occupancy cost from ₱246.3 million for the three months ended 31 March 2019 to ₱117.6 million (U.S.$2.3 million) in the three months ended 31 March 2020 due to the decrease in utilities expenses especially towards the end of the quarter due to the implementation of telecommuting as a result of the implementation of ECQ.

- a decrease in advertising and promotions from ₱378.3 million for the three months ended 31 March 2019 to ₱288.3 million (U.S.$5.7 million) for the three months ended 31 March 2020 resulting from a decrease in marketing expenses as the bulk of the sales during this period came from the lower package housing segment and vertical projects, as evidenced by the decrease in the gross profit margin.

- a decrease in commission from ₱408.7 million for the three months ended 31 March 2019 to ₱356.6 million (U.S.$7.0 million) for the three months ended 31 March 2020 resulting from the decrease in real estate sales during this period.

Other Income (Expenses)

Interest income from investments

Interest income from investments decreased by 15% from ₱393.5 million for the three months ended 31 March 2019 to ₱335.2 million (U.S.$6.6 million) for the three months ended 31 March 2020. The decrease was primarily due to the timing of the investment placements.

Interest and other financing charges

Interest and other financing charges increased by 45% from ₱643.8 million for the three months ended 31 March 2019 to ₱936.3 million (U.S.$18.3 million) for the three months ended 31 March 2020. The increase was primarily attributable to higher levels of debt for the three months ended 31 March 2020 compared to the same period in 2019.

Provision for Income Tax

Provision for income tax decreased by 26% from ₱614.7 million for the three months ended 31 March 2019 to ₱454.5 million (U.S.$8.9 million) for the three months ended 31 March 2020 primarily due to a lower taxable base for the period.

Net Income

As a result of the foregoing, the Company's net income decreased by 7% to ₱2,438.3 million (U.S.$48.0 million) for the three months ended 31 March 2020 from ₱2,622.9 million for the three months ended 31 March 2019.

For the three months ended 31 March 2020, 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.

Year ended 31 December 2019 compared to year ended 31 December 2018

Revenue

Real estate

The Company recorded revenue from real estate sales amounting to ₱32,827.9 million (U.S.$643.1 million) for the year ended 31 December 2019, an increase of 3% from ₱31,856.1 million in same period last year. This was primarily attributable to an increase in the overall completion rate of sold inventories of its business units. The Company uses the percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue of Camella Homes increased by 47% to ₱14,284.7 million (U.S.$279.9 million) for the year ended 31 December 2019 from ₱9,731.5 million for the year ended 31 December 2018. This was principally attributable to the higher number of sold homes completed or under construction in the Mega Manila area in the affordable housing segment during the year.

- Real estate revenue of Crown Asia increased by 8% to ₱1,062.0 million (U.S.$20.8 million) for the year ended 31 December 2019 from ₱979.5 million for the year ended 31 December 2018. The increase was principally attributable to the higher number of completed units sold for the year of projects in the Mega Manila area in the middle-income housing segment.

- Real estate revenue of Communities Philippines decreased slightly by 5% to ₱14,608.9 million (U.S.$286.2 million) for the year ended 31 December 2019 from ₱15,358.1 million for the year ended 31 December 2018. This was principally attributable to the slight decrease in the number of sold homes completed or under construction outside the Mega Manila area in the affordable housing segment during the year.

- Real estate revenue of Brittany decreased by 6% to ₱453.7 million (U.S.$8.8 million) for the year ended 31 December 2019 from ₱481.4 million in the same period last year. The decrease was principally attributable to the decrease in the number of completed sold units for the year of projects in the Mega Manila area in the high-end housing segment.

- Real estate revenue from Vista Residences decreased by 54% to ₱2,418.6 million (U.S.$47.4 million) for the year ended 31 December 2019 from ₱5,305.6 million for the year ended 31 December 2018. This decrease was principally attributable to the decrease in the number of sold condominium units completed or under construction during the year. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

Rental income

Rental income increased by 20% from ₱6,464.7 million for the year ended 31 December 2018 to ₱7,748.4 million (U.S.$151.8 million) for the year ended 31 December 2019. The increase was primarily attributable to the increased occupancy and additional space of the Company's investment properties as well as the increased rental rates of its existing malls.

Interest income from installment contracts receivable

Interest income from installment contracts receivable decreased by 15% from ₱680.1 million for the year ended 31 December 2018 to ₱576.8 million (U.S.$11.3 million) for the year ended 31 December 2019. The decrease was primarily attributable to an increase in the number of buyers opting for mortgage financing.

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

Parking, hotel, mall administrative and processing fee, and other revenue increased by 38% from ₱1,260.5 million for the year ended 31 December 2018 to ₱1,744.1 million (U.S.$34.2 million) for the year ended 31 December 2019. The increase was primarily attributable to the 337% increase from income from hotel operations to ₱184.4 million (U.S.$3.6 million) for the year ended 31 December 2019, a 22% increase from mall administrative and processing fees to ₱452.8 million (U.S.$8.9 million), another 20% increase from parking fees from the malls to ₱193.2 million (U.S.$3.8 million) for the year ended 31 December 2019 and the increase of 33% to ₱913.7 million (U.S.$17.9 million) pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Costs and Expenses

Cost and expenses increased by 10% to ₱27,255.6 million (U.S.$534.0 million) for the year ended 31 December 2019 from ₱24,735.7 million for the year ended 31 December 2018.

Cost of real estate sales

Cost of real estate sales increased by 4% from ₱15,177.2 million for the year ended 31 December 2018 to ₱15,768.5 million (U.S.$308.9 million) for the year ended 31 December 2019 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses

Operating expenses increased by 20% from ₱9,558.5 million for the year ended 31 December 2018 to ₱11,487.1 million (U.S.$225.0 million) for the year ended 31 December 2019 primarily due to the following:

- an increase in depreciation and amortization from ₱1,480.1 million for the year ended 31 December 2018 to ₱2,292.1 million (U.S.$44.9 million) in the year ended 31 December 2019 due to the increase in investment properties and additions to property and equipment for the year, as well as additional depreciation from right of use assets as part of the adoption of PFRS 16 for the year.

- an increase in advertising and promotions from ₱1,064.3 million for the year ended 31 December 2018 to ₱1,428.0 million (U.S.$28.0 million) for the year ended 31 December 2019 resulting from increased advertising and promotions activities of the Company during the year.

- an increase in contracted services from ₱486.9 million for the year ended 31 December 2018 to ₱794.6 million (U.S.$15.6 million) for the year ended 31 December 2019 due to various professional fees paid during the year.

Other Income (Expenses)

Interest income from investments

Interest income from investments increased by 23% from ₱1,225.8 million for the year ended 31 December 2018 to ₱1,508.9 million (U.S.$29.6 million) for the year ended 31 December 2019. The increase was primarily attributable to an increase in investments at amortized cost for the period.

Interest and other financing charges

Interest and other financing charges decreased by 14% from ₱4,169.8 million for the year ended 31 December 2018 to ₱3,567.9 million (U.S.$69.9 million) for the year ended 31 December 2019. The decrease was primarily attributable to the higher capitalization for the year.

Provision for Income Tax

Provision for income tax decreased by 4% from ₱2,047.3 million for the year ended 31 December 2018 to ₱1,973.4 million (U.S.$38.7 million) for the year ended 31 December 2019 primarily due to a lower taxable base for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 10% to ₱11,609.2 million (U.S.$227.5 million) for the year ended 31 December 2019 from ₱10,534.4 million for the year ended 31 December 2018.

For the year ended 31 December 2019, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company considers the events surrounding the COVID-19 outbreak to be non-adjusting subsequent events which do not impact its consolidated financial position and performance as of and for the year ended 31 December 2019.

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

Year ended 31 December 2018 compared to year ended 31 December 2017

Revenue

Real Estate

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

Rental income

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

Interest income from installment contracts receivable

Interest income from installment contracts receivable increased by 25% from ₱543.5 million for the year ended 31 December 2017 to ₱680.1 million for the year ended 31 December 2018. The increase was primarily due to an increase in interest income from leasing related receivables.

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

Parking, hotel, mall administrative and processing fee, and other revenue increased by 17% from ₱1,076.6 million for the year ended 31 December 2017 to ₱1,260.5 million for the year ended 31 December 2018. The increase was primarily attributable to the 78% increase from mall administrative and processing fees to ₱371.9 million, a 37% increase from parking fees from our malls to ₱160.7 million for the year ended 31 December 2018, offset by an 11% decrease from our hotel operations and a 2% decrease to ₱685.8 million pertaining to forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Costs and Expenses

Costs of real estate sales

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

Operating expenses

Operating expenses increased by 18% from ₱8,080.9 million for the year ended 31 December 2017 to ₱9,558.5 million for the year ended 31 December 2018 primarily due to an increase in commissions from ₱1,482.5 million for the year ended 31 December 2017 to ₱1,759.3 million for the year ended 31 December 2018 resulting from an increase in sales of the Company during the year and the adoption of new accounting standards regarding the recording of commission, an increase in depreciation and amortization from ₱1,305.2 million for the year ended 31 December 2017 to ₱1,480.1 million in the year ended 31 December 2018 due to an increase in investment properties, property and equipment and occupancy costs from ₱898.3 million for the year ended 31 December 2017 to ₱1,173.1 million for the year ended 31 December 2018, as a result of an increase in the number of malls and projects during the year.

Other Income (Expenses)

Interest income from investments

Interest income from investments increased slightly by 2% from ₱1,202.6 million for the year ended 31 December 2017 to ₱1,225.8 million for the year ended 31 December 2018.

Interest and other financing charges

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

Provision for Income Tax

Provision for income tax decreased by 7% from ₱2,210.9 million for the year ended 31 December 2017 to ₱2,047.3 million for the year ended 31 December 2018 primarily due to a lower taxable base for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 16% to ₱10,534.4 million for the year ended 31 December 2018 from ₱9,062.7 million for the year ended 31 December 2017.

Liquidity and Capital Resources

In 2017, 2018, 2019 and the three months ended 31 March 2020, the Company's principal source of liquidity was cash from rental income and real estate sales, including sales of subdivision lots, houses and condominium units. The Company also sourced liquidity through the sale of receivables from its in-house financing to commercial banks as well as through external financing sources.

The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of this Offering and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financing, including peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

Cash Flows

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated:

	Audited				Unaudited		
	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(in millions)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Net cash flows provided by (used in) operating activities	1,986.1	3,066.6	4,458.3	87.3	(1,843.1)	(1,583.8)	(31.0)
Net cash flows used in investing activities	(6,149.8)	(10,347.9)	(21,099.6)	(413.4)	(12,184.3)	(84.6)	(1.7)
Net cash flows provided by financing activities	6,755.3	15,803.7	10,569.5	207.1	(903.4)	(3,353.9)	(65.7)
Effect of change in exchange rates on cash and cash equivalents	0.4	5.2	(5.2)	(0.1)	3.7	(0.9)	(0.0)
Net increase (decrease) in cash and cash equivalents	2,592.0	8,527.7	(6,077.0)	(119.01)	(14,927.0)	(5,023.3)	(98.4)
Cash and cash equivalents at beginning of period	8,902.5	11,494.5	20,022.2	392.3	20,022.2	13,945.2	273.2
Cash and cash equivalents at end of period	11,494.5	20,022.2	13,945.2	273.2	5,095.1	8,921.9	174.8

Net Cash Flows Provided by Operating Activities

Net cash flows provided by operating activities were ₱1,986.0 million in 2017, ₱3,066.6 million in 2018 and ₱4,458.2 million (U.S.$87.3 million) in 2019. Net cash flows used in operating activities were ₱1,843.0 million in the three months ended 31 March 2019, while net cash flows used in operating activities in the three months ended 31 March 2020 was ₱1,583.8 million (U.S.$31.0 million). Net cash flows provided by operating activities increased from 2017 to 2018, primarily as a result of higher operating income for the year. Net cash flow provided by operating activities increased from 2018 to 2019, primarily as a result of higher operating income for the year and a lower increase in receivables for the year. Net cash flows used in operating activities decreased in the three months ended 31 March 2020 as compared to the same period in 2019, primarily due to a lower increase in receivables for the period and a lower decrease in accounts and other payable.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities were ₱6,149.8 million in 2017, ₱10,348.0 million in 2018 and ₱21,099.8 million (U.S.$413.3 million) in 2019. Net cash flows used in investing activities were ₱12,184.2 million in the three months ended 31 March 2019 and ₱84.6 million (U.S.$1.8 million) in the three months ended 31 March 2020. Net cash flows used in investing activities increased for 2018 as compared to 2017, primarily due to an increase in investment properties and investments at amortized cost for the year. Net cash flows used in investing activities increased significantly from 2018 to 2019, primarily because the Company increased its investments in U.S dollar-denominated debt securities and investment property in 2019. Net cash outflows used in investing activities decreased significantly for the three months ended 31 March 2020 as compared to the same period in 2019, primarily because of a lower outflow in investment properties and investment at amortized cost for the period.

Net Cash Flows Provided by Financing Activities

Net cash flows provided by financing activities were ₱6,755.3 million in 2017, ₱15,803.6 million in 2018 and ₱10,569.4 million (U.S.$207.0 million) in 2019. Net cash flows used by financing activities were ₱903.4 million in the three months ended 31 March 2019 and ₱3,353.9 million (U.S.$65.7 million) in the three months ended 31 March 2020. Net cash flow provided by financing activities significantly increased from 2017 to 2018 primarily because of higher net proceeds from borrowings. Net cash flow provided by financing activities decreased from 2018 to 2019 primarily because of lower net proceeds from borrowings and the acquisition of treasury shares for the year. Net cash flow used by financing activities increased significantly in the three months ended 31 March 2020 as compared to the same period in 2019, primarily because of repayments of debts for refinancing purposes.

Indebtedness

Bank Loans

As of 31 March 2020, the Company's bank loans amounted to ₱47,047.6 million consisting of:

	(in ₱ millions)
Parent Company	42,404.3
Subsidiaries	4,643.3
	47,047.6
Less: current portion	6,100.0
Non-current portion	40,947.6

Loans Payable

As discussed in Note 18 to the consolidated financial statements, loans payable pertain 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 5.50% to 8.00% and 6.50% to 8.00% as at 31 March 2020 and 31 December 2019, respectively, payable on equal monthly instalments over a maximum period of 3 to 15 years. The instalment contracts receivables serve as the collateral for the loans payable.

Corporate Note Facility

On 15 July 2019, the Parent Company (the Issuer) entered into a corporate notes facility agreement for the issuance of a long-term corporate notes consisting of five-year corporate notes due 2024, amounting to ₱14,500.0 million at a fixed rate of 6.77% per annum, payable quarterly. On 17 October 2019, an additional issuance of corporate notes was made in the amount of ₱500.0 million due 2024, at a fixed interest of 6.77% per annum, payable quarterly. The proceeds of the corporate notes were utilized for the 2019 capital expenditures for commercial property projects, and to fund other general corporate expenses of the Company. The issue cost amounted to ₱159.9 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.

On 11 July 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 ₱1,700.0 million at a fixed rate of 7.4913% per annum, payable quarterly and ten-year corporate notes due 2028 amounting to ₱6,000.0 million at a fixed rate of 7.7083% per annum, payable quarterly. On 25 July 2018, an additional issuance of corporate notes was made in the amount of ₱500.0 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 Company. The issue cost amounted to ₱105.3 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.

On 28 December 2016, the Company entered into a corporate notes facility agreement with China Bank Capital Corporation for the issuance of a long term corporate notes with a principal amount of up to ₱8,000.0 million. The first drawdown was at ₱5,150.0 million for capital expenditures, refinancing of existing indebtedness and to fund other general corporate expenses. The interest at the first drawdown at 6.19% per annum is payable quarterly in arrears while the principal amount is payable in 2% annual amortizations on each principal repayment date with 82% to be repaid on maturity date. The corporate notes are irrevocably and unconditionally guaranteed by certain of the Guarantors.

On 20 April 2012, the Company secured a corporate note facility of up to ₱4,500.0 million from financial institutions to fund the Company's ongoing real estate development projects, to refinance or replace existing borrowings and for general corporate purposes. These corporate notes bear a fixed interest rate based on the applicable benchmark rate on the drawdown date plus a certain spread and mature five years from drawdown date.

Bilateral Peso Loans

In March 2020, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.0 million which bears annual fixed interest of 4.89%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments commencing December 2020.

The Parent Company is required to maintain at all times the following ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. The bank loan also includes a change of control provision wherein a material change of ownership of the major shareholder is not permitted during the term of the liability.

In October 2019, the Parent Company obtained an additional five-year unsecured peso denominated loan amounting to ₱3,000.0 million which bears annual fixed interest of 5.26%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments that commenced on November 2019.

In May 2019, the Parent Company obtained a five-year unsecured peso denominated loan amounting to ₱2,000.0 million which bears annual fixed interest of 7.15%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments that commenced on August 2019.

The bank loans obtained in 2019 requires the Parent Company to maintain at all times the following ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00.

The Parent Company has various peso-denominated bank loans with fixed interest-rates ranging from 4.25% to 6.27% per annum. In 2020 and 2019, these bank loans are renewable upon maturity subject to change in interest rates and/or hold-out amount of the investments in debt securities investments of VII. These loans are secured by hold-out of the investments in debt securities of VII amounting to U.S.$458.6 million and U.S.$459.0 million as of 31 March 2020 and 31 December 2019, respectively.

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

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

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

The Company has complied with the covenants required by the bank loans as at 31 March 2020. The compliance of the Parent Company to the covenants of its bank loans is based on the consolidated financial statements balances of the Company. The compliance of the Company's subsidiaries, Masterpiece Asia Properties, Inc. and Manuela Corporation to the covenants of their respective bank loans are based on their standalone financial statement balances.

Subsidiaries of the Parent Company namely, Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. acted as guarantors for selected bank loans of the Parent Company. No fees are charged for these guarantee agreements.

Peso Retail Bonds Issued in 2014

On 9 May 2014, the Company offered and issued unsecured fixed-rate peso retail bonds with an aggregate principal amount of ₱3,000.0 million and an overallotment option of up to ₱2,000.0 million. The proceeds of the issuance shall be used to partially finance certain commercial development projects of Communities Philippines, Inc. and its subsidiaries.

The offer is comprised of five year fixed rate bonds due on 9 November 2019 (the "**Peso Retail Five Year Bonds**") and seven year fixed rate bonds due on 9 May 2021 (the "**Peso Retail Seven Year Bonds due 2021**") with interest rate of 5.65% and 5.94% per annum, respectively. Interest on the peso retail bonds issued in 2014 shall be payable quarterly in arrears starting on 9 August 2014 for the first interest payment date and on 9 February, 9 May, 9 August and 9 November each year for each subsequent interest payment date.

The peso retail bonds issued in 2014 shall be repaid at maturity at par plus any outstanding interest, unless the Company exercises its early redemption option. The maturity date for the Peso Retail Five Year Bonds and Peso Retail Seven Year Bonds due 2021 shall be on 9 November 2019 and on 9 May 2021, respectively.

Peso Retail Bonds Issued in 2017

On 8 August 2017, the Company offered and issued unsecured fixed-rate peso retail bonds with an aggregate principal amount of ₱3,000.0 million and an overallotment option of up to ₱2,000.0 million. The proceeds of the issuance shall be used to partially finance certain commercial development projects of the Company.

The offer is comprised of seven year fixed rate bonds due on 8 August 2024 (the "**Peso Retail Seven Year Bonds due 2024**") and ten year fixed rate bonds due on 9 August 2027 (the "**Peso Retail Ten Year Bonds**") with interest rate of 5.75% and 6.23% per annum, respectively. Interest on the peso retail bonds issued in 2017 shall be payable quarterly in arrears starting on 8 November 2017 for the first interest payment date and on 8 February, 8 May, 8 August and 8 November each year for each subsequent interest payment date.

The peso retail bonds issued in 2017 shall be repaid at maturity at par plus any outstanding interest, unless the Company exercises its early redemption option. The maturity date for the Peso Retail Seven Year Bonds due 2024 and Peso Retail Ten Year Bonds shall be on 8 August 2024 and on 9 August 2027, respectively.

Peso Retail Bonds Issued in 2018

On 21 December 2018, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.0 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 ₱130.2 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 five-year Retail Bonds due on 21 December 2023 with interest rate of 8.00% per annum and seven-year Retail Bonds due on 21 December 2025 with interest rates of 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 ₱20,000.0 million to be offered within a period of three years. Interest on the Retail Bonds is payable quarterly in arrears starting on 21 March 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.

Peso Retail Bonds Issued in 2019

On 18 December 2019, the Parent Company (the Issuer) issued an unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.0 million due 2025, with an interest rate of 5.70% per annum. The proceeds of the issuance were used to fund the construction and completion of the various malls and condominium projects, redevelopment of existing malls, as well as general corporate purposes. The issue costs amounted ₱91.1 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 issue size was comprised of the ₱5,000.0 million issued as the third and last tranche out of the then existing ₱20,000.0 million retail bonds under shelf registration, and the ₱5,000.0 million issued as an initial tranche out of the new ₱30,000.0 million retail bonds under shelf registration of the Company. The remaining ₱25,000.0 million unissued Peso retail bonds under the new shelf registration may be offered within a period of three years from effectivity of such registration. Interest on the Retail Bonds is payable quarterly in arrears starting on 18 March 2020, for the first interest payment date and on 18 June, 18 September and 18 December of each year for each subsequent payment date.

Medium Term Note Programme

In June 2015, the Issuer issued U.S.$300.0 million notes due 2022, followed by an issuance of U.S.$125.0 million, which was consolidated to form a single series with the U.S.$300.0 million notes issued in June 2015, to refinance debt and for general corporate purposes. The interest rate of 7.375% per annum is payable semi-annually in arrears on 18 June and 18 December of each year. In November 2017, the Issuer issued U.S.$350.0 million notes due 2024 with an interest rate of 5.75% per annum payable semi-annually in arrear on 28 May and 28 November of each year. The notes issued under the Programme are guaranteed by Vista Land and certain subsidiaries.

On 28 November 2017, the Issuer issued U.S.$350.0 million notes with a term of seven years from initial drawdown date. The interest rate is 5.75% per annum, payable semi-annually in arrears on May 28 and November 28 of each year beginning on 28 November 2017. The notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Company that were pledged as collateral to this note.

Capital Expenditures

The table below sets out the Company's capital expenditures in 2017, 2018 and 2019, together with its budgeted capital expenditures for 2020.

	Expenditure
	(in ₱ millions)
Year ended 31 December	
2017 (actual)	37,395.0
2018 (actual)	45,050.8
2019 (actual)	38,285.2
2020 (budgeted)	25,000.0

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

The Company's capital expenditures for 2017, 2018 and 2019 are summarised below:

	For the years ended 31 December		
	2017	2018	2019
		(in ₱ millions)	
Land acquisition/Advances to joint venture partners	6,845.5	6,914.4	6,964.3
Land development	5,526.8	5,721.0	6,737.8
Construction	25,022.7	32,415.4	24,583.1
Total	**37,395.0**	**45,050.8**	**38,285.2**

The Company's planned capital expenditures for 2020 are summarised below:

	Expenditure	
	(in millions)	
	₱	U.S.$
Land acquisition/Advances to joint venture partners	2,500.00	49.3
Land development	5,830.0	115.0
Construction	16,670.00	328.9
Total	**25,000.0**	**493.3**

The Company has spent ₱6,488.5 million (U.S.$127.1 million) for capital expenditures as of 31 March 2020.

The Company expects to fund its budgeted capital expenditures principally through existing cash and cash from operations, the proceeds from the issuance of the Notes, as well as through borrowings. The figures in the Company's capital expenditure plans are based on management's estimates and have not been appraised by an independent organisation. In addition, the Company's capital expenditure plans are subject to a number of variables, including: possible cost overruns, construction/development delays, the receipt of critical Government approvals, availability of financing on acceptable terms, changes in management's views of the desirability of current plans, the identification of new projects and potential acquisitions, and macroeconomic factors such as the Philippines' economic performance and interest rates. There can be no assurance that the Company will execute its capital expenditure plans as contemplated at or below estimated costs.

Contractual Obligations and Commitments

The following table sets forth the Company's contractual obligations and commitments as of 31 March 2020:

	Contractual Obligations and Commitments				
	Payments Due by Period				
	Total	2020	2021	2022-2025	After 2025
			(in ₱ millions)		
Bank loans	47,047.6	4,372.8	6,078.7	16,030.9	20,565.2
Accounts payable and other payables	12,894.1	12,894.1	–	–	–
Notes payable	92,997.5	1,862.5	5,654.2	73,578.4	11,902.4
Total	**152,939.2**	**19,129.4**	**11,732.8**	**89,609.2**	**32,467.6**

Off-Balance Sheet Arrangements

As of 31 March 2020, the Company was not a financial guarantor of any material obligations of any unconsolidated entity, and the Company was not a party to any material off-balance sheet obligations or arrangements.

Quantitative and Qualitative Disclosure of Market Risk

The Company's principal financial instruments consist of cash on hand and in the bank, receivables from instalment sales, short-term investments and receivables from and payables to affiliated companies and long term debt. These are used to provide funding for the Company's business operations. The Company does not enter into hedging transactions or engage in speculation with respect to financial instruments.

The Company believes that the principal risks arising from its financial instruments are interest rate risk, liquidity risk, credit risk and commodity risk. Because the Company's assets, liabilities, revenue and costs are mostly peso-denominated, the Company believes that it does not have significant exposure to foreign exchange risk.

Interest Rate Risk

Fluctuations in interest rates could negatively affect the margins of the Company in respect of its sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms, or at all. The Company currently does not, and does not plan to, engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of the Company's customers obtain some form of financing for their real estate purchases, interest rate levels could affect the affordability and desirability of the Company's subdivision lots and housing and condominium units. See "*Risk Factors – Risks Relating to the Company's Business – Increased inflation, fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing*".

Liquidity Risk

The Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Company's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

Credit Risk

The Company transacts only with recognized and creditworthy third parties. The Company's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Company's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for installment contracts receivables is mitigated as the Company has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price and the requirement for remedial procedures is minimal given the profile of buyers.

Commodity Risk

As a property developer, the Company is exposed to the risk that prices for construction materials used to build its properties (including, among others, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company is exposed to the risk that it may not be able to pass its increased costs to its customers, which would lower the Company's margins. The Company does not engage in commodity hedging, but attempts to manage commodity risk by requiring its construction and development contractors to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations). See "*– Factors Affecting Results of Operations – Price Volatility of Construction Materials and Other Development Costs*".

Foreign Exchange Risk

The Company's foreign exchange risk results primarily from movements of the Philippine peso against the U.S. dollar. As of 31 March 2020, 25.03% of the Company debt is denominated in U.S. dollars. The Company's foreign currency-denominated debt comprises the bonds issued 2015 and 2017.

Seasonality and Inflation

Seasonality has some impact on the Company's results of operations. Sales reservations for the Company's properties are generally higher during the fourth quarter of each year, when remittances from OFs typically increase in amount in anticipation of the Christmas holiday season. However, the required down payments for such sales are usually not paid in full until the next calendar year. As a result, a substantial amount of recorded sales during each calendar year may relate to sales reservations from the immediately preceding year. In addition, the Company attempts to undertake and complete as much site development and construction work during the Philippine's dry season, which usually extends from November to mid-May. As a result, the Company may capitalise more construction and development expenses during this period.

The Company does not believe that inflation had a significant effect on its results of operations to date.

EXCHANGE RATE INFORMATION

The Bankers' Association of the Philippines announced that beginning 2 April 2018, spot and forward currency exchange transactions will be effected using the Bloomberg trading platform. As a result, the BSP's Reference Exchange Rate Bulletin now refers to the closing rate quoted on the Bloomberg platform as the closing rate for the purchase of U.S. dollars with Pesos. Prior to this, the PDS rate appearing on the PDS platform, a computer network supervised by the BSP, was quoted as the spot reference rate for foreign exchange transactions.

The following table sets forth certain information concerning the exchange rate (based on the published rate in BSP's Reference Exchange Rate Bulletin) between the Peso and the U.S. dollar for the periods and dates indicated, expressed in Philippine Pesos per U.S.$1.00:

	Peso/U.S. dollar exchange rate			
Year	**Period end**	**Average[(1)]**	**High[(2)]**	**Low[(3)]**
2015	47.166	45.503	47.435	44.053
2016	49.813	47.493	49.984	45.917
2017	49.923	50.404	51.799	49.404
2018	52.724	52.661	54.345	49.769
2019	50.744	51.796	52.887	50.489
2020				
January	50.904	50.839	51.161	50.512
February	50.937	50.745	51.047	50.490
March	51.044	50.904	51.320	50.507
April	50.589	50.735	50.911	50.589
May	50.727	50.556	50.787	50.282
June	49.851	50.097	50.585	49.851
July (through 7 July)	49.459	49.694	49.813	49.459

Notes:

(1) Weighted average rate for the period ended.

(2) Highest closing exchange rate for the period.

(3) Lowest closing exchange rate for the period.

Source: Reference Exchange Rate Bulletin, Treasury Department of the BSP.

THE ISSUER

General

The Issuer of the Notes was incorporated as an exempted company with limited liability under the Companies Law (2020 Revision) of the Cayman Islands on 24 June 2013. The registered office of the Issuer is located at Vistra (Cayman) Limited, P.O. Box 3119, Grand Pavilion, Hisbiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Issuer is a wholly owned finance subsidiary of the Company.

Business Activity

The objects for which the Issuer is established are, pursuant to its Memorandum of Association, unrestricted and the Issuer has and is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law (2020 Revision) of the Cayman Islands.

The issuance of the Notes was approved by the Board of Directors on behalf of the Issuer on 8 July 2020.

Management

The sole director of the Issuer is the Company.

Capitalisation

The authorised share capital of the Issuer is U.S.$50,000 and is divided into 50,000 ordinary shares of U.S.$1.00 nominal value each. 50,000 ordinary shares have been issued and paid up and are held by the Company. All issued ordinary shares are or will be registered.

As of the date of this Offering Circular, other than the U.S.$775.0 million Notes issued under the Programme, the Issuer has no other borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

BUSINESS

OVERVIEW

Vista Land is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country with a presence in more than 147 cities and municipalities and a land bank of approximately 3,000 hectares as of 31 March 2020, located in areas in proximity to major roads and primary infrastructure. Since it commenced operations in 1977, Vista Land has built over 400,000 homes as of 31 March 2020. The Company believes that it is one of the few leading integrated property developers in the Philippines that is focused on the affordable market. In 2017, 2018, 2019, and the three months ended 31 March 2020, the Company recorded consolidated revenues from real estate sales of ₱27,594.4 million, ₱31,856.1 million, ₱32,827.9 million (U.S.$643.1 million) and ₱7,200.2 million (U.S.$141.1 million), respectively. In addition to providing a wide range of housing products to its customers across all income segments through its residential property development business, the Company is involved in commercial property development through its retail mails and BPO commercial centres.

Historically, Vista Land's primary business has been the development and sale of horizontal real estate projects, which comprise residential lots and units in the affordable, upper mid-cost and high-end housing segments. Vista Land subsequently expanded into the development and sale of vertical residential projects, including low-to high-rise condominium developments. For the year ended 31 December 2019 and the three months ended 31 March 2020, house and lot sales comprised approximately 87% and 77% of revenue from residential sales, respectively, while the remaining residential sales were sales of condominium units. For the same periods, the Company believes that its market share in the "house and lot" segment in the Philippines is approximately 64% and 65%, respectively. The Company harnesses over 40 years of professional expertise in residential real estate development and believes it has established a nationwide presence, superior brand recognition and proven track record in homebuilding. Its projects include master-planned developments and stand-alone residential subdivisions which offer lots, house and lots and condominium units to customers in the affordable, upper mid-cost and high-end market segments. The Company has developed numerous "themed" housing and land development projects inspired by Mediterranean, Swiss, Italian, American, Caribbean and American Southern architecture and design. The Company believes that strict attention to detail in the execution of these themed communities helps to distinguish it from other companies.

The Company is continuously developing Vista Alabang, an integrated urban development that combines lifestyle retail, prime office space, a university town, themed residential developments and leisure components. The Vista Alabang project covers a total of 1,500 hectares strategically located where the cities of Muntinlupa and Las Piñas, and the provinces of Cavite and Laguna, meet. Vista Alabang is an example of the Company's "communicity" development model, or fully integrated developments with residential, retail and BPO components along with additional components such as utilities and township infrastructure, hotels, healthcare facilities and educational institutions. Vista Alabang is a template for the Company's ongoing and future communicity developments. As of 31 March 2020, the Company has identified about 24 areas from its existing projects around the country that are suitable for communicity developments.

The Company operates its residential property development business and commercial property development business through six distinct business units, namely Camella Homes, Communities Philippines, Crown Asia, Brittany, Vista Residences and Vistamalls, with details as follows:

- Camella Homes. For over 40 years, Camella Homes has serviced the affordable housing segment (houses priced below ₱5 million) in the Mega Manila area. Camella Homes markets its houses primarily under the "Camella" brand. According to the July 2018 Philippine Survey and Research Center ("**PSRC**") "MANA 2018" Study, Camella was acknowledged as the most preferred brand overall in the Philippine housing market, with a brand awareness rate of 98%. For the year ended 31 December 2019 and the three months ended 31 March 2020, Camella Homes recorded ₱14,284.7 million (U.S.$279.9 million) and ₱1,605.6 million (U.S.$31.5 million) in real estate revenues, respectively, representing 44% and 22% of the Company's total real estate revenues, respectively;

- Communities Philippines. Communities Philippines and its subsidiaries offer residential properties outside the Mega Manila area under the "Camella" and "Crown Asia" brands. In the last five years, the majority of Communities Philippines' new projects were launched under the "Camella" brand,

the Company's affordable housing brand. The Company believes that Communities Philippines and its subsidiaries have the widest coverage of developments in the regions outside Mega Manila of any homebuilder in the Philippines. The Company utilizes Camella Homes' expertise and designs to offer houses in areas outside of the Mega Manila area that it believes are on par, in terms of quality, with the developments in the Mega Manila area. For the year ended 31 December 2019 and the three months ended 31 March 2020, Communities Philippines and its subsidiaries recorded ₱14,608.9 million (U.S.$286.2 million) and ₱4,159.9 million (U.S.$81.5 million) in real estate revenues, respectively, representing 45% and 58% of the Company's total real estate revenues, respectively;

- Crown Asia. Crown Asia caters to the upper mid-cost housing segment in Mega Manila, primarily offering houses priced between ₱5 million and ₱14 million. For the year ended 31 December 2019 and the three months ended 31 March 2020, Crown Asia recorded ₱1,062.0 million (U.S.$20.8 million) and ₱279.9 million (U.S.$5.5 million) in real estate revenues, respectively, representing 3% and 4% of the Company's total real estate revenues, respectively;

- Brittany. Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱14 million and above. For the year ended 31 December 2019 and the three months ended 31 March 2020, Brittany recorded ₱453.7 million (U.S.$8.9 million) and ₱14.8 million (U.S.$0.3 million) in real estate revenues, respectively, representing 1% and 0% of the Company's total real estate revenues, respectively;

- Vista Residences. Vista Residences offers vertical residential projects primarily in the Mega Manila area in the low to upper mid-cost housing segments. Vertical home projects generally involve longer project development periods as well as facilities, amenities and other specifications not often found in horizontal homes. For the year ended 31 December 2019 and the three months ended 31 March 2020, Vista Residences recorded ₱2,418.6 million (U.S.$47.4 million) and ₱1,140.0 million (U.S.$22.3 million) in real estate revenues, respectively, representing 7% and 16% of the Company's total real estate revenues, respectively; and

- Vistamalls (formerly, Starmalls, Inc.). Vistamalls is a major developer, owner and operator of retail malls that target retail consumers in the Philippines and also develops and operates BPO commercial centres. For the year ended 31 December 2019 and the three months ended 31 March 2020, Vistamalls recorded ₱6,730.4 million (U.S.$131.8 million) and ₱1,902.4 million (U.S.$37.3 million) in rental income, respectively.

In 2019, the Company introduced its "CoHo" brand, short for "Condo Homes", for affordable and high quality mid-rise (five to 15 storeys) residential condominium projects located in highly urbanized cities across the country. The Company's CoHo projects aim to elevate the lifestyle of young professionals and young families. CoHo offers mostly one bedroom units with an area of at least 30 square meters, with prices starting at ₱3.0 million.

In addition to launching the CoHo brand, in 2019, the Company launched 50 residential projects in the Philippines, comprising 27 projects for the affordable housing market and 23 vertical projects. In 2020, the Company launched two residential projects in the affordable housing market. Of the residential projects launched in 2019 and 2020, 43 projects and two projects are located in areas outside Metro Manila, respectively. As of 31 March 2020, the Company's projects can be found in 147 cities and municipalities in 49 provinces throughout the Philippines, including in the Mega Manila areas as well as outside major central business districts. The Company also has an extensive nationwide land bank available for future development. As of 31 March 2020, the Company owned approximately 2,616.8 hectares of raw land ready for development, with an additional 331.2 hectares available for development under joint venture agreements. See "– *Land Bank*".

In 2017, 2018, 2019 and for the three months ended 31 March 2020, respectively, Vista Land recorded:

- ₱34,839.7 million, ₱40,261.4 million, ₱42,897.3 million (U.S.$840.4 million) and ₱9,929.6 million (U.S.$194.7 million) of total revenue;

- ₱13,455.2 million, ₱15,525.7 million, ₱15,641.6 million (U.S.$306.4 million) and ₱3,493.9 million (U.S.$68.4 million) of total operating income (computed as revenue less costs and expenses); and

- ₱9,062.8 million, ₱10,534.4 million, ₱11,609.2 million (U.S.$227.4 million) and ₱2,438.3 million (U.S.$48.0 million) of net income.

As of 31 December 2018 and 2019 and 31 March 2020, respectively, Vista Land had:

- ₱238,262.0 million, ₱272,538.6 million (U.S.$5,339.3 million) and ₱274,335.3 million (U.S.$5,374.6 million) of total assets; and

- ₱146,355.3 million, ₱172,586.0 million (U.S.$3,381.1 million) and ₱171,946.3 million (U.S.$3,368.4 million) of total liabilities.

HISTORY

Vista Land & Lifescapes, Inc. was incorporated in the Republic of the Philippines on 28 February 2007 and is the holding company of a group of six directly-owned operating subsidiaries, five of which are primarily engaged in developing residential subdivisions and constructing housing and condominium units in the Philippines. The sixth subsidiary, Vistamalls, Inc., is engaged in the operation, development and lease of commercial properties. The Vista Land Commercial Group, a division of the Company, is responsible for the Company's retail malls, commercial strips and BPO commercial centres, including the Vistamalls portfolio.

The Company's history can be traced back to 1977 when Household Development Corporation ("**HDC**"), now a wholly-owned subsidiary of Camella Homes, began the development of low-cost standardised housing targeted at homebuyers who rely on Government-assisted financing. At the time, HDC conducted its activities in southern and south-western Metro Manila as well as the surrounding areas, and its homes were marketed as "Camella Homes".

The Company's key milestones are set out below.

Year	Milestones
1983	Palmera Houses, Inc. (subsequently merged with HDC), is established to focus on real estate development activities in northern and eastern Metro Manila and the surrounding areas
1984	Brittany is established and initially engaged in the land banking business through direct acquisitions and joint venture arrangements
1993	Brittany launches its first residential development in Cavite province
1994	Camella Homes, Inc. is incorporated
1995	Crown Asia Properties, Inc. is incorporated
1996	Communities Philippines, Inc. is incorporated
2007	The Company's common shares are listed on the First Board of the PSE
2009	The Company acquires Vista Residences (formerly Polar Mines Realty Ventures, Inc.)
2015	The Company acquires Vistamalls, Inc. (formerly Starmalls, Inc.)
2019	The SEC approves the change in name of Starmalls, Inc. to Vistamalls, Inc.

RECENT DEVELOPMENTS

Measures the Company Has Taken in Light of the COVID-19 Outbreak

As part of the Government's measures to contain the COVID-19 outbreak, the Office of the President issued a memorandum directive to impose stringent social distancing measures in Metro Manila effective 15 March 2020. These measures include placing the island of Luzon, including Metro Manila, under ECQ, implementing alternative work arrangements in the executive branch and encouraging flexible work arrangements in the private sector, suspending classes and school activities and restricting travel.

Under the ECQ guidelines, only essential businesses, such as manufacturing and processing plants of basic food products, medicine, medical devices and equipment and essential products and goods, as well as essential sectors, such as hospitals and power and water providers, were allowed to operate. From 15 May 2020, the Government eased its quarantine restrictions and placed Metro Manila, Laguna and Cebu City under MECQ while other provinces were placed under GCQ. Under the MECQ, industries such as public and private construction, essential projects (e.g. sewage, water service facilities, digital works and health facilities), priority projects (e.g. food production, agriculture, energy, housing, communication, water utilities, manufacturing and BPO), other financial services and information service activities were

permitted to operate at 50% of their workforce capacity and subject to stringent safety guidelines. Similarly, malls and commercial centres (with the exception of leisure establishments and services) were permitted to resume operations at 50% or 100% of their workforce capacity, depending on business type, and subject to safety guidelines.

On 1 June 2020, MECQ was lifted in Metro Manila, which then transitioned into GCQ. Under GCQ, certain industries are allowed to operate at various levels of operational capacity. Malls and commercial centres are permitted to resume operation, with the exception of leisure establishments, and subject to safety guidelines. All public and private construction projects are permitted to resume, subject to strict compliance with the construction safety guidelines issued by the Department of Public Works and Highways regarding the implementation of infrastructure projects during the COVID-19 pandemic.

The Company continues to monitor and comply with all applicable recommendations issued by the Government. For the duration of the ECQ period, its offices and showrooms were closed and all operations, including construction activities, were suspended, while work-from-home arrangements were implemented to provide a safe working environment and prevent the spread of COVID-19. While the Company's BPO offices remained open, its shopping malls were closed, with the exception of tenants providing essential services and basic necessities, which occupy a significant portion of the Company's retail space. The closure affected 70% of the Company's total GFA in the three months ended 31 March 2020. As of 30 June 2020, all of the Company's malls have reopened with only 21% of total GFA remaining closed, as certain tenants providing non-essential services are required to remain closed pursuant to relevant government regulations.

In addition, with its showrooms and offices closed, the Company shifted its marketing focus towards online channels, expanding its online marketing efforts and enhancing its digital sales technology. The Company increased its online payment channels to enable buyers to remit payments with ease during the lockdown. In addition, the Company has increased marketing initiatives targeted towards Filipino nurses and frontline healthcare workers working abroad.

When the MECQ came into effect on 16 May 2020, the Company recommenced its day-to-day operations at 50% capacity. As of the date of this Offering Circular, the Company is operating at 100% capacity. The Company has commenced construction in areas and provinces that have transitioned to GCQ, subject to compliance and completion of opening protocols.

The safety and wellbeing of employees and customers is important to the Company. A number of precautionary measures have been taken, including:

- undertaking rapid testing for employees;
- distributing health kits to employees;
- developing the Vista Health application through which employees provide daily health declarations;
- taking the temperature of staff and customers when they enter the Company's residential properties, commercial properties and retail malls;
- employing additional company nurses;
- providing remote access to employees to enable them to work from home;
- maintaining an adequate supply of hand sanitisers for use at the Company's premises;
- providing shuttle service to employees reporting to work;
- requiring all personnel to wear face masks at all times and maintain social distancing;
- reminding all personnel to be aware of the importance of maintaining good personal and workplace hygiene;
- regularly cleaning and ventilating offices, residential and commercial properties and retail malls;

- implementing opening protocols for construction work, including providing barracks, arranging transportation, disinfecting equipment and undertaking rapid testing of workers;

- minimizing in-person meetings; and

- monitoring the latest information released by the Government and keeping personnel informed about material updates, such as the mandatory quarantine imposed in different areas.

Impact of COVID-19 Outbreak on the Company's Operations

Due to the COVID-19 outbreak and the ensuing quarantine measures both within the Philippines and internationally and uncertainty surrounding future economic recovery, buyers were hesitant to commit to large purchases like housing units. There was also a decrease in demand from OFs residing in countries that have been hard-hit by the pandemic. These events together resulted in a significant decline in residential reservations. The Company's residential reservations experienced a significant decline in March and April 2020, as compared to the corresponding periods in 2019. Housing reservation sales decreased by 22% in the three months ended 31 March 2020 as compared to the same period in 2019 and real estate revenue decreased by 11% between those comparative periods. While reservation sales improved in May and June 2020, demand remained below pre-COVID-19 levels. The Company expects the current trend to continue as long as COVID-19 remains a significant threat.

As a result of the quarantine measures implemented by the Government, the Company's malls were forced to close, resulting in a significant decline in footfall within malls, particularly those located within Metro Manila, as well as reduced rental revenue from tenants with variable rental rates. While its malls have started to reopen, footfall at the Company's malls remain substantially reduced, thereby impacting the Company's rental revenue. Further, the Company has provided rent concessions, waiving 50% to 100% of rent, to certain tenants based on their profile and credit standing, in addition to the concessions that the Company is required to provide pursuant to the Bayanihan Act, such as rent payment deferrals. However, it continued to collect rent from operational tenants, mostly as a percentage of sales. Many of the operational tenants experienced record sales. The Company recorded an impairment loss for rental receivables of ₱39.03 million in the three months ended 31 March 2020. While the Company expects lower rental revenue in the second quarter of 2020 as compared to the first quarter of 2020 due to government-mandated rental payment deferrals and negotiated rent concessions with tenants, it believes it will be supported by rental revenue from tenants providing essential services, which occupy a significant portion of its GFA.

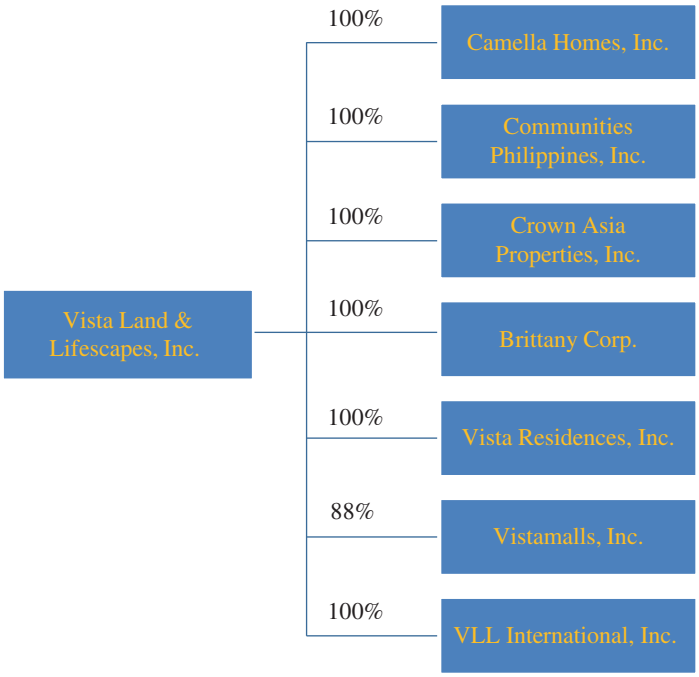
In addition, during the lockdown, the Company experienced a significant decrease in cash inflows due to a decline in bank releases as a result of the construction halts and a decline in the collection of down payments as a result of the decrease in reservation sales. The Company also experienced delays in rent payments and payments from buyers, as renters and buyers availed themselves of the grace period for payments of housing and other loans under the Bayanihan Act. Nevertheless, the Company has maintained a healthy cash balance due to the temporary halt of its construction works which account for the bulk of its monthly cash requirements.

As of the date of this Offering Circular, the Company does not plan to launch any new projects in 2020. It has significantly reduced its land acquisitions in 2020 and plans to draw on its existing land bank. It will limit its construction activities to housing units and the completion of malls and condominium projects that are already under construction.

Despite the reduced demand for residential projects in the first half of 2020, the Company believes the impact of the COVID-19 pandemic on the residential and commercial real estate markets will be temporary and expects to see an increase in demand as restrictions are lifted and the economy recovers. However, until there are signs of an economic recovery, the Company intends to take a conservative approach with respect to new product launches and developments.

CORPORATE STRUCTURE

The Company's corporate structure as of 31 March 2020 is summarized in the chart below. The Issuer, incorporated in the Cayman Islands, is also a wholly-owned subsidiary of the Company. See "*The Issuer*".



COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

Integrated property developer with market leadership in horizontal residential projects targeted towards end users and retail malls with strong brand recognition across the Philippines.

Horizontal residential projects

The Company is the Philippines' largest homebuilder in the horizontal residential market with a presence in 147 cities and municipalities in 49 provinces across the country as of 31 March 2020 and having built over 400,000 homes since operations commenced in 1977.

- **Clear focus on end-users:** The Philippine residential market is dominated by end-users residing in horizontal properties. The Company believes that it is the largest residential developer in the Philippines focused on this end-user market nationwide. The Company has historically been able to achieve strong take-up rates for its developments by targeting OFs and domestic end-users looking to purchase property for occupational purposes as opposed to speculative or investment purposes.

- **Strong brand recognition nationwide:** The Company's market leading position in the horizontal residential market has fostered strong brand recognition, with the "Camella", "Crown Asia" and "Brittany" brands being three of the most recognized brands in the Philippine real estate market. According to the PSRC "MANA 2018" Study, the Company's "Camella", "Crown Asia" and "Brittany" brands collectively had an awareness rate of 100%, which the Company believes is well above that of its peer companies which average approximately 50%. The Company believes that this strong brand recognition demonstrates its track record of consistently developing quality products for its customers.

- **Barriers to competition:** The Company's strong local regulatory know-how, solid execution track record and nationwide footprint are difficult to replicate, serving as a strong barrier to competition at a national level from other property developers. As such, there is no other end-user focused residential developer in the Philippines which has the geographical reach and scale comparable to that of the Company.

Retail malls and BPO commercial centres

The Company, via the Vista Land Commercial Group, which includes the Vistamalls retail mall and BPO platform, has also achieved an early mover advantage in the retail mall segment, currently owning a portfolio of 31 retail malls, seven BPOs and 62 commercial centres in Metro Manila, Laguna, Cavite, Bulacan, Bataan and Cebu, with a combined GFA of 1,497,229 square meters as of 31 March 2020. As an early mover in this underserved segment, the Company believes that Vistamalls has been able to benefit from a lack of direct competition for many of its retail malls given that other retail mall developers have predominantly focused on higher income segments. For example, the Company, via Vistamalls, established Starmall EDSA Shaw in Mandaluyong City in 1988 before any other retail mall developer had entered the area, enabling it to establish its position as the dominant retail mall in the area. Since then, Mandaluyong City has seen the entry of several other retail mall operators, though the Company believes that such other operators' focus remains on consumers in the upper income brackets.

Enjoying high footfall as well as a strong average occupancy rate of 88% as of 31 March 2020, the Company's retail malls target the affordable market and are strategically located in areas in close proximity to transport hubs and other key infrastructure in growth markets such as Las Piñas City, Mandaluyong City and the province of Bulacan. For example, the Company's flagship mall in Muntinlupa City, Starmall Alabang, is directly connected to the Philippine National Railway ("**PNR**") Alabang station, a major railway terminal in the south of Metro Manila. In addition, the same mall houses major bus terminals which serve as nodes for people transiting between Metro Manila and the southern provinces.

The Company believes that its growth plans for this business, which will consist of new developments as well as asset enhancements to existing retail malls, will underpin the Company's position as the leader in the retail mall space in the Philippines.

Integrated developments – Communicities

The Company's integrated developer model enhances its ability to leverage on the diverse skill sets of its various business segments to extract value across the real estate value chain, from the development of residential projects to the development and incubation of retail malls and BPO facilities and the development of communicities which stretch across several asset classes. Supported by recurring income from its retail malls and other commercial leasing assets, the Company believes that an integrated model will enable it to diversify its revenue streams while continuing to develop communicities. For example, the Company's Vista Alabang development is an integrated urban development that combines lifestyle retail, prime office space, a university town, healthcare, themed residential developments and leisure components.

Vista Alabang, the most expansive integrated urban development in the southern part of Mega Manila, has over 45,000 households as of 31 March 2020 and covers a total area of approximately 1,500 hectares strategically located where the cities of Muntinlupa and Las Piñas, and the provinces of Cavite and Laguna meet. Vista Alabang's 15-kilometre radius catchment area has more than one million households, or a population of approximately 4.7 million. Vista Alabang has over 700 hectares still to be developed into new residential areas under Vista Land's Brittany, Crown Asia and Camella brands, together with mall and retail developments, including the existing Evia Lifestyle Center and other real estate classes. The aim is for Vista Alabang to attract residents in the upper, mid-range and starter home categories, as well as a range of commercial locators, BPO, IT and other similar businesses, healthcare entities, leisure facilities and innovative educational institutions such as corporate universities and schools for new technologies. Vista Alabang is a template for the Company's ongoing and future communicity developments across the Philippines. As of 31 March 2020, the Company has identified about 24 areas from its existing projects around the country that are suitable for communicity developments.

Benefits from synergies between the residential and commercial development platforms, particularly the Vistamalls retail mall and BPO platform, strengthening Vista Land's position as a top four integrated property developer.

The Company believes that its acquisition of Vistamalls in 2015, with the latter's retail mall and BPO platform, has created substantial synergies between the two businesses and strengthened Vista Land's position as a top four integrated property developer, enhancing the Company's scale and stability.

The Company believes that the combination of its residential and commercial development platforms, particularly Vistamalls' retail mall and BPO platform, has created strong synergies as the Company

continues to develop its integrated developer model, particularly given that future retail mall and BPO assets can be located within Vista Land communicities:

- **Enhanced and more recurring revenue opportunities:** The Company believes that the integrated developer model, where residential developments are complemented by retail malls, BPO facilities and other commercial leasing assets, enhances its revenue streams as a result of more recurring revenue opportunities. For example, the Company believes that homebuyers are more willing to pay a premium for homes located in communicities with convenient access to retail malls for their everyday shopping needs or to BPO facilities where they can work, resulting in higher residential selling prices and sales velocity. Likewise, the Company also believes that the stronger demand from tenants in retail malls located within communicities is due to a larger catchment area and stronger and more regular footfall from the resident population, resulting in higher rental rates and occupancy rates. In addition, the Company believes that BPO operators will be willing to pay higher rental rates, since locating in a communicity provides them with greater access to potential employees.

- **Funding synergies:** The Company believes that its access to additional funding sources stemming from its shift towards communicities will provide greater flexibility in funding future developments. For example, proceeds from pre-sales of residential units in a particular communicity can be directed to fund the construction of retail malls or BPO commercial centres in the same communicity, thus lowering overall borrowing requirements as well as reducing interest expense and refinancing risk to the Company. In addition, the integration of the Vistamalls platform, the Company's enhanced scale and the recurring cash flow profile is expected to improve the Company's credit profile and associated leverage metrics, allowing for a lower cost of capital.

- **Lower land costs for retail mall and BPO projects:** The Company can substantially reduce Vistamalls' land costs by locating future Vistamalls developments within Vista Land communicities. Such developments will also benefit from the existing infrastructure at Vista Land communicities. The Company's extensive land bank and established nationwide platform will also allow the Company to accelerate the expansion of Vistamalls' retail mall and BPO portfolio.

- **Enhanced scale:** The Company's large balance sheet and communicity capabilities as compared to its competitors has resulted in economies of scale and greater bargaining power with landowners and suppliers. The Company also believes that its larger scale will result in increased brand equity for Vista Land projects around the country and the development of capabilities outside of its traditional residential development platform, such as hotels and industrial and logistics facilities.

Enhanced recurring revenue contribution and profitability from the Vistamalls retail mall and BPO platform and other commercial property developments.

The Vistamalls platform, with its focus on retail malls and BPO commercial centres as well as its strong growth outlook, and more broadly, the Company's commercial property development business, diversifies the Company's revenue streams and increases recurring revenue contribution. The recurring revenue contribution of the Company's commercial property development business was ₱6,123.8 million, ₱7,076.5 million, ₱8,492.9 million (U.S.$166.4 million) and ₱2,389.5 million (U.S.$46.8 million) for the years ended 31 December 2017, 2018 and 2019 and the three months ended 31 March 2020, respectively, or 18%, 18%, 20% and 24% of total revenues, respectively. Recurring revenues pertains to rental income and other income related to the Company's commercial leasing assets.

Moreover, the Company believes that there is limited execution risk in respect of the expected growth of its retail mall and BPO platform. Adding GFA to existing assets is expected to provide higher returns and profitability as compared to greenfield projects given the benefits arising from the infrastructure and customer base of the Company's existing assets. In addition, there is substantial scope for greater growth from greenfield retail malls and BPO facilities in Vista Land communicities with little to no need for further land acquisition given the breadth of Vista Land's land bank. The Company's existing commercial leasing assets also enjoy high average occupancy rates of 88% as of 31 March 2020. The Company's retail malls are leased by a number of anchor tenants, such as All Home and AllDay Supermarket, Finds Discount Store, KinderCity, Vista Cinema, Jollibee Group, McDonalds and Coffee Project, among others. The Company's anchor tenants, who collectively account for approximately 55% of the Company's total GFA as of 31 March 2020, benefit from favourable rental terms, including 8% per annum step-ups in most leases, exposure to variable rents which provides for greater upside as retail spending rises and long lease terms.

Well-positioned to benefit from favourable Philippine demographic, economic and development trends, including continued demand from the OF segment.

The Philippines has experienced robust economic growth in recent years, with GDP growth of 6.7% in 2017, 6.2% in 2018 and 5.9% in 2019. According to the updated International Monetary Fund's World Economic Outlook forecasts from 14 April 2020, due to the outbreak of COVID-19, GDP growth is expected to fall to 0.6% in 2020 and subsequently increase to 7.6% in 2021, subject to the post-pandemic global economic recovery.

The Company believes that the following positive macroeconomic environment and demographic profile will be instrumental to the continued growth in demand for housing and retail space in the Philippines:

- a relatively young population with approximately 73.5% under the age of 40, according to the Philippine Statistics Authority's "2015 Census of Population" (the "**POPCEN 2015**") and a median age of 25.7 years, according to the United Nations, Department of Economic and Social Affairs' "World Population Prospectus 2019";

- a growing population that increased at an average annual rate of 1.5% from 2015 to 2020 and is forecasted to grow at a rate of 1.2% from 2020 to 2025 according to the POPCEN 2015;

- a rising middle class, as evidenced by GDP per capita that grew at a compound annual growth rate of 4.83% from U.S.$2,155 in 2010 to U.S.$3,294 in 2019 according to the International Monetary Fund; a persistently low interest rate environment, with 364-day treasury bill rates averaging 2.7% in May 2020 according to the BSP;

- a relatively low mortgage penetration rate of 3.9% mortgage-to-GDP as of 31 December 2018, as compared to regional peers, according to the Housing Finance Information Network; and

- consistent growth in remittances from OFs, with the BSP reporting U.S.$30.1 billion remitted through official channels in 2019, representing a compound annual growth rate of 5.4% between 2010 and 2019.

Official data on annual housing demand from the Housing and Urban Development Coordinating Council and annual housing supply from the HLURB indicate that there is a structural supply shortage of housing in the Philippines. The Company believes that this structural imbalance is most acute in the market for affordable housing, in which its "Camella" brand is a market leader. By targeting domestic end users who are looking to purchase property for occupational purposes as opposed to investment purposes, the Company has historically been able to achieve strong take-up rates for its developments and communicities. The Company believes that these permanent populations will further contribute to consistent retail footfall in their respective local communities, which will provide greater growth for the Company's retail malls going forward given the Company's focus on communicities.

The Company's developments are also well-positioned to benefit from the progress in recently completed and ongoing infrastructure and development works nationwide. For example, the Cavite-Laguna Expressway has improved accessibility to the Company's land bank in Cavite. Strategically positioning the Company's developments near key infrastructure networks has also been shown to positively impact selling prices. For example, selling prices of Portofino lots in Vista Alabang have almost tripled from approximately ₱23,000.00 per square meter when the notice of the construction of the MCX in December 2011 was issued to approximately ₱35,000.00 per square meter in 2013 after construction of the Evia Lifestyle Center was commenced, and to approximately ₱56,000.00 per square meter upon the completion and launch of the MCX in July 2015.

The Company also believes that it is well positioned to benefit from growth in OF remittances as a key driver of growth in the consumption of real estate in the Philippines. The Company believes it has one of the Philippines' most extensive global marketing networks, comprising approximately 3,000 marketing teams, over 300 accredited licensed realtors, 100 direct marketing teams and 32,000 active agents located throughout the Philippines and approximately 300 partners and 7,200 independent agents located in countries and regions with large OF populations, including the United States, as of 31 March 2020. In addition, demand from the OF market has remained historically resilient, allowing the Company to maintain its strong reservation sales momentum even during the Global Financial Crisis of 2008; the

Company's nationwide footprint is critical in this regard since many OFs are purchasing homes in locations outside of the Metro Manila area. As of 31 March 2020, approximately 50% to 60% of the Company's sales originated from OFs primarily from Europe and the Middle East.

Diverse product offerings in order to benefit from growth in different market segments and to capitalise on demand across the full spectrum of homebuyers.

The Company believes that it is one of the few homebuilders in the Philippines that is strategically positioned to target specific consumer groups with carefully marketed brands, offering a full spectrum of residential housing products with prices that range from ₱1 million to ₱90 million. The following table illustrates the Company's key brand offerings targeting specific segments across the income spectrum. The Company has a customised pricing strategy, with products priced to sell based on the end users' affordability threshold.

	Camella	Communities Philippines	Vista Residences	Crown Asia	Brittany
Market segment	Affordable	Affordable (provincial)	Affordable to upper mid-cost	Upper mid-cost	High-end
Price range	Less than ₱5 million	Below ₱5 million	₱3 – 16 million	₱5 – 14 million	₱14 million and above
Residential Offering	Housing & lots	Housing & lots	Condominiums	Housing & lots	Housing & lots
2019 Real Estate Revenue Contribution (in millions)	₱14,284.7 (U.S.$279.9 million)	₱14,608.9 (U.S.$286.2 million)	₱2,418.6 (U.S.$47.4 million)	₱1,062.0 (U.S.$20.8 million)	₱453.7 (U.S.$8.9 million)
Percentage of 2019 Real Estate Revenue	44%	45%	7%	3%	1%
3M 2020 Real Estate Revenue Contribution (in millions)	₱1,605.6 (U.S.$31.5 million)	₱4,159.9 (U.S.$81.5 million)	₱1,140.0 (U.S.$22.3 million)	₱279.9 (U.S.$5.5 million)	₱14.7 (U.S.$0.3 million)
Percentage of 3M 2020 Real Estate Revenue	22%	58%	16%	4%	0%

In 2009, the Company acquired Polar Mines Realty Ventures, Inc. to increase its presence in the vertical home segment. Following the rebranding of Polar Mines as Vista Residences, the Company has since consolidated the development and sales of all its condominium projects, establishing a consistent, clear and strong market identity. In addition, Camella, through its sub-brand, "Lumina", launched additional projects with house and lot packages at the sub-₱1 million price point to further address the growing housing backlog in such segment.

More recently, in 2019, the Company introduced the CoHo brand for affordable and high quality mid-rise (five to 15-storey) residential condominium projects located in highly urbanized cities across the country. The CoHo brand, which aims to elevate the lifestyle of young professionals and starting families, offers mostly one-bedroom units with an area of at least 30 square meters priced at ₱3.0 million and above and which are sold under the Company's various business units. The Company believes that its diverse product portfolio places it in a prime position to take advantage of market changes and to mitigate risks from negative market trends going forward.

Geographically diverse project portfolio and land bank across the Philippines, with a strong nationwide footprint.

The Company owns an extensive land bank, most of which is located in areas within close proximity to major traffic corridors and primary infrastructure. As of 31 March 2020, the Company owned approximately 2,616.8 hectares of raw land which can be used for development, with an additional 331.2 hectares available for development under joint venture agreements. The Company's land bank is distributed across the country as follows:

- A significant portion of the Company's raw land inventory, approximately 1,699.4 hectares of aggregate land, is located in the growing Mega Manila area, including Vista Alabang;

- In Luzon (excluding Mega Manila), the Company owns 486.9 hectares of land available for development;

- In Visayas, the Company owns 488.2 hectares of prime land, including a property in Iloilo with an area of approximately 225.4 hectares located near the international airport; and

- In Mindanao, the Company holds 273.6 hectares of raw land available for development.

The majority of the Company's land bank is adjacent to or near its existing projects, facilitating future expansion into communicities. The Company believes that its current land bank is sufficient for its existing and planned residential, commercial and communicity developments for the next eight and a half to nine years.

The Company has an extensive nationwide presence. As of 31 March 2020, the Company's projects are spread over 147 cities and municipalities in 49 provinces, covering most of the Philippines' main urban areas. Brittany, Crown Asia, Camella Homes and Vista Residences operate in Mega Manila while Communities Philippines is the Company's vehicle for operations in other parts of Luzon, Visayas and Mindanao.

The Company believes it has the largest and most diverse geographic footprint of all real estate companies in the Philippines. The Company's geographic footprint not only enhances its brand recognition across the Philippines, but also places the Company in a favourable position to react to market and population trends and provides a strong barrier to competition. For example, the Company's nationwide footprint places it in strong position with OFs, many of whom purchase homes outside of the Metro Manila area. The Company's size and wealth of experience working with various authorities, suppliers, contractors and brokers on a regional, national and international scale has also been instrumental in developing specialised industry expertise and has contributed to its ability to control and reduce costs by taking advantage of economies of scale and its strong bargaining power. As an integrated developer with a comprehensive product offering, the Company is well poised to take advantage of its status as an early entrant into the development of communicities outside of Mega Manila.

Prudent financial management and strong balance sheet providing headroom for capital expenditure to fund expansion plans.

The integration of the Vistamalls platform further strengthened the Company's balance sheet, providing it with additional headroom for capital expenditure to fund it expansion plans, as well as flexibility in financing its commercial operations via residential pre-sales. The Company believes that its strong balance sheet boosted by a large asset and equity base allows it to move quickly to acquire additional land bank and other real estate assets.

The Company believes it has adopted a prudent financial management policy, as primarily evidenced by its diverse domestic and international funding sources and what it believes to be a strategy to maintain relatively conservative leverage levels. The Company believes that its financial prudence has created sufficient headroom to take advantage of opportunities to expand its businesses through external financing and other means. The Company will continue to actively manage its capital structure as well as opportunistically access the debt and equity markets.

Strong and experienced management team with a demonstrated execution track record.

The Company has a highly experienced management team with an average of 25 years of sound operational and management experience in real estate, particularly in the horizontal housing, retail mall and BPO markets. The Company's management team has extensive experience in, and in-depth knowledge of, the Philippine real estate market and has also developed positive relationships with key market participants, including construction companies, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

The Company's strategy is premised on three key pillars: (i) strengthening its market position as an integrated property developer with a key focus on horizontal residential developments and retail mall and BPO operations; (ii) diversifying its revenue streams through the continued development of its commercial platform while enhancing the value and attractiveness of its properties; and (iii) improving its capital efficiency and financial flexibility.

Continue to develop its integrated developer model with market leadership and strong brand recognition in the Philippines.

The Company plans to continue capitalising on its leadership position in the horizontal residential housing market and in retail malls and creating communicities. In that respect, the Company intends to (i) develop synergies; (ii) integrate commercial leasing assets into communicities; and (iii) enhance project attractiveness.

Maximize synergies with the retail mall and BPO platform

The Company believes that synergies arising from its combined scale and expertise across multiple real estate segments place it in a unique position to undertake larger and higher-value projects. In addition, the Company intends to lower its financial expense by partially financing its retail mall and BPO assets using residential pre-sales as opposed to debt financing. Furthermore, there is significant value to be unlocked from its unutilized land bank, most of which has received development approvals for the construction of commercial leasing assets, given their close proximity to existing residential developments. Similar to Vista Alabang, the Company's strategic plan of integrating themed residential developments with commercial establishments is expected to significantly improve communicity planning, reduce land acquisition costs, enhance property values and improve returns to the Company.

Integrate other commercial leasing assets into its communicities

The Company intends to integrate other commercial leasing asset classes beyond retail malls and BPO facilities, such as hospitality assets and healthcare and educational institutions, into its communicities, which it believes will further enhance these integrated developments and thus further attract homebuyers to its communicities. For example, Vista Alabang already contains a comprehensive suite of facilities, including a retail segment and a university town. The Company was awarded the "Most Innovative Community Developer – Philippines" from the International Finance Awards and from the Global Business Outlook in 2018 and 2019, respectively, due to its development of communicities. The Company intends to further establish its reputation as an integrated developer, while diversifying its revenue to encompass a greater variety of sources of recurring income.

Enhance project attractiveness.

The Company has adopted the concept of communicities as an overarching strategy spanning across its various business segments. The Company believes that the inclusion of amenities, such as retail malls, hotels, healthcare facilities and educational institutions, early in the development phase of its projects will complement its residential developments, making its developments more attractive to potential home buyers. For instance, the Vista Alabang development is an integrated urban development that combines lifestyle retail, prime office space, a university town, healthcare, themed residential developments, and leisure components. Vista Alabang, an expansive integrated urban development in the southern part of Metro Manila, has over 45,000 households as of 31 March 2020 and covers a total area of approximately 1,500 hectares strategically located where the cities of Muntinlupa and Las Piñas, and the provinces of

Cavite and Laguna meet. Vista Alabang's 15-kilometre radius catchment area has more than one million households, or a population of approximately 4.7 million. Vista Alabang has over 700 hectares still to be developed into new residential areas under Vista Land's Brittany, Crown Asia and Camella brands, together with mall and retail developments, including the existing Evia Lifestyle Center and other real estate classes.

Strengthen market leadership in horizontal residential projects while expanding the Company's retail mall and BPO footprint.

Vista Land believes that it is a top four integrated property developer in the Philippines and intends to further improve its ranking. The Company believes that the development of its integrated developer model is rooted in its strong market leadership in horizontal residential projects, which it will continue to strengthen while simultaneously expanding its commercial property portfolio by (i) focusing on key market segments; (ii) improving project execution efficiency; (iii) capturing demand from OFs; and (iv) generating a strong pipeline of retail malls and BPO commercial centres that can be developed within existing Vista Land communicities.

Continue to focus on key market segments

The Company believes it has identified certain niches within certain income segments that are undercovered, including the affordable housing market, the retail mall and the BPO segment, which are experiencing a continuous growth in demand. The Company intends to continue focusing on its offerings in these sub-segments and fortifying its market-leading positions through its highly-recognized brands, Camella Homes and Vistamalls. The Company will also continue to focus on the end-user market for residential real estate in the Philippines.

Improve project execution efficiency

In order to take advantage of the growing Philippine property market, the Company intends to accelerate the development of its residential and commercial projects. The Company believes that it can maximize its revenue by shortening its project development cycle and exercising its greater bargaining power, owing to its enhanced scale, with landowners and suppliers. In addition, the integration of the Company's commercial platform has improved the attractiveness of residential projects, potentially leading to higher average selling prices and sales velocity.

Capture demand from overseas Filipinos

The Company intends to continue expanding and developing new projects outside the Metro Manila area to cater to the growing demand from OFs for real estate located in their hometown provinces. With the BSP reporting approximately U.S.$30.1 billion remitted from OFs through official channels in 2019 and U.S.$28.9 billion in 2018, the Company aims to leverage and grow its global marketing network to capture a sizeable, resilient and high-growth market.

Generate a strong pipeline of retail malls and BPO facilities that can be developed within existing Vista Land communicities

The Company plans to actively develop a pipeline of retail malls and BPO facilities which can be developed on a standalone basis or integrated within Vista Land communicities, the latter of which supports the Company's integrated developer model and complements the Company's residential developments. Further, the Company believes that it has the flexibility to develop more projects should market conditions allow.

Diversify revenue base.

The Company aims to diversify its revenue base, with particular focus on increasing rental revenue by (i) increasing investment in retail malls and other commercial leasing assets; (ii) increasing mid-rise residential developments; and (iii) continuing to opportunistically invest in high-rise vertical projects.

Increasing investment in retail malls and other commercial leasing assets

The Company plans to expand its retail mall and BPO platform via enhancements of existing assets and new developments, with further growth to come from locating such assets within Vista Land's communicities. Apart from traditional retail and commercial developments, the Company intends to expand into other niche property development projects and township infrastructure, such as in the hospitality, education and healthcare sectors, by developing the relevant industry expertise, and, in time, allocating a proportion of its capital expenditure budget to a comprehensive offering of niche commercial developments. The Company believes that doing so will enable it to further build its brand equity across the Philippines while adding a sizeable pool of mature, income-generating assets to further grow the Company's recurring income contribution.

Increasing mid-rise residential developments via the launch of CoHo

The Company believes that there is sufficient demand and growth potential for mid-rise residential development projects, which are less capital intensive and are completed more quickly than traditional vertical developments.

In 2019, the Company introduced the CoHo brand for affordable and high quality mid-rise (five to 15 storeys) residential condominium projects located in highly urbanized cities across the country. The Company's CoHo projects aim to elevate the lifestyle of young professionals and young families. CoHo offers mostly one bedroom units with an area of at least 30 square meters priced at ₱3.0 million and above. The Company intends to continue expanding its CoHo brand in key cities across the country, including Davao and Bacolod, to take advantage of the reverse migration resulting from the Government's drive to accelerate economic activities and infrastructure development outside Metro Manila.

Continuing to opportunistically invest in high-rise vertical projects

The Company believes there is also growth potential in certain segments of the vertical residential project market, mainly driven by OFs. The Company believes that this provides a good platform for future development of high-rise vertical projects. The Company aims to continue leveraging its existing extensive marketing network and strong brand names to continue to opportunistically grow its market share in this segment in the coming years.

Improve capital efficiency for land banking activities and financial flexibility

The Company plans to take advantage of joint ventures, focus on diversifying funding sources and increase recurring rental income while utilizing proceeds from residential pre-sales to improve capital efficiency.

Optimize use of joint ventures for capital efficiency

The Company intends to improve margins while maintaining a lean balance sheet by capitalizing on opportunities to acquire and jointly develop land for new developments with various landowners as joint venture partners. The integration of the Company's retail malls and BPO platform contributes to greater operational scale, enabling the Company to negotiate and enter into joint ventures for larger and higher-value plots of land.

Focus on diversifying funding sources to improve financial flexibility

The Company intends to diversify its funding sources and lower its cost of capital by monitoring the markets for favourable opportunities to build up its capital resources through various financing options, such as loans and debt and equity issuances, among others. In addition, as a result of the Company's focus on integrated developments with a residential component, the Company intends to increase pre-sales of residential units to partially fund the development costs of the project components.

RESIDENTIAL DEVELOPMENT BUSINESS

The Company's core business is developing and selling residential subdivisions, as well as individual housing and condominium units in the Philippines. The Company sells a diverse range of products across the affordable, upper mid-cost and high-end housing markets.

The following table sets out the contribution of each market segment as a percentage of total real estate sales for the periods indicated.

	For the years ended 31 December			For the three months ended 31 March
Development	**2017**	**2018**	**2019**	**2020**
	(%)	(%)	(%)	(%)
Affordable	77.0	78.8	88.0	80.1
Upper mid-cost	19.0	19.7	10.6	19.7
High-end	3.3	1.5	1.4	0.2

Note:

(1) The projects that cover the affordable segment are Camella and Communities Philippines. The projects that cover the affordable to upper mid-cost segment are Crown Asia and Vista Residences. The project that covers the high-end segment is Brittany.

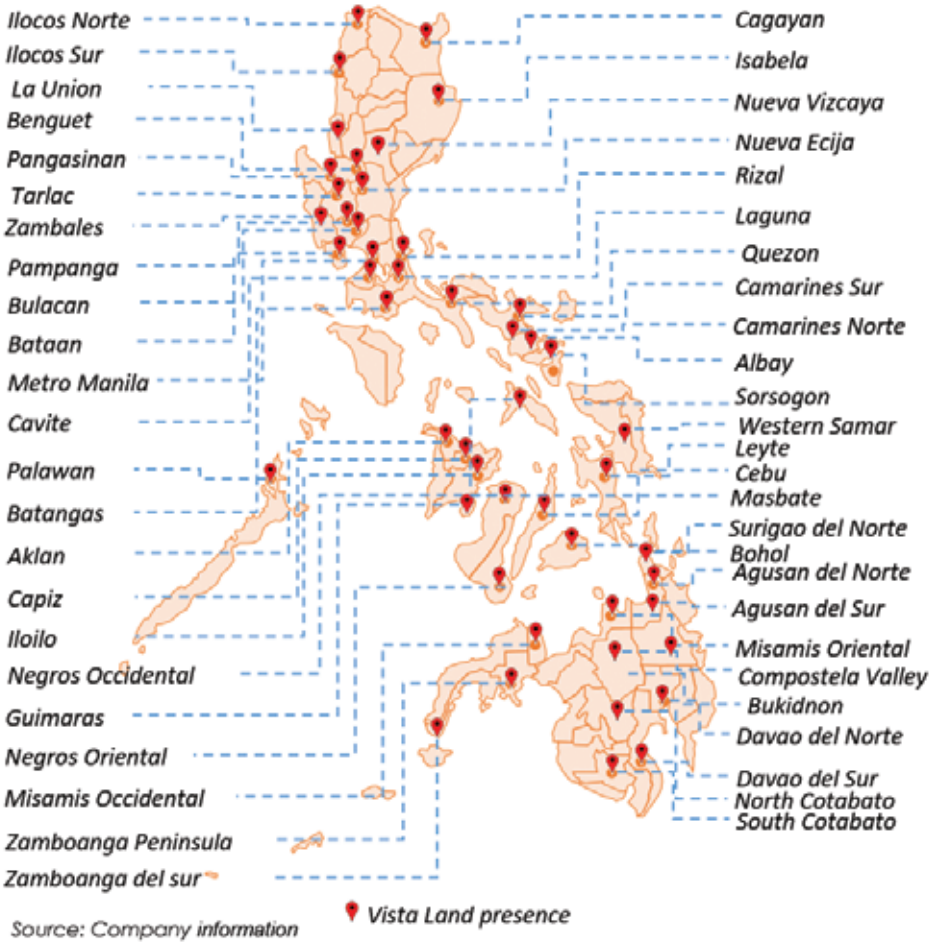
The Company's residential product lines are categorised based on internal criteria fixed by the Company. In determining whether a project will be considered an affordable, upper mid-cost or high-end project, the Company takes into consideration various factors such as the price point and target market for each project.

In the three months ended 31 March 2020, the Company has launched a total of two projects comprised of affordable housing projects located in areas outside Metro Manila, in Mindanao.

In an effort to further diversify its revenue base, the Company has recently targeted the construction of mid-rise developments, such as developments under its CoHo brand. The Company believes such mid-rise developments allow it to recognise revenue quicker than typical high-rise vertical developments due to shorter construction times.

The Company has also adopted as one of its main strategies the integration of its various residential developments into communicities, wherein core residential developments are supplied with amenities such as community centres, schools and health care centres, among others, to enhance the attractiveness of such developments and create large-scale mixed-use communities comprising residential, leisure and commercial facilities that cater to a range of market segments and demographics. These communicities are not confined to a single business unit or development of the Company, but may be integrated across several of the Company's developments and business units according to the area. See "*– Project Development Strategies – Communicities – Vista Alabang*".

The following map shows the different provinces in which the Company has residential development projects.



Source: Company information

The Company operates its residential housing and land development business through five distinct and independently operated business units, namely Camella Homes, Communities Philippines, Crown Asia, Brittany and Vista Residences.

Camella Homes

Established more than 40 years ago, Camella Homes has grown to become the largest builder of affordable horizontal housing in the Philippines by volume of homes.

Camella Homes develops and markets its affordable housing projects (houses priced below ₱5 million) predominately under its "Camella" brand. Through Camella Homes, the Company targets young families and Filipinos working or residing abroad. As a result of more than 40 years of operations and its strategy of building high quality yet affordable housing in planned residential subdivisions that incorporate the facilities and amenities traditionally found only in upscale developments, Camella Homes has been recognised as the most preferred brand overall in the Philippine housing market by the PSRC "MANA 2018" Study.

The typical product offerings of the affordable residential developments include:

- lots-only, with areas ranging from 108 to 200 square meters;
- townhouses with floor areas ranging from 42 to 63 square meters and lots of 50 to 60 square meters;
- single-attached homes, usually with two floors, floor areas of 44 to 156 square meters and lot areas of 70 to 150 square meters; and
- bungalows with floor areas of 26 to 50 square meters and lots of 50 to 115 square meters.

Camella Homes' affordable housing projects provide basic inexpensive dwelling units in developed communities. These developments generally provide, among others, road networks, water and power facilities, community, sports and recreational facilities and security with perimeter walls and gates.

In the years ended 31 December 2017, 2018 and 2019 and the three months ended 31 March 2020, Camella Homes recorded real estate revenue totalling ₱8,158.3 million, ₱9,731.5 million, ₱14,284.7 million (U.S.$279.9 million) and ₱1,605.6 million (U.S.$31.5 million), respectively, which accounted for 30%, 31%, 44% and 22%, respectively, of the Company's total real estate revenue during these periods.

Camella Homes' projects follow specific development themes, drawing architectural inspirations from Italy, Spain, the Mediterranean and the United States. Projects are located in strategic sites north, south, and east of Mega Manila, in close proximity to major employment zones, including business and industrial estates, commercial centres, schools and medical facilities. The projects are also strategically located near major public transportation routes.

Initially, Camella Homes sold units through a domestic marketing network, but starting in 1997 it expanded its operations and established its international network to better service the OF communities. Historically, sales to OFs have represented a majority of Camella Homes sales.

The following table sets forth selected financial data of Camella Homes for the periods indicated:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(Audited)				(Unaudited)		
	(in millions, except for ratios)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Real estate revenue	8,158.3	9,731.5	14,284.7	279.9	2,051.4	1,605.6	31.5
Costs of real estate	4,655.0	4,650.0	7,268.6	142.4	1,050.5	686.2	13.4
Gross profit on real estate[(1)]	3,503.3	5,081.5	7,016.1	137.5	1,000.9	919.4	18.0
Gross margin on real estate[(2)]	42.9%	52.2%	49.1%	49.1%	48.8%	57.3%	57.3%

Notes:

(1) Gross profit on real estate is the difference between real estate revenue and cost of real estate.

(2) Gross margin is the ratio of gross profit on real estate over real estate revenue.

Two of Camella Homes' residential projects in Mega Manila, namely Camella Cerritos Heights in Cavite and Camella Sierra Metro East in Rizal, are described in more detail below.

Camella Cerritos Heights

Camella Cerritos Heights is a 17-hectare residential development along Daang Hari Road, Barangay Molino 4, Bacoor City, Cavite. This project combines the exclusivity and privacy of a themed, master-planned community in proximity to shopping malls, schools, churches, member clubs, golf courses and healthcare facilities. Camella Cerritos Heights is adjacent to the progressive developments in Vista Alabang and can be accessed via Daang Hari, which provides a pathway to Makati, Las Piñas and Manila. Set out below is a photo at Camella Cerritos Heights, which may not necessarily represent the current condition of the property.

Camella Sierra Metro East

Camella Sierra Metro East is an eight-hectare house and lot development tucked away along the tree-lined M.L. Quezon Avenue, in the crossroads of Antipolo and Teresa in Rizal, and approximately a 25 minutes' drive from Ortigas central business district.

The development is located near bustling commercial areas, with malls, schools, restaurants, coffee shops, government institutions, hospitals, art galleries and places of worship nearby. Camella Sierra Metro East offers an array of house and lot packages, from starter family homes to spacious "Grande Homes".

Set out below is a photo of a home in Camella Sierra Metro East, which may not necessarily represent the current condition of property.

Communities Philippines

The Company offers affordable and middle-income housing projects outside the Mega Manila area through its Communities Philippines unit, mostly priced below ₱5 million. Communities Philippines offers housing under the "Camella" brand and utilises Camella Homes' expertise and designs to offer houses outside of the Mega Manila area that are on par, in terms of quality, with the developments in the Mega Manila area. All sales outside the Mega Manila area under the "Camella" brand are attributable to Communities Philippines while sales under the "Camella" brand within Mega Manila are attributable to the Camella Homes business unit.

In the years ended 31 December 2017, 2018 and 2019 and the three months ended 31 March 2020, Communities Philippines recorded real estate revenue totalling ₱13,090.7 million, ₱15,358.1 million, ₱14,608.9 million (U.S.$286.2 million) and ₱4,159.9 million (U.S.$81.5 million), respectively, which accounted for 47%, 48%, 45% and 58%, respectively, of total real estate revenue during these periods.

The following table sets forth selected financial data of Communities Philippines and its subsidiaries for the periods indicated:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(Audited)				(Unaudited)		
	(in millions, except for ratios)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Real estate revenue . . .	13,090.7	15,358.1	14,608.9	286.2	5,089.4	4,159.9	81.5
Costs of real estate . . .	5,477.5	7,274.0	6,762.6	132.5	2,375.6	2,397.0	47.0
Gross profit on real estate[(1)]	7,613.2	8,084.1	7,846.3	153.7	2,713.6	1,763.0	34.5
Gross margin on real estate[(2)]	58.2%	52.6%	53.7%	53.7%	53.3%	42.4%	42.4%

Notes:

(1) Gross profit on real estate is the difference between real estate revenue and cost of real estate.

(2) Gross margin is the ratio of gross profit on real estate over real estate revenue.

The Communities Philippines projects are located in major cities and municipalities covering a significant portion of the Philippines' main urban areas, including the provinces of Pangasinan, Pampanga, Bulacan, Bataan, Batangas, Leyte, Iloilo, Cebu, Cagayan de Oro and Davao. Examples of these developments are Camella Balanga Heights in Bataan and Savannah in Iloilo.

Camella Balanga Heights

Camella Balanga Heights is an eight-hectare Italian-inspired house and lot development project of Communities Philippines in Barangay Cupang, City of Balanga, Bataan. Inspired by Italy's ocean-side resort town, Camella Balanga Heights is equipped with lifestyle amenities such as parks, playgrounds, a basketball court, a clubhouse, a swimming pool, as well as a high perimeter fence, a guarded entrance gate and a 24/7 roving security.

Camella Balanga Heights seeks to offer its residents a convenient experience with its prime location near business centres, malls, schools, churches, hospitals and major transportation hubs.

Set out below is a photo of a home at Camella Balanga Heights, which may not necessarily represent the current condition of the property.

Savannah, Iloilo

Savannah, located in Iloilo, Panay Island, is a Communities Philippines development catering to both the affordable segment and the upper mid-cost segment. The project is inspired by the "old world" communities and Victorian home style of Georgia in the United States.

The Company believes Iloilo serves as the regional hub of Western Visayas and the centre for education, medical attention, commercial servicing, government transactions and business.

Savannah was launched in 2000. The project covers a total of 395 hectares, of which 290 hectares are designated as residential areas and 105 hectares are designated as public and commercial areas.

The current development has five enclaves catering to various income brackets, with Savannah Glen, Orchard and Savannah Trails catering to the affordable segment and Savannah Glades and Savannah Crest catering to the upper mid-cost segment. As part of this project, Communities Philippines offers 18 different housing products with floor areas ranging from 40 square meters to 250 square meters. Set forth below is a photo of a home of Savannah, Iloilo, which may not necessarily represent the current condition of the property.

Crown Asia

The Company targets the upper mid-cost housing market (houses priced from ₱5 million to ₱14 million) principally through its Crown Asia unit.

Under its "Crown Asia" brand, the Company offers quality residential communities that feature distinct architectural themes. Historically, the Company's upper mid-cost housing developments have ranged in size from approximately 5 to 50 hectares and have been developed in phases typically comprising approximately 250 lots. Lot sizes generally range from 110 to 300 square meters. A typical home in the Company's upper mid-cost projects has two floors with a total floor area of approximately 84 to 242 square meters. The Company also designs and constructs homes in this sector with the capacity and structural integrity to allow owners to add extensions to the existing structure. Construction of a house developed under the "Crown Asia" brand is usually completed within approximately six to eight months from the commencement of construction.

For the years ended 31 December 2017, 2018 and 2019 and the three months ended 31 March 2020, Crown Asia recorded real-estate revenues of ₱1,178.7 million, ₱979.5 million, ₱1,062.0 million (U.S.$20.8 million) and ₱279.9 million (U.S.$5.5 million), respectively, which accounted for 4%, 3%, 3% and 4%, respectively, of total real estate revenue during these periods.

The following table sets forth selected financial data of Crown Asia for the periods indicated:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(Audited)				(Unaudited)		
	(in millions, except for ratios)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Real estate revenue . . .	1,178.7	979.5	1,062.0	20.8	228.1	279.9	5.5
Costs of real estate . . .	542.1	394.3	390.5	7.7	89.8	87.4	1.7
Gross profit on real estate[(1)]	636.6	585.2	671.5	13.2	138.3	192.5	3.8
Gross margin on real estate[(2)]	54.0%	59.7%	63.2%	63.2%	60.6%	68.8%	68.9%

Notes:

(1) Gross profit on real estate is the difference between real estate revenue and cost of real estate.

(2) Gross margin is the ratio of gross profit on real estate over real estate revenue.

Two of Crown Asia's largest upper mid-cost housing projects, in terms of total historical sales, are Ponticelli and Citta Italia.

Ponticelli

Ponticelli is an upper mid-cost residential development inspired by Italy's countryside towns. The development is located in an enclave within the Springville Subdivision of Bacoor, Cavite. With a total land area of 24 hectares, Ponticelli's first phase covers 10 hectares. Each of the 336 units within the first phase of the development has an average lot area of 160 square meters. Ponticelli's second phase covers 9.5 hectares with an average lot area of 150 square meters over its 330 units. The development's location next to the Daang Hari roadway provides residents with convenient access to regional areas via the South Luzon Expressway, a network of two six-lane highways that connects Metro Manila to the provinces in the Calabarzon region (i.e., the provinces of Cavite, Laguna, Batangas, Rizal and Quezon), or via the Dasmariñas-Molino road to various parts of Cavite.

Set out below is a photo of Ponticelli, which may not necessarily represent the current condition of the property.

Citta Italia

Designed after Italy's "old world" communities, Citta Italia is located in Bacoor and Imus, Cavite. Citta Italia caters to middle-income professionals that need to be close to either Metro Manila or the Calabarzon area. The location puts Citta Italia close to the various commercial, recreation and entertainment areas in the Bacoor and Imus city centre, including Robinsons Place, Imus, SM Mall, Bacoor and the Mall of Asia. The developed area covers 102 hectares and is currently on the eighteenth phase of development.

Set out below is a photo of a home at Citta Italia, which may not necessarily represent the current condition of the property.

Brittany

Operating through Brittany, the Company builds premium master-planned communities and leisure projects for the high-end market. Brittany is one of the leading providers of high-end luxury homes in the Philippines. The Company believes that Brittany's thorough and creative execution of its themed developments sets it apart from its competitors.

Project land area required for this style of development ranges in size from approximately 10 to 60 hectares and is typically developed in phases of five to ten hectare segments. The sales price for a lot only is typically above ₱10 million with lot sizes averaging 240 square meters. Sales prices for a house and a lot start at ₱14 million with a typical home in a high-end project having two or three floors and a floor area of between 200 and 625 square meters.

For the years ended 31 December 2017, 2018 and 2019 and the three months ended 31 March 2020, Brittany recorded real estate revenue totalling ₱904.0 million, ₱481.4 million, ₱453.7 million (U.S.$8.8 million) and ₱14.8 million (U.S.$0.3 million), respectively, which accounted for 3%, 2%, 1% and 0%, respectively, of the Company's total real estate revenue during these periods.

The following table sets forth selected financial data of Brittany for the periods indicated:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(Audited)				(Unaudited)		
	(in millions, except for ratios)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Real estate revenue . . .	904.0	481.4	453.7	8.8	99.1	14.7	0.3
Costs of real estate . . .	285.9	176.5	165.1	3.1	32.9	8.5	0.2
Gross profit on real estate[(1)]	618.1	304.9	288.6	5.7	66.2	6.2	0.1
Gross margin on real estate[(2)]	68.4%	63.3%	63.6%	64.8%	66.8%	42.0%	42.0%

Notes:

(1) Gross profit on real estate is the difference between real estate revenue and cost of real estate.

(2) Gross margin is the ratio of gross profit on real estate over real estate revenue.

Two examples of Brittany's high-end residential projects are Portofino and Crosswinds. Portofino is an Italian-inspired upscale residential development comprising 300 hectares of the 1,500-hectare master-planned communicity, Vista Alabang, in the Daang Hari area. Portofino is accessible mainly via the MCX. In 2014, Portofino was recognized as the Best Housing Development in Metro Manila by the Philippines Property Awards while Amore at Portofino, a residential property in the Portofino project, received the same recognition in 2015.

Portofino

Portofino offers lot only and house and lot packages, with lots ranging from 250 to 1,200 square meters. The lots within the Portofino development typically include premium features, such as proximity to commercial developments. Housing unit floor areas range in size from 211 square meters (Leandro model) to 625 square meters (Michelangelo model).

Set out below is a photo of a home at Portofino, which may not necessarily represent the current condition of the property.

Crosswinds

Crosswinds is the Company's first leisure development project and is located in Barangay Iruhin Central, Tagaytay City. With an elevation of approximately 750 metres, Crosswinds offers a scenic view of the Provinces of Batangas and Laguna and is approximately an hour's drive away from Manila.

The total project land area for Crosswinds is 100 hectares, although certain adjacent property owners have shown interest in partnering with the Company to include their land in a potential expansion of the project. As of the date of this Offering Circular, the project is in its twelfth phase and more than 85 hectares have been developed. Set out below is a photo of Crosswinds, which may not necessarily represent the current condition of the property.

Vista Residences

Vista Residences develops and sells vertical residential projects in the Mega Manila area in the low-to high-end vertical segments, priced between ₱3 million to ₱16 million. Vertical home projects generally involve longer project development periods of at least 5 years. Vertical home projects offer facilities, amenities and other specifications not often found in horizontal homes, such as city centres. Vista Residences expects to develop additional low-and mid-rise condominium projects in the next several years, mostly in Southern Luzon, to increase its existing portfolio of vertical development projects. Vista's communicity, Presidio, which is part of the 60-hectare Vista Lakefront master-planned community at Sucat in Paranaque, is expected to be one of the sites for these additional residential condominiums. The Company has already completed six of the seven mid-rise buildings in the resort-themed Presidio enclave.

In November 2019, Vista Residences and Mitsubishi Estate Co., Ltd., Japan's leading comprehensive real estate developer, agreed to form a joint venture to develop a mixed-use, high-rise condominium along Taft Avenue, Manila. The project will be part of Vista Residences' rapidly growing University Series, a line of vertical developments in high-density, student-oriented locations. The condominium is expected to offer over 1,000 residential units spanning 32 stories, plus seven floors of parking spaces and the ground floor featuring various commercial establishments.

In the years ended 31 December 2017, 2018 and 2019 and the three months ended 31 March 2020, Vista Residences recorded real estate revenue totalling ₱4,262.7 million, ₱5,305.6 million, ₱2,418.6 million (U.S.$47.4 million) and ₱1,140.0 million (U.S.$22.3 million), respectively, which accounted for 15%, 17%, 7%, and 16%, respectively, of total real estate revenue during these periods.

The following table sets forth selected financial data of Vista Residences for the periods indicated:

	For the years ended 31 December				For the three months ended 31 March		
	2017	2018	2019		2019	2020	
	(Audited)				(Unaudited)		
	(in millions, except for ratios)						
	₱	₱	₱	U.S.$	₱	₱	U.S.$
Real estate revenue . . .	4,262.7	5,305.6	2,418.6	47.4	605.9	1,140.0	22.3
Costs of real estate . . .	2,343.1	2,683.2	1,181.7	23.2	291.0	563.5	11.0
Gross profit on real estate[(1)]	1,919.6	2,622.4	1,236.9	24.2	314.9	576.5	11.3
Gross margin on real estate[(2)]	45.0%	49.4%	51.1%	51.1%	52.0%	50.6%	50.6%

Notes:

(1) Gross profit on real estate is the difference between real estate revenue and cost of real estate.

(2) Gross margin is the ratio of gross profit on real estate over real estate revenue.

COMMERCIAL PROPERTY DEVELOPMENT BUSINESS

The Company created the Vista Land Commercial Group as the division responsible for its retail malls, commercial strips and BPO commercial centres, including the Vistamalls portfolio. Vistamalls is a major developer, owner and operator of retail malls that target retail consumers in the Philippines and a developer and operator of BPO commercial centres in the Philippines.

Retail Malls

As of 31 March 2020, the Vista Land Commercial Group owned and operated various retail malls and commercial strips in key cities and municipalities in the Philippines, including Mandaluyong, Las Piñas, Muntinlupa, Taguig, Bataan, Iloilo and Butuan, with an aggregate GFA of 1,271,002 square meters of retail malls and commercial centres.

The Company's retail malls have become popular, as evidenced by the increase in rental revenue, due to their value-for-money proposition, proximity to existing residential developments and diverse tenant mix. As of 31 March 2020, the Company's retail malls have an occupancy rate of 86%.

As an early mover in the underserved mass consumer retail segment, the Company believes that it has been able to benefit from a lack of direct competition for many of its retail malls given that other retail mall developers have predominantly focused on higher income segments. For example, Starmall EDSA Shaw in Mandaluyong City was established in 1988 before any other retail mall developer had entered the area. Since then, Mandaluyong City has seen the entry of several other retail mall operators, however their focus remains on consumers in the upper income segment.

The Company believes it is well-placed to face the increased competition in the retail mall industry because of its competitive advantages, including, among others, the location of its existing retail malls, certain of which are located within close proximity to major transport hubs, the Company's existing land bank which will enable the Company to develop additional retail malls in strategic areas in the future, its strong balance sheet, the diverse tenant mix of its existing malls, its proven tenant selection criteria and the presence of key tenants in each retail mall. Two of the Company's retail malls, Starmall Alabang and the Evia Lifestyle Center, are discussed in more detail below.

Starmall Alabang

Starmall Alabang, which opened in 1997, is the largest mall in the Company's portfolio. Starmall Alabang has four levels of retail, food and entertainment outlets and approximately 4,000 square meters of office space located on the third and fourth floors. Between 2009 and 2011, Starmall Alabang underwent major redevelopment, including the construction of bridgeways on the ground floor and third level, increasing net leasable area. Other enhancements included the improvement of the retail mall's facade, major repairs of the air-conditioning and lighting systems and the re-tiling of floors.

The Company considers Starmall Alabang to be a destination mall for a range of societal groups, including families, office employees, students, adolescents and residents of nearby residential subdivisions. A major attraction of Starmall Alabang is an indoor theme park and indoor swimming pool that attract students and families year-round. For the year ended 31 December 2019, Starmall Alabang had a daily average footfall of approximately 115,000.

Starmall Alabang is located along the South Luzon Expressway and is accessible by public and private transport. As of 31 March 2020, it has an occupancy rate of 95%.

Set out below is a photo of Starmall Alabang, which may not necessarily represent the current condition of the property.

Vistamall Sta. Rosa

Vista Mall Sta. Rosa opened in April 2015 and the Company believes that it is the most prime BPO hub in Southern Luzon. Vista Mall Sta. Rosa is located along the busy Sta. Rosa-Tagaytay National Road and is anchored by the All Home Center, attracting residents and visitors from neighboring communities to shop for their home and everyday needs.

Phase two of Vista Mall Sta. Rosa opened in the first quarter of 2016, offering supermarket, department store, cinema and amusement, food court, foreign and local fashion, international and native cuisines, IT hub, services, government satellite offices, among others.

Set out below is a photo of Vista Mall Sta. Rosa, which may not necessarily represent the current condition of the actual properties.

BPO Commercial Centres

The Vista Land Commercial Group also develops commercial centres designed for BPOs as anchor tenants. As of 31 March 2020, the Vista Land Commercial Group owned and operated an aggregate GFA of 226,227 square meters of BPO centres in Metro Manila, with BPO tenants employing over 15,000 employees. Food outlets and other retail establishments located at BPO commercial centres provide 24-hour support to BPO tenants and their employees. Examples of the Vista Land Commercial Group's BPOs are the Worldwide Corporate Center ("**WCC**") in Shaw Boulevard, Mandaluyong City and Vista Hub in Bonifacio Global City, Taguig City.

Worldwide Corporate Center

WCC houses (i) large tenants requiring customized office space, including BPO centres and a media company; (ii) smaller corporate offices, such as residential real estate marketing offices, management offices and a direct marketing company; and (iii) retail outlets designed to cater to the other tenants in the building, such as restaurants, convenience stores and service shops. WCC is strategically located in the vicinity of EDSA, Metro Manila's main thoroughfare, and is connected to transportation terminals, including the MRT, bus terminals and other forms of public transportation.

Manuela Corporation constructed WCC on land leased from Leca Realty Corporation ("**Leca**") pursuant to the terms of a long-term lease contract originally expiring in July 2020. In August 2011, Leca and Manuela entered into an agreement which extended the lease for another 10 years (up to July 2030) and granted Manuela a right of first refusal to purchase the land subject of the lease in the event that Leca decides to sell the land.

WCC has a GFA of 118,000 square meters, four levels of office space, and a range of retail and food outlets. WCC also contains multi-level basement parking with 532 spaces. It is positioned for BPO operators as well as retail and food and beverage outlets that support the BPO tenants. As of 31 March 2020, WCC has an occupancy rate of 99%.

Set out below is a photo of WCC, which may not necessarily represent the current condition of the property.

WCC has a diverse tenant mix of more than 120 tenants, including major tenants such as Sykes Marketing, Convergys, Acquire Asia, CNN Philippines, Solar Entertainment, Vista Land Group, Interglobe Technologies, Regus, Unisys Phils, AllDay Convenience Store, Coffee Project, Starbucks, Tokyo Tokyo and Tramway Buffet.

PROJECT DEVELOPMENT STRATEGIES

Communicities

The Company's "communicity" developments are fully integrated developments with residential, retail and BPO components along with additional components, such as utilities and township infrastructure, hotels, healthcare facilities and educational institutions. As part of its integrated real estate development strategy, the Company plans to create more communicities. As an initial step, the Company believes that a retail mall or BPO facility can be readily developed in its existing communities which have already allocated portions of land for commercial developments. This includes its communities in the provinces of Davao, Iloilo, Cavite and Bulacan, and the cities of Cabanatuan in Northern Luzon and Cagayan de Oro in Mindanao. As of 31 March 2020, the Company has identified 24 areas from its existing projects around the country, that are suitable for communicity developments. Vista Alabang is a template for the Company's ongoing and future communicity developments and Vista City Iloilo is the Company's flagship communicity development in the Visayas region.

Vista Alabang

Vista Alabang is an integrated urban development that combines lifestyle retail, prime office space, a university town, healthcare facilities, themed residential developments, and leisure components. Vista Alabang, an expansive integrated urban development in the southern part of Metro Manila, has over 45,000 households as of 31 March 2020 and covers a total area of approximately 1,500 hectares strategically located where the cities of Muntinlupa and Las Piñas, and the provinces of Cavite and Laguna meet. Vista Alabang's 15-kilometre radius catchment area has more than one million households, or a population of approximately 4.7 million. Vista Alabang has over 700 hectares still to be developed into new residential areas under Vista Land's Brittany, Crown Asia and Camella brands, together with mall and retail developments, including the existing Evia Lifestyle Center and Vistamall Daang Hari.

Encompassing 100 hectares in total, Vista Alabang offers spaces for sports, healthcare, higher education and religious worship. In addition, Vista Alabang will contain a fully integrated university town, as well as a country club.

Set out below is the proposed perspective of the Vista Alabang development.

Vista City Iloilo

Vista City Iloilo is the Company's flagship integrated communicity in the Visayas region. Plans for Vista City Iloilo include retail malls, hotels, office buildings for the BPO industry and hospitals. Vista City Iloilo is a 500-hectare development, which is strategically spread over the municipalities of Oton, Pavia and San Miguel on Panay Island. It is close to the University of the Philippines Visayas, Central Philippine University, University of San Agustin, and West Visayas University, as well as the Western Visayas Medical Center and The Medical City Iloilo. Vista City Iloilo was first established in September 2000 with the opening of Savannah Glades, the largest residential community in Panay Island.

The residential community of Savannah Glades is supported by numerous amenities, including Georgia Academy, a primary and secondary school, five clubhouses, four basketball courts, one tennis court, jogging and biking paths, gazebos, parks and children's playgrounds. The project has seven residential enclaves covering more than 300 hectares.

The integration of the residential project with the commercial development will complete Vista City Iloilo's transformation into a communicity with adequate security and convenient transportation services.

Mid-Rise Developments

The Company has adopted a strategy to further diversify its product offerings and focus on the development of mid-rise buildings ranging from five to 15 stories. The Company has identified areas such as New Manila, Cubao, Pasig, Taguig and Sucat in Metro Manila for its mid-rise projects, as well as Davao City in Mindanao. The Company believes there is sufficient demand and growth potential for mid-rise residential development projects, which are less capital intensive and typically completed more quickly than traditional vertical developments. Notwithstanding mid-rise developments that have been launched through the Company's subsidiaries, the Company will continue to focus its operations in the mid-rise development market, by introducing projects spanning different segments of the Philippine residential market.

CoHo

CoHo, short for Condo Homes, is Vista Land's newest brand for affordable and high quality mid-rise (five to 15 storeys) residential condominium developments in highly urbanized locations nationwide. Introduced in 2019, CoHo primarily caters to young professionals, young families and investors. The Company has expanded its CoHo brand in key cities across Mega Manila and other parts of Luzon, Visayas, and Mindanao, taking advantage of the reverse migration that Vista Land saw as a result of the Government's drive to accelerate economic activities and infrastructure development outside Metro Manila.

CoHo offers mostly one-bedroom units with an area of at least 30 square meters, with prices starting at ₱3.0 million.

Set out below is a proposed perspective of a CoHo development to be located in Las Piñas City.

LAND BANK

Land Inventory

An integral part of the Company's strategy is to maintain an extensive land bank to ensure that it has adequate land to cover its future requirements for residential and commercial development activities.

For its residential business, the Company's land bank consists of vacant or undeveloped land, primarily in Metro Manila and Calabarzon, and in other major towns and cities in various provinces of the Philippines. The Company has invested in properties situated in what the Company believes are prime locations across the Philippines for existing and future housing and land development projects.

In addition to directly acquiring land for future projects, the Company has also adopted a strategy of entering into joint venture arrangements with landowners for the development of raw land into future project sites for housing and land development projects. This strategy allows the Company to reduce its capital expenditure for land and substantially reduces the financial holding costs resulting from owning land for development.

As of 31 March 2020, the Company has a land bank of approximately 2,948.0 hectares of raw land for the development of its various projects (approximately 1,699.4 hectares in Mega Manila, 486.9 hectares in Luzon (excluding Mega Manila), 488.2 hectares in Visayas and 273.6 hectares in Mindanao), including approximately 331.2 hectares (attributable to the Company) of land under joint venture agreements. The Company believes that its current land bank will be sufficient for its existing and planned projects and developments for the next nine years.

Land Acquisition

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

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

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

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

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

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

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

The Company also considers the feasibility of obtaining required governmental licenses, permits and authorisations, the cost of undertaking necessary improvements and building infrastructure, including sewerage, roads and electricity, as well as available financing options.

Joint Ventures

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

As of the date of this Offering Circular, the Company has not experienced any material difficulties in identifying and engaging joint venture partners to supply land. The Company believes that this is due to its track record of reliability and success, particularly in the suburban areas where many of the Company's projects are located, thus giving its joint venture partners confidence in the future success of their projects. Further, a number of landowners in the Philippines wish to develop their land but do not have the financial resources or expertise to do so, making entering into joint ventures with the Company for the development of the property an attractive proposition.

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

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

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

For a discussion of certain risks associated with these joint venture arrangements see "*Risk Factors – Risks Relating to the Company's Business – The interests of joint venture partners for the Company's projects may differ from the Company's, and they may take actions that adversely affect the Company*".

SITE DEVELOPMENT AND CONSTRUCTION

Residential Development Business

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

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

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

Typically, the Company enters into fixed-price contracts with its contractors, with the cost of materials included as part of the price.

Housing unit construction will typically take three to 12 months to complete depending on the size.

Most construction materials are provided by the contractors themselves in accordance with the terms of their contracts. In certain cases, the Company guarantees payment to the Company-specified suppliers for purchases by contractors of construction materials. In these cases, the Company makes direct payments to such suppliers, with the amounts paid by the Company for construction materials deducted from payments to the contractors.

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

Recently, the Company has increased its in-house construction capability to generate more savings, to further improve the quality of houses to be delivered to homebuyers, and to address the potential shortage of labourers. The Company has also formed an in-house purchasing group to complement its in-house construction.

Commercial Property Development Business

Site development and construction work for the Company's commercial property developments is contracted out to various qualified and accredited independent contractors. For larger projects, such as major repair or construction work, contracts are awarded on the basis of competitive bidding. For operational repairs and maintenance projects, contractors are hired without a competitive process based on the Company's previous experience with the contractor. In all cases, the accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments.

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

SALES AND MARKETING

Residential Development Business

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

Local Marketing Network

The Company's local marketing and distribution network of independent contractors and agents for its housing development activities consists of approximately 3,000 teams, with a combined total of approximately 32,000 active agents. Of these marketing teams, approximately 3,000 are accredited licensed realtors and 100 teams are direct marketing groups as of 31 March 2020.

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

The Company's exclusively contracted marketing teams are compensated through a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. Broker companies are compensated with relatively higher commissions with funding allocations for business development programmes.

International Marketing Network

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

This network consisted of approximately 300 partners and 7,200 independent agents located in countries and regions with large OF populations, including the United States, as of 31 March 2020.

Through this network, the Company is well-represented in key cities abroad with the highest concentration of OF communities. The Company's presence is significant in countries and regions such as North America, Europe, Middle East and Asia, including Japan. These international brokers are established in

their respective areas and serve as the Company's marketing and promotion agents in their territories, to promote the Company and its products. In addition, some of these agents bought houses from the Company in the past. The Company believes that its long-standing relationships with these agents over the years distinguish it from its competitors.

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

Awareness efforts are primarily conducted through periodic TV advertising on Philippine primetime television and sustained TV advertising on The Filipino Channel, as well as print advertising on national and geo-based publications. As added support, the Company through a special division called Prime Properties International has set up support marketing groups focused on and dedicated to servicing the international market.

Online Marketing Channels

Due to COVID-19 and the imposed quarantine measures, which required the Company's showrooms and offices to close temporarily, the Company shifted its marketing focus towards online channels, expanding its online marketing efforts and enhancing its digital sales technology. During the lockdown, 100% of the Company's real estate sales were performed online. Even after quarantine measures are relaxed, the Company expects online marketing and sales to remain a key focus going forward.

Modes of Payments

The Company's customers for its housing projects can generally purchase the Company's products through:

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

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

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

Mortgage loans from private banks are available. These are offered to buyers who are perceived to be acceptable credit risks. To streamline the loan processing application, the Company has arrangements with several banks regarding the processing of applications with respect to the financing of unit purchases. As of 31 March 2020, the majority of the Company's buyers opt for bank financing to finance their housing purchases.

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

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

Mortgage Loans

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

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

In-House Financing

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

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

The Company typically finances 80.0% to 85.0% of the total purchase price of the property being sold. The loans are then repaid through equal monthly instalments over periods ranging from five to 15 years. The interest rates charged by the Company for in-house financing typically range from 12.0% per annum to 16.0% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company will retain the title to the property until full payment of the loan. During this period, if the buyer defaults on the payment of the monthly instalments due, the Company has the right to cancel the sale and retain payments already made by the buyer. See "*Risk Factors – Risks Relating to the Company's Business – The inability of the Company's in-house financing customers to meet their payment obligations could have a material adverse effect on the Company's business and prospects*".

Customer Service and Warranties

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

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

Commercial Property Development Business

Leasing Policies

Retail Malls

The Company's leasing policy for tenant selection follows its target market strategy and the mall leasing team is responsible for tenant selection. Tenants are evaluated in terms of their product offering, store concept, compliance with regulatory requirements and operational and financial capacity. All leases include arm's-length commercial terms, including those with the Company's affiliates. The high demand for tenancies within the Company's retail malls means that it generally has a sufficient tenant pipeline to cover any vacancies that may arise in the retail malls.

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

BPO Commercial Centres

Tenant sourcing for the Company's BPO commercial centres is conducted by the BPO division, augmented by Colliers Philippines, a reputable broker. Before the Company enters into lease contracts with BPO tenants, it seeks to understand their fit-out requirements for the rental space and evaluate the economics of such requirements. The Company directly engages in tenant sourcing for auxiliary food and beverage and service spaces and follows the evaluation process generally applied for retail mall tenants. Tenancies are generally granted for a term of one to three years, with the exception of larger tenants operating nationally, which are granted initial lease terms of two to ten years, renewable for a five-year term thereafter.

Management

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

COMPETITION

Residential Development Business

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

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

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

Commercial Property Development Business

The Company's retail mall business competes with other retail malls in the geographic areas in which they operate. The other major retail mall operators in the Mega Manila area are Robinsons, SM Prime and Ayala Land. These national mall operators serve principally the "A", "B" and "Upper C" segments of the population (as defined below). In the affordable market retail segment, where the Company serves the "B", "Upper C", "Broad C" and "D" segments, competitors consist principally of smaller mall operators such as the Sta. Lucia and City Malls. The Company believes it is well-placed to face the increased competition in the retail mall industry because of its competitive advantages, including, among others, the location of its existing retail malls, certain of which are located within close proximity to major transport hubs, the Company's existing land bank which will enable it to develop additional retail malls in strategic areas in the future, its strong balance sheet, the diverse tenant mix of its existing malls, its proven tenant selection criteria and the presence of key tenants in each retail mall.

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

The PSRC categorizes the market retail segments as follows:

Segment	Location	Facilities of the House[(2)]	Monthly Income	% of Total Population
A	Exclusive with townhouses and condominiums	More than 10 facilities, with a car less than 5 years old	More than ₱100,000	0.75%
B	Exclusive with townhouses and condominiums	More than 10 facilities with a car less than 5 years old	₱50,000-99,000	0.75%
Upper C . .	Mixed with predominantly larger units	8-10 facilities, with a car or jeep	₱30,000-50,000	5.07%
Broad C . .	Mixed	5-7 facilities, with or without a car or jeep	₱15,000-30,000	17.45%
D	Mixed with similar sized units and occasional large units	2-4 facilities	₱8,000-15,000	47.66%
E	Rural area	0-1 facilities	Less than ₱8,000	29.07%

Notes:

(1) Includes white goods, household electronics and kitchen appliances.

(2) Data is as of 2010.

For further discussion of certain risks associated with competition, see "*Risk Factors – Risks Relating to the Company's Business – The Company operates in a highly competitive market, and any inability to effectively compete could limit the Company's ability to maintain or increase its market share and maintain or increase profitability*" and "*Risk Factors – Risks Relating to the Company's Business – The Company may not be able to acquire land for new projects*".

EMPLOYEES AND LABOR

As of 31 March 2020, the Company and its subsidiaries, had 2,441 employees broken down by function as follows:

Function	Number of employees
Operations	643
Administrative	896
Technical	902
Total	**2,441**

The Company does not anticipate a significant increase in the number of employees this year.

The Company has no collective bargaining agreements with its employees and none of the Company's employees belongs to a union. The Company believes it has a good relationship with its employees and no key employees have left the Company during the past three years.

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

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

RESEARCH AND DEVELOPMENT

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

INTELLECTUAL PROPERTY

The Company and its subsidiaries have a number of trademarks for their development projects as well as applications for the registration of various trademarks of its property developments pending with the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its subsidiaries' property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office are generally effective for a period of 10 years.

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

INSURANCE

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company's insurance policies include coverage for, among other things, buildings and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. For its vertical projects, the Company has also obtained insurance with various general contractors. The Company does not carry business interruption insurance. See "*Risk Factors – Risks Relating to the Philippines – Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance*".

ENVIRONMENTAL MATTERS

The Company is subject to a variety of laws and regulations concerning environmental protection. As of the date of this Offering Circular, the Company is not in material breach of any applicable environmental laws or regulations, are not the subject of any material investigations or claims or any material penalties imposed by any environmental regulatory authorities, and there are no existing material legal proceedings, arbitrations or administrative penalties against the Company. See "*Risks Factors – Risks Relating to the Company's Business – Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operation*".

LEGAL PROCEEDINGS

The Company and its subsidiaries, from time to time, are subject to various civil lawsuits and legal actions arising in the ordinary course of business. Typical cases include adverse claims against a subsidiary's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. The Company believes that none of the lawsuits or legal actions to which it is currently subject will materially affect the daily operations of its business nor will they have a material adverse effect on the Company's consolidated financial position and results of operations.

DESCRIPTION OF INDEBTEDNESS

As of 31 March 2020, Vista Land had the equivalent of ₱142,971.49 million of outstanding debt, of which ₱26,131.52 million is secured.

The following table describes the Company's consolidated indebtedness as of 31 March 2020.

Description of Indebtedness	Borrower	Lender	Original Principal Amount (in ₱ unless otherwise indicated)	Maturity	Outstanding Amount as of 31 March 2020 Amount (in P unless otherwise indicated)
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	1,500,000,000	13-Jul-2020	1,500,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	2,000,000,000	11-Jun-2020	2,000,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	2,197,000,000	8-May-2020	2,197,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	3,500,000,000	22-Sep-2023	1,641,536,842
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	5,000,000,000	6-Oct-2023	2,796,143,152
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	1,500,000,000	15-Jun-2020	1,500,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	1,500,000,000	27-Jan-2020	2,000,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	2,000,000,000	6-May-2024	1,679,583,333
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	1,500,000,000	28-Apr-2020	1,000,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	1,500,000,000	2-Oct-2020	2,256,250,000
Bank Loans	Vista Land & Lifescapes, Inc.	Banco De Oro	1,500,000,000	9-Oct-2020	1,000,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	HSBC	1,500,000,000	1-Mar-2021	1,500,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	HSBC	1,000,000,000	13-Jun-2021	1,000,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	HSBC	500,000,000	13-Jun-2021	700,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Security Bank	1,000,000,000	19-Mar-2021	1,000,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Security Bank	1,000,000,000	29-May-2020	1,042,406,000
Bank Loans	Vista Land & Lifescapes, Inc.	Security Bank	1,000,000,000	19-Feb-2021	1,000,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	BOC	1,000,000,000	3-Apr-2020	1,000,000,000
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	420,000,000	14-Aug-2020	42,000,000
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	265,000,000	14-Aug-2020	26,500,000
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	210,000,000	14-Aug-2020	21,000,000
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	50,000,000	14-Aug-2020	5,000,000
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	684,000,000	14-Aug-2020	68,400,000

Description of Indebtedness	Borrower	Lender	Original Principal Amount (in ₱ unless otherwise indicated)	Maturity	Outstanding Amount as of 31 March 2020 Amount (in P unless otherwise indicated)
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	314,973,000	14-Aug-2020	31,497,300
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	205,027,000	14-Aug-2020	20,502,700
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	271,950,000	14-Aug-2020	27,195,000
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	15,050,000	13-Mar-2020	6,020,000
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	884,337,000	13-Mar-2022	353,734,800
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	376,331,672	13-Mar-2022	150,532,669
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	997,902,720	13-Mar-2022	399,161,088
Bank Loans	Masterpiece Asia Properties, Inc.	RCBC	500,000,000	22-Jul-2027	468,750,000
Bank Loans	Manuela Corporation	BDO	4,000,000,000	29-Jul-2022	2,320,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	BDO	5,000,000,000	16-Apr-2025	4,200,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Bank of Commerce	2,000,000,000	16-Nov-2023	1,875,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	Sumitomo Bank	2,000,000,000	3-Oct-2023	1,875,000,000
Bank Loans	Vista Land & Lifescapes, Inc.	BDO	3,000,000,000	6-May-2024	2,684,210,526
Bank Loans	Vista Land & Lifescapes, Inc.	BDO	5,000,000,000	11-Mar-2025	5,000,000,000
Bank Loans	Brittany Corporation	Various	3,033,000	Various	3,088,223
Bank Loans	Crown Asia Properties, Inc.	Various	8,306,000	Various	1,917,632
Bank Loans	Household Development Corp.	Various	15,962,400	Various	5,550,970
Bank Loans	Communities Philippines, Inc.	Various	27,103,200	Various	12,910,051
Bank Loans	Vista Residences, Inc.	Maybank	1,000,000,000	2-Dec-2024	668,571,429
Bank Loans	Vista Residences, Inc.	Various	6,665,600	20-Aug-2020	3,147,369
Bank Loans	Vista Towers, Inc	All Bank	119,413,300	1-Apr-2020	1,479,016
Bank Loans	Prima Casa Land and Housing, Inc.	Various	15,000,000	31-Dec-2020	11,275,003
Issue costs					(47,757,133)
Sub-total					**47,047,605,970**

Description of Indebtedness	Borrower	Lender	Original Principal Amount (in ₱ unless otherwise indicated)	Maturity	Outstanding Amount as of 31 March 2020 Amount (in P unless otherwise indicated)
Loans Payable . . .	Camella Homes, Inc.	Various	1,738,965,571	30-Mar-2029	628,168,772
Loans Payable . . .	Vista Residences, Inc.	Various	1,015,258,758	30-Dec-2029	366,709,821
Loans Payable . . .	Communities Philippines, Inc.	Various	706,581,622	30-Oct-2028	1,005,339,974
Loans Payable . . .	Prima Casa	Various	301,772,782	30-Jun-2030	926,211,152
Sub-total					**2,926,429,719**
Bond – USD	VLL International, Inc.	Various	300,000,000	17-Jun-2022	12,439,760,760
Bond – USD	VLL International, Inc.	Various	125,000,000	17-Jun-2022	6,335,000,000
Bond – USD	VLL International, Inc.	Various	350,000,000	28-Nov-2024	17,738,000,000
Bond issue costs . .					(723,462,370)
Sub-total					**35,789,298,390**
Corporate Note . . .	Vista Land & Lifescapes, Inc.	Chinabank	5,150,000,000	7-Nov-2026	4,815,250,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	RCBC	3,500,000,000	3-May-2026	3,272,500,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	Chinabank	1,350,000,000	3-May-2026	1,262,250,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	Chinabank	6,000,000,000	13-Jul-2028	5,666,664,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	Chinabank Savings	200,000,000	13-Jul-2025	183,333,200
Corporate Note . . .	Vista Land & Lifescapes, Inc.	Security Bank	1,500,000,000	13-Jul-2025	1,374,999,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	EastWest	500,000,000	27-Jul-2025	458,333,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	PNB Capital	10,000,000,000	19-Jul-2024	10,000,000,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	PNB Capital	4,000,000,000	19-Jul-2024	4,000,000,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	EastWest	500,000,000	19-Jul-2024	500,000,000
Corporate Note . . .	Vista Land & Lifescapes, Inc.	SunLife	500,000,000	19-Jul-2024	500,000,000
Issue costs					(256,244,719)
					31,777,084,481

Description of Indebtedness	Borrower	Lender	Original Principal Amount (in ₱ unless otherwise indicated)	Maturity	Outstanding Amount as of 31 March 2020 Amount (in P unless otherwise indicated)
Retail Bonds	Vista Land & Lifescapes, Inc.	Various	673,730,000	9-May-2021	673,730,000
Retail Bonds	Vista Land & Lifescapes, Inc.	Various	3,000,000,000	8-Aug-2024	3,000,000,000
Retail Bonds	Vista Land & Lifescapes, Inc.	Various	2,000,000,000	9-Aug-2027	2,000,000,000
Retail Bonds	Vista Land & Lifescapes, Inc.	Various	6,500,000,000	21-Dec-2023	6,500,000,000
Retail Bonds	Vista Land & Lifescapes, Inc.	Various	3,500,000,000	21-Dec-2025	3,500,000,000
Retail Bonds	Vista Land & Lifescapes, Inc.	Various	10,000,000,000	20-Jun-2025	10,000,000,000
Bond issue costs . .					(242,661,829)
					25,431,068,171
TOTAL.					**142,971,486,731**

Under Philippine law, in the event that a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a debt instrument that has been acknowledged by the creditor and the borrower before a notary public enjoys a preference over unsecured debt that has not been so notarized. See "*Risk Factors – Risks Relating to the Notes Issued Under the Programme and the Guarantees – Debt notarised under Philippine law has effective priority over a guarantee*" of this Offering Circular.

Presidential Decree No. 957, otherwise known as The Subdivision and Condominium Buyer's Protective Decree, and Batas Pambansa Blg. 220, as amended, are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision.

P.D. 957 and B.P. 220 cover subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes, and condominium projects for residential or commercial purposes. On 14 February 2019, Republic Act No. 11201, otherwise known as "Department of Human Settlements and Urban Development Act" was signed into law by the President. Consequently, the Implementing Rules and Regulations of the Act was approved on 19 July 2019. The Housing and Urban Development Coordinating Council ("**HUDCC**") and the Housing and Land Use Regulatory Board ("**HLURB**") were consolidated to create the Department of Human Settlements and Urban Development ("**DHSUD**"). Simultaneously, the HLURB was reconstituted into the Human Settlement Adjudication Commission ("**HSAC**"). The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. Now, DHSUD is the administrative agency of the Government which, together with local government units ("**LGUs**"), enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are subject to approval by the pertinent LGU of the area in which the project is situated. The development of subdivision and condominium projects can commence only after the LGU has issued the development permit.

The issuance of a development permit is dependent on, among others (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project, and (ii) issuance of the barangay clearance, the HLURB/DHSUD locational clearance, DENR permits, and DAR, as applicable, conversion or exemption orders as discussed below.

Further, all subdivision plans and condominium project plans are required to be filed with and approved by the DHSUD. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the DHSUD and the written conformity or consent of the duly organized homeowners' association, or in the absence of the latter, by the majority of the lot buyers in the subdivision. Owners of, or dealers in, real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Dealers, brokers and salesmen are also required to register with the DHSUD. Project permits and licenses to sell may be suspended, cancelled or revoked by the DHSUD by itself or upon complaint from an interested party for reasons such as insolvency or violation of any of the provisions of P.D. 957. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HSAC's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance by the owner or dealer with the applicable laws and regulations.

(1) Subdivision Projects

There are essentially two different types of residential subdivision developments, which are distinguished by different development standards issued by the DHSUD. The first type of subdivision, aimed at low-cost housing, must comply with B.P. 220, which allows for a higher density of building and relaxes some construction standards. Other subdivisions must comply with P.D. 957, which sets out standards for lower density developments. Both types of development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction.

Under current regulations, a developer of a residential subdivision with an area of one hectare or more and covered by P.D. 957 is required to reserve at least 30% of the gross land area of such subdivision, which shall be non-saleable, for open space for common uses, which include roads and recreational facilities. A developer of a subdivision is required to reserve at least 3.5% of the gross project area for parks and playgrounds.

Republic Act No. 7279, otherwise known as the Urban Development and Housing Act, as amended, further requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, or total subdivision project cost and at least 5% of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the DHSUD and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 15% of the total area of the main subdivision project or allocate and invest an amount equal to 15% of the main subdivision total project cost, which shall include the cost of the land and its development as well as the cost of housing structures therein, in development of a new settlement through purchase of socialized housing bonds, participation in a community mortgage programme, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance.

Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects are eligible for government incentives subject to certain policies and guidelines.

The Maceda Law applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

Condominium Projects

Republic Act No. 4726, otherwise known as The Condominium Act ("**R.A. No. 4726**"), as amended, likewise regulates the development and sale of condominium projects. R.A No. 4726 requires the annotation of the master deed on the title of the land on which the condominium project shall be located. The master deed contains, among other things, the description of the land, building/s, common areas and facilities of the condominium project. A condominium project may be managed by a condominium corporation, an association, a board of governors or a management agent, depending on what is provided in the declaration of restrictions of the condominium project. However, whenever the common areas are held by a condominium corporation, such corporation shall constitute the management body of the project.

Shopping Malls

Shopping malls are regulated by the local government unit of the city or municipality where the shopping mall is located. Shopping mall operators must secure a mayor's permit or municipal license before operating. Shopping mall operators must also comply with the provisions of Republic Act No. 9514 or the Fire Code, and other applicable local ordinances. Shopping malls that have restaurants and other food establishments as tenants must obtain a sanitary permit from the Department of Health. Those that discharge commercial wastewater must further apply for a wastewater discharge permit from the DENR and pay the fee incidental to the permit.

As a tourism-related establishment, shopping malls may obtain accreditation from the Department of Tourism ("**DOT**"). A shopping mall can only be accredited upon compliance with the minimum physical, staff and service requirements promulgated by the DOT.

Zoning and Land Use

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after 15 June 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Special Economic Zone

Philippine Economic Zone Authority ("**PEZA**") is a Government corporation that operates, administers and manages designated special economic zones ("**Ecozones**") around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centres. PEZA-registered enterprises locating in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty-free importation of equipment, machinery and raw materials.

Some of the Company's investment properties are located in Ecozones. Tenants of those properties may register with PEZA to avail themselves of certain benefits under Republic Act No. 7916 and its Implementing Rules and Regulations, such as income tax holidays or a preferential rate of 5% with respect to gross income taxation, thereby making tenancy in such properties potentially more attractive.

Enterprises offering IT services (such as call centers and other BPO firms using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructure and support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located within or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board and the DENR.

Competition laws

Philippine Competition Act

Republic Act No. 10667, otherwise known as the Philippine Competition Act ("**PCA**"), is the primary competition policy of the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

1. Anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;

2. Practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and

3. Merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the Philippine Competition Commission ("**PCC**"), the agency responsible for the implementation of the PCA, before consummating the transaction.

On 21 February 2019, the PCC issued PCC Advisory No. 2019-001, effective 1 March 2019, amending the PCA IRR. It increased the thresholds to ₱5.6 billion for the Size of Person and ₱2.2 billion for the Size of Transaction, as defined in the PCA IRR. Under the Advisory, as to joint venture

transactions, notification is mandatory if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.2 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.2 billion.

On 11 February 2020, the notification thresholds were further adjusted by PCC Commission Resolution No. 02-2-2020 such that effective 1 March 2020, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed ₱6 billion; and (b) the value of the transaction exceeds ₱2.4 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.4 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.4 billion.

On 22 November 2017, the PCC published the Merger Rules which provides the procedure for the review or investigation of mergers and acquisition pursuant to the Philippine Competition Act. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the PCA IRR are required to notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

An agreement consummated in violation of the compulsory notification requirement shall be considered void, and shall subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and wilfully participate in such criminal offences. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau ("EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("**EIS**") to the EMB while a project in an environmentally critical area are generally required to submit an Initial Environmental Examination ("**IEE**") to the proper DENR regional office. In case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandated.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the projects' environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the

issuance of an ECC. The ECC is a Government certification, that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase. The ECC also provides for other terms and conditions, any violation of which would result in a fine or the cancellation of the ECC.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("**EGF**") when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF is intended to answer for damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

Property Registration and Nationality Restrictions

The Philippines has adopted a system of land registration which conclusively confirms land ownership which is binding on all persons, including the Government. Once registered, title to registered land can no longer be challenged except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication and service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR by issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents such as homestead, sales and free patents, must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer of encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. Any mortgage existing thereon must be released within six months from the delivery of title. To evidence ownership of condominium units, a Condominium Certificate of Title is issued by the Register of Deeds.

Nationality Restrictions

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning building and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Eleventh Regular Foreign Investment Negative List, provide that certain activities are nationalized or partly-nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly-nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

Considering the foregoing, for as long as the Company or any of its subsidiaries own land in the Philippines, or continue to conduct property development in the Philippines, foreign ownership in the Company shall be limited to a maximum of 40% of the capital stock of the Company which is outstanding and entitled to vote. Accordingly, the Company shall disallow the issuance or the transfer of shares to persons other than Philippine Nationals and shall not record transfers in its books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above. Philippine National, as defined under the Foreign Investment Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and the entitlement to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

Compliance with the required ownership by Philippine Nationals of a corporation is determined on the basis of its outstanding capital stock whether fully paid or not, but only such stocks which are generally entitled to vote are considered.

In the case of Express Investments v. Bayan Telecommunications, Inc. (G.R. No. 174457-59) (the "**Express Investments Cas**e"), the Supreme Court ruled that "the term 'capital' in Section 11, Article XII of the Constitution refers only to shares of stock that can vote in the election of directors".

On 20 May 2013, the SEC, however, issued Memorandum Circular No. 8 or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities. The Circular provides that for purposes of determining compliance with nationality restrictions, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors, which seems to contradict the Express Investments Case above. A petition questioning the constitutionality of the SEC issuance is currently pending with the Supreme Court.

In the case of Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp (G.R. No. 195580) and its corresponding motions for reconsideration (the "**Narra Nickel Case**"), the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as part of Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders' own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (1) if the corporation's Filipino equity falls below 60%, such corporation is deemed foreign-owned, applying the Control Test; (2) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (3) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

On 28 January 2015, the Supreme Court issued a Resolution dismissing with finality the Motion for Reconsideration of its decision in the Narra Nickel Case. Thus, the Supreme Court affirmed that the Grandfather Rule is to be used jointly and cumulatively with the Control Test, as follows: (1) if the Filipino equity of the corporation falls below 60%, it is immediately considered foreign-owned, applying the Control Test; (2) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (3) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

Thus, although the Narra Nickel Case in no way abandons the use of the Control Test and the Foreign Investments Act provisions in determining the nationality of a corporation, it appears to expand and/or modify the doctrine laid in the Gamboa Case cited above. Under the Constitution, however, no doctrine or principle of law laid down by the Supreme Court in a decision *en banc* or in division may be modified or reversed except by the court sitting *en banc*.

Property Taxation

Real property taxes are payable annually based on the property's assessed value. The assessed value of property and improvements vary depending on the location, use and the nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed at up to 80% of their fair market value; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. An additional special education fund tax of 1% of the assessed value of the property is also levied annually.

Government Permits and Licenses

The Company believes that the Company and its subsidiaries have all the material permits and licenses which are necessary to operate their respective businesses as currently conducted, and the failure to possess any of which would have a material adverse effect to their respective businesses. As confirmed by Atty. Rossan Lee in her legal opinion dated 25 October 2019, such permits and licenses are valid and subsisting as of the date of the legal opinion.

Cost and Effect of Compliance with Environmental Laws

In general, there have been no materially significant or extraordinary costs incurred by the Company and its subsidiaries in respect of environmental compliance. The costs of compliance with applicable environmental laws depend on the nature of the project and are conditioned on various factors, particularly local conditions.

The Company incurs expenses for the purposes of complying with environmental laws that consist primarily of payments for Government regulatory fees. Such fees are standard in the industry and are minimal.

The Company secures ECCs prior to commencement of its projects and exerts best efforts to comply with the terms and conditions specified therein. Further, the Company, through its construction and property management arms, continues to keep itself abreast of the latest technologies that enable it to implement existing sanitation, environment and safety laws and regulations at cost-efficient means.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by the Board. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists of seven members, of which two are independent directors. All of the directors were elected at the Company's annual stockholders meeting on 17 June 2019. All the directors will hold office until their successors have been duly elected and qualified.

The table sets forth each member of the Company's Board as of 31 March 2020.

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

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of 31 March 2020.

Name	Age	Position	Citizenship
Gemma M. Santos.	57	Corporate Secretary	Filipino
Brian N. Edang.	41	Chief Financial Officer and Head Investor Relations	Filipino
Ma. Nalen S.J. Rosero.	49	Chief Legal Counsel, Chief Information Officer, Compliance Officer and Assistant Corporate Secretary	Filipino
Lorelyn D. Mercado	49	Controller	Filipino
Melissa Camille Z. Domingo . .	33	Chief Audit Executive	Filipino

Manuel B. Villar, Jr. *Chairman of the Board*. Mr. Villar, 70 was Senator of the Philippines from 2001 to June 2013. He served as Senate President from 2006 to 2008. He also served as a Congressman from 1992 to 2001 and as Speaker of the House of Representatives from 1998 to 2000. A Certified Public Accountant, Mr. Villar graduated from the University of the Philippines in 1970 with the degree of Bachelor of Science in Business Administration and in 1973 with the degree of Masters in Business Administration. He founded Camella Homes in the early 1970s and successfully managed said company over the years, to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar is also Chairman of the Board of Vistamalls, Inc. (formerly Starmalls, Inc.), AllHome Corp., AllValue Holdings Corp. and Golden Bria Holdings, Inc. He is a member of the following organizations: Makati Business Club, Manila Golf Club, Management Association of the Philippines, Financial Executive Institute of the Philippines (FINEX), Philippine Institute of Certified Public Accountants, and the Villar Social Institute for Poverty Alleviation and Governance (SIPAG).

Manuel Paolo A. Villar. *Vice Chairman of the Board and President & Chief Executive Officer.* Mr. Villar, 43, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey &Co. in the United States from 1999 to 2001. He joined the Vista Land Group in 2001 as Head of Corporate Planning then became the Chief Financial Officer of the Company in 2008. He was elected President and Chief Executive Officer of the Company in July 2011 and President of Vistamalls, Inc. (formerly Starmalls, Inc.) in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. and Powersource Phils Development Corp. Mr. Villar is also the majority shareholder of Prime Asset Ventures, Inc., and director of Fine Properties, Inc, and AllHome Corp.

Cynthia J. Javarez. *Director, Chief Operating Officer, Treasurer, and Chief Risk Officer*. Ms. Javarez, 56, graduated from the University of the East with a degree in Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head in the MB Villar Group of Companies until 2007. She was the Controller and Chief Financial Officer of Vista Land since 2013 until she was elected as Chief Operating Officer in November 2018. She is also the current President of Fine Properties, Inc, Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation and Vista Residences, Inc.

Camille A. Villar. *Managing Director, Vista Land Commercial Division*. Ms. Villar, 35, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She took Management in Business Administration, Global Executive MBA Program in Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director of Vista Land Commercial. She is a Director of Vistamalls, Inc. (formerly Starmalls, Inc.) and Golden Bria Holdings, Inc. She is also the Concurrent President of All Value Holdings Corp., and the Vice Chairman of AllHome Corp. Ms. Villar is currently a Congresswoman, representing Las Piñas City.

Frances Rosalie T. Coloma. *Director*. 57 graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant. She was previously the Finance Manager of Alcatel Philippines, Inc. and Intel Philippines, Inc., Country Controller of Ericsson Telecommunications Philippines, Inc., Deal Finance Manager of Accenture Delivery Center, Philippines, and Assistant General Manager of Maersk Global Services, Philippines. Ms. Coloma was also the Chief Financial Officer and Chief Information Officer of Golden Bria Holdings, Inc. from 2016 to 2019. She was also the Chief Financial Officer of Vistamalls, Inc. (formerly Starmalls, Inc.) from 2012 to 2016. She is currently the Chief Financial Officer and Director of AllHome Corp. and Director of Golden Bria Holdings, Inc.

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

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

Gemma M. Santos. *Corporate Secretary*. Atty. Santos, 57, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer and Special Counsel in Picazo Buyco Tan Fider & Santos Law Offices. She is also the Corporate Secretary of Golden Bria Holdings, Inc. and a director of Philippine Associated Smelting and Refining Corporation (PASAR) and Fine Properties, Inc.

Ma. Nalen S.J. Rosero. *Chief Legal Counsel, Chief Information Officer and Compliance Officer.* Atty. Rosero, 49, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Corporate Secretary and a Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also a Director of Manuela Corporation and Masterpiece Properties, Inc., and the Corporate Secretary of Vistamalls, Inc. (formerly Starmalls, Inc.). From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Regala & Cruz (ACCRA) Law Offices. On 11 September 2013, Atty. Rosero was appointed as Compliance Officer and Chief Information Officer of the Company.

Brian N. Edang. *Chief Financial Officer and Head Investor Relations.* Mr. Edang, 41, is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle – Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. Prior to joining the Company, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head Investor Relations of Vista Land from 2007 up to present and the Chief Financial Officer of the Company since November 2018. Mr. Edang is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Financial Executives Institute of the Philippines (FINEX).

Lorelyn D. Mercado. *Controller*, 50, graduated from the University of Batangas with a degree in Bachelor of Science in Business Administration-Accounting. She took Master in Business Administration at the De La Salle University. She used to be the Chief Accountant of Vista Residences, Inc. and Adelfa Properties, Inc., She is currently the Chief Accountant of Vista Land & Lifescapes, Inc. and its subsidiaries, and a Director in Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Inc., and Camella Homes, Inc.

Melissa Camille Z. Domingo. *Chief Audit Executive*. Ms. Domingo, 33, graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration & Accountancy in 2008. She is a Certified Public Accountant. In 2011, she took the Certified Internal Auditor examination and was part of the Top 50 successful examinees globally. Prior to joining Vista Land in 2013 as Senior Financial Analyst, she was with SGV & Co. (EY Philippines) as Associate Director. She was the Finance Head of Vista Land until she assumed the Chief Audit Executive position in June 2019.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best knowledge of the Company, none of the above-named directors or executive officers has been subject to the following:

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

- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or

- Found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organised trading market or self-regulatory organisation, to have violated a securities or commodities law or regulation.

Family Relationships

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

Committees of the Board

The Amended By-Laws of Vista Land provide for the following committees:

Audit Committee

The Company's Audit Committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to its management and shareholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. The Audit Committee provides a general evaluation of and assistance in the overall improvement of its risk management, control and governance processes.

The Audit Committee checks all financial reports against compliance with Manual on Corporate Governance, pertinent accounting standards, and regulatory requirements; performs oversight financial management functions; pre-approves all audit plans and interacts directly with the external auditors of the Company; seeks to elevate to international standards the accounting and auditing processes and practices of the Company; and seeks to develop a transparent financial management system to better ensure the integrity of internal control activities throughout the Company.

The Audit Committee must be comprised of at least three members, one of whom shall be an independent director. Each member of the Audit Committee must have an adequate understanding of the Company's financial management systems and environment. The Audit Committee reports to the Board and is required to meet at least four times a year. As of the date of this Offering Circular, Marilou O. Adea serves as the chairman of the Audit Committee and Ruben O. Fruto and Cynthia J. Javarez serve as members of the audit committee.

Compensation and Remuneration Committee

The Compensation and Remuneration Committee seeks to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provides oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Company's culture, strategy and control environment. The Compensation and Remuneration Committee also establishes a formal and transparent procedure for developing a policy on executive remuneration, develops a form on full business interest disclosure as part of the pre-employment requirements for all incoming officers, which among others, compels all officers to declare under the penalty of perjury, any existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired by the Company, and reviews the Company's human resources development or personnel handbook. The Compensation and Remuneration Committee must have at least three members, one of whom must be an independent director. As of the date of this Offering Circular, Manuel Paolo A. Villar serves as the chairman of the Remuneration and Compensation Committee and Manuel B. Villar, Jr. and Marilou O. Adea serve as members of the Remuneration and Compensation Committee.

Nomination Committee

The Company's Nomination Committee is responsible for providing shareholders with an independent and objective evaluation of and assurance that the members of its Board are competent and will foster the Company's long-term success and secure its competitiveness. In that respect, the Nomination Committee formulates the screening policies to enable it to effectively review the qualification of the nominees for independent directors and conducts nominations of independent directors prior to the shareholders' meetings in accordance with the procedures set forth under the SRC. The Nomination Committee must have at least three members, one of whom must be an independent director. As of the date of this Offering Circular, Manuel B. Villar, Jr. serves as the chairman of the Nomination Committee and Frances Rosalie T. Coloma and Ruben O. Fruto serve as members of the Nomination Committee.

Executive Committee

The Executive Committee, which may be organised from time to time upon determination of the Board of Directors, shall have and may exercise, when the Board is not in session, the powers of the Board in the management of the business and affairs of the Company, except with respect to certain actions specifically reserved for Board action. The Executive Committee must have at least three members, one of whom must be the President.

Executive Compensation

The Company pays compensation to its directors and key executive officers. Other executive officers of the Company receive fixed salaries on a monthly basis from the respective subsidiaries of the Company that they manage.

RELATED PARTY TRANSACTIONS

As of 31 March 2020, Fine and subsidiaries held 77.42% of the issued and outstanding share capital of the Company.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred herein as affiliates). Related parties may be individuals or corporate entities.

The Company and its subsidiaries, in their regular conduct of business, have entered into transactions with affiliates and other related parties principally consisting of advances and reimbursement of expenses and purchase and sale of real estate properties. See "*Risk Factors – Risk Related to the Company's Business – The Company has a number of related-party transactions with affiliated companies*". The Company's policy is to settle its intercompany receivables and payable on a net basis. Transactions entered by the Company with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at reporting date are unsecured, interest free and settlement occurs in cash.

Receivables from related parties totalled ₱4,987.93 million as of 31 December 2017, ₱4,706.91 million as of 31 December 2018, ₱5,155.59 million as of 31 December 2019 and ₱5,592.85 million as of 31 March 2020.

For further information on the Company's related party transactions, see Note 26 to the Company's audited consolidated financial statements included in this Offering Circular.

PRINCIPAL SHAREHOLDERS

The following table sets forth the twenty largest shareholders of the Company's common shares as of 31 March 2020:

	Name of Shareholder	Number of Common Shares Held	Percentage of Total Outstanding Common Shares[1]
1	FINE PROPERTIES, INC.[2]	7,098,730,965	55.90%
2	PCD NOMINEE CORPORATION (FILIPINO)	1,793,344,759	14.12%
3	PCD NOMINEE CORPORATION (FOREIGN)	1,684,286,213	13.26%
4	ALTHORP HOLDINGS, INC[3]	1,235,292,469	9.73%
5	MANUELA CORPORATION[4]	752,208,215	5.92%
6	MANUEL B. VILLAR, JR.[4]	293,969,986	2.32%
7	MANUEL PAOLO A. VILLAR[5]	222,796,324	1.75%
8	BESTIMES INVESTMENT LIMITED	26,814,493	0.21%
9	JOHN T. LAO	2,853,000	0.02%
10	SULFICIO TAGUD JR. &/OR ESTER TAGUD	401,000	0.00%
11	FEDERAL HOMES, INC.	324,850	0.00%
12	ACRIS CORPORATION	300,000	0.00%
13	CHRISTIAN A. AGUILAR	290,617	0.00%
14	BENJAMARIE THERESE N. SERRANO	200,000	0.00%
15	MARIBETH TOLENTINO	200,000	0.00%
16	CHERYL JOYCE YOUNG	200,000	0.00%
17	LUCIO W. YAN &/OR CLARA Y. YAN	150,000	0.00%
18	FRANCISCO A. UY	120,000	0.00%
19	MAXIMO S. UY &/OR LIM HUE HUA	120,000	0.00%
20	LUCIO WONG YAN	100,000	0.00%
	TOTAL	**13,112,702,891**	**103.27%**

Notes:

(1) Based on the total outstanding, issued and subscribed shares of 12,698,007,676 as of 31 March 2020.

(2) Includes 3,636,683,804 lodged under PCD Nominee Corp. (Filipino).

(3) Includes 10,983,363 shares owned by ML&H Corporation which have been merged with Althorp Holdings, Inc. and 1,224,309,106 lodged under PCD Nominee Corp. (Filipino).

(4) Lodged with the PCD Nominee Corp. (Filipino).

(5) Includes 222,596,324 lodged under PCD Nominee Corp. (Filipino).

Security Ownership of Certain Record and Beneficial Owners and Management

Security ownership of certain record and beneficial owners of more than 5.0% of the Company's voting securities as of 31 March 2020 are shown below:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner/ Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership[1]
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Fine Properties, Inc./Record Owner is not the beneficial Owner[2],[4]	Filipino	3,636,683,804	22.732%
Common	Fine Properties, Inc Las Piñas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Fine Properties, Inc./Record Owner is also beneficial Owner[2]	Filipino	3,462,047,161	21.640%
Preferred	Fine Properties, Inc Las Piñas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Fine Properties, Inc./Record Owner is also beneficial Owner[2]	Filipino	3,300,000,000	20.628%
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner[4]	Filipino	2,545,552,974	15.912%
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner[4]	Non-Filipino	1,684,286,213	10.582%
Common	Althorp Holdings, Inc. 3L Starmall Las Piñas, CV Starr Ave., Pamplona, Las Piñas City Shareholder	Fine Properties, Inc./Record Owner is not the beneficial Owner[2]	Filipino	1,235,292,469	7.722%

Notes:

(1) Based on the total issued and outstanding capital stocks as of 31 March 2020 of 15,998,007,676 shares (common and preferred).

(2) Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of Fine Properties, Inc.

(3) Fine Properties Inc. is the controlling shareholder of Althorp Holdings, Inc. Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of Fine Properties, Inc.

(4) PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Except as indicated above, as of 31 March 2020, the Company is not aware of any investor beneficially owning shares lodged with the PCD which comprise more than five percent (5%) of the Company's total outstanding capital stock.

Security Ownership of Management as of 31 March 2020:

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership		Citizenship	Percent of Class[1]
Common.	Manuel B. Villar, Jr.	293,969,986	Indirect[2]	Filipino	1.838%
	C. Masibay St. BF Resort Village, Talon, Las Piñas City	9,086,231,649	Indirect[3]	Filipino	56.796%
Preferred	Manuel B. Villar, Jr. C.Masibay St. BF Resort Village, Talon, Las Piñas City	3,300,000,000	Indirect[4]	Filipino	20.628%
Common.	Manuel Paolo A. Villar	200,000	Direct	Filipino	0.001%
	C. Masibay St. BF Resort Village, Talon, Las Piñas City	222,596,324	Indirect[2]	Filipino	1.391%
Common.	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia Imus, Cavite	160	Direct	Filipino	0.000%
Common.	Camille A. Villar C. Masibay St. BF Resort Village, Talon, Las Piñas City	1,000	Indirect[2]	Filipino	0.000%
Common.	Frances Rosalie T. Coloma 1-10 Granwood Villas, BF Homes, Quezon City	4,815	Direct	Filipino	0.000%
Common.	Ruben O. Fruto No. 136 Bunga Ext. Ayala Alabang Village. Muntinlupa City	1,000	Direct	Filipino	0.000%
Common.	Marilou O. Adea No. 44 Istanbul Street BF Homes, Parañaque City	1	Direct	Filipino	0.000%
Common.	Gemma M. Santos 17 Matungao, Bulacan Bulacan	1,000	Direct	Filipino	0.000%
Common.	Lorelyn D. Mercado Blk 2 Lot 1 Via Panini Street Napoli Di Citta Italia, Molino Bacoor, Cavite	100	Direct	Filipino	0.000%
N/A.	Brian N. Edang B11 L16 Pacita 2, San Pedro Laguna	0	N/A	Filipino	0.000%
N/A.	Ma. Nalen SJ Rosero Blk 5 Lot 1A New Victorianne Row La Posada Subd., Sucat Muntinlupa	0	N/A	Filipino	0.000%
N/A.	Melissa Camille Z. Domingo 62A Labo St., Sta. Mesa Heights Brgy. San Isidro Labrador, Quezon City	0	N/A	Filipino	0.000%
Total		**12,903,006,035**			**80.654%**

Notes:

(1) Based on the total outstanding, issued and subscribed shares of 15,998,007,676 (common and preferred) as of 31 March 2020

(2) Shares lodged under PCD Nominee Corporation (Filipino)

(3) Includes 7,098,730,965 shares held thru Fine Properties, Inc., 1,235,292,469 shares held thru Althorp Holdings, Inc. and 752,208,215 shares held thru Manuela Corp.

(4) Shares held through Fine Properties, Inc.

Voting Trust Holders of 5.0% or More

As of 31 March 2020, there were no persons holding more than 5.0% of a class of the Company's shares under a voting trust or similar agreement.

Changes in Control

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

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or CMU (together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantors believe to be reliable, but none of the Issuer, the Guarantors, the Trustee, any Dealer, any Arrangers or any other party to the Agency Agreement takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantors, the Trustee, or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Instruments**") which are specified in the CMU Service Reference Manual as capable of being held within the CMU. The CMU is only available for CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association, "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong and other domestic and overseas financial institutions at the discretion of the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, CMU Instruments. Instead, the HKMA advises the CMU Lodging and Paying Agent (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU Lodging and Paying Agent (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members.

Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

Book-Entry Ownership

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a Temporary Bearer Global Note and/or a Permanent Bearer Global Note will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU. Transfers of interests in a Temporary Bearer Global Note or a Permanent Bearer Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream, Luxembourg.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Registered Global Note. Each Series of Registered Notes will have an International Securities Identification Number ("**ISIN**") and a Common Code. Investors in Notes of such Series may hold their interests in a Registered Global Note through Euroclear or Clearstream, Luxembourg. Registered Global Notes may also be deposited with a sub-custodian for the HKMA as operator of the CMU.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within Euroclear, Clearstream, Luxembourg and the CMU will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Registered Notes for Notes in definitive form.

Euroclear, Clearstream, Luxembourg and the CMU have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among accountholders of Euroclear, Clearstream, Luxembourg and the CMU. However, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantors, the Trustee, the Paying Agents, the Registrar or any Dealer will be responsible for any performance by Euroclear, Clearstream, Luxembourg or the CMU or their respective accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

Philippine Taxation

The following is a general description of certain Philippine tax aspects of the Notes. It is based on the present provisions of the National Internal Revenue Code of 1997 (the "**Tax Code**"), as amended by Republic Act No. 10963, otherwise known as the TRAIN, the regulations promulgated thereunder and judicial and ruling authorities in force as of the date of this Offering Circular, all of which are subject to changes occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. You should consult your tax advisors as to the laws of other applicable jurisdictions and the specific tax consequences of acquiring, holding and disposing of the Notes, and the overall tax consequences of your acquisition, ownership or disposal of the Notes.

Under the Tax Code, the types of taxpayers may be resident citizens, non-resident citizens, resident aliens, non-resident aliens doing business in the Philippines, non-resident aliens not doing business in the Philippines, resident foreign corporation, or non-resident foreign corporations. As used herein, the term "*resident citizen*" is an individual who is both a citizen and a resident of the Philippines; a "*non-resident citizen*" is an individual who is a citizen but not a resident of the Philippines; "*resident alien*" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "*non-resident alien engaged in trade or business in the Philippines*" is an individual who is neither a citizen nor a resident of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "*non-resident alien doing business in the Philippines*", otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "*non-resident alien not doing business in the Philippines*". A "*domestic corporation*" is a corporation created or organised under Philippine laws. A "*resident foreign corporation*" is a foreign corporation engaged in trade or business in the Philippines; and a "*non-resident foreign corporation*" is a foreign corporation not engaged in trade or business in the Philippines.

Of the different classes of taxpayers under the Tax Code, only (1) resident citizens and (2) domestic corporations are subject to Philippine tax in respect of all sources of income whether these are derived from within or outside the Philippines. The rest of the aforementioned classes of taxpayers ("**Philippine-sourced Taxpayers**") are subject to Philippine tax only if the relevant source of income is derived from within the Philippines ("**Philippine-sourced income**").

Documentary Stamp Taxes

Under Republic Act No. 10963, which amended certain provisions of the Tax Code, a documentary stamp tax is imposed upon every original issue of debt instruments such as bonds and notes, at the rate of ₱1.50 on each ₱200, or fractional part thereof, of the face value of such debt instruments. The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted or transferred when the obligation or right arises from Philippine sources, the property is situated in the Philippines, or where the object of the contract is located or used in the Philippines.

No documentary stamp tax is imposed upon the issuance of the Notes, as the Issuer is a non-resident foreign corporation and the issuance of the Notes takes place outside the Philippines. No documentary stamp tax is imposed on the subsequent sale or disposition of the Notes, trading of the Notes in a secondary market or through an exchange if there is no change in the maturity date or remaining period of coverage of the Notes in connection with its transfer.

Repayment of the Principal on the Notes

The Issuer's payment of the principal on the Notes will not subject the Noteholder to taxation in the Philippines by reason solely of the holding of the Notes or the receipt of principal.

Interest on the Notes

Interest derived from bonds, notes or other interest-bearing obligations of Philippine residents is considered Philippine-sourced income under the Tax Code. Since the Issuer is a non-resident foreign corporation, and therefore not a Philippine resident, the interest on the Notes will generally not be considered as Philippine-sourced income.

Resident citizens and domestic corporations of the Philippines are subject to Philippine tax on their income, whether Philippine-sourced or not. As such, their receipt of interest on the Notes will be subject to Philippine tax. Interest on the Notes received by said types of taxpayers will form part of their taxable income subject to ordinary income tax rates under the Tax Code at graduated rates from 0-32% for resident citizens, or 30% for domestic corporations.

Interest income on the Notes received by domestic corporations also generally forms part of their gross income (i.e., gross sales or gross receipts less cost of goods sold, cost of goods manufactured and sold, or cost of services) for purposes of computing the 2% minimum corporate income tax ("**MCIT**") which may be imposed on a corporation beginning on its fourth taxable year. A domestic corporation pays the MCIT instead of the regular corporate income tax when the MCIT is greater than the regular corporate income tax.

Any payment made by the Guarantors to a non-resident holder under the guarantee which is attributable to interest on the Notes; however, could be subject to withholding taxes in the Philippines.

Sale or Other Disposition of the Notes

A holder of a Note will recognise a gain or loss upon the sale or other disposition (including a redemption at maturity) of the Notes in an amount equal to the difference between the amount realised from such disposition and such holder's basis in the Notes.

Any gain, profit or income from the sale or disposition of personal property will generally be considered as Philippine-sourced income only if sold within the Philippines (subject to a special rule if the personal property is a bond, note or obligation considered as a Long-Term Bond, as discussed below). Since the Issuer is a non-resident foreign corporation, and presumably the situs of any transfer involving the Notes will be facilitated in and take place outside of the Philippines, any gain, profit or income from any sale or disposition of the Notes will generally not be considered as Philippine-sourced income insofar as the Philippine-sourced Taxpayers are concerned and thus the receipt by said taxpayers of any gain from sale of the Notes will not be subject to Philippine tax.

On the other hand, since resident citizens and domestic corporations are subject to Philippine tax on their income whether these are Philippine-sourced income or not, their realisation of any gain, profit or income from sale or disposition of the Notes will generally be subject to Philippine tax. A holder of the Notes will recognise a gain or loss upon the sale or other disposition (including a redemption at maturity or otherwise) of the Notes in an amount equal to the difference between the amount realised from such disposition and such holder's basis in the Notes.

Under Section 32(B)(7)(g) of the Tax Code, gains realised from the sale, exchange or retirement of bonds, debentures, and other certificates of indebtedness with an original maturity date of more than five years as measured from the date of the issuance of such bonds, debentures, or other certificates of indebtedness ("**Long-Term Bonds**") are exempt from income tax. If the Notes will be construed by Philippine tax authority as Long-Term Bonds, gains realised by resident citizens and domestics corporations from the sale or transfer of the Notes will be exempt from Philippine tax.

If the Notes are not Long-Term Bonds, or will not be construed by the Philippine tax authority as Long-Term Bonds, any gain realised by resident citizens and domestic corporations form the sale or transfer of the Notes will form part of their taxable income subject to ordinary income tax rates under the Tax Code at graduated rates from 0%-35% for resident citizens and 30% for domestic corporations (or 2% MCIT, as the case may be). Additionally, in the case where the seller of the Notes (i) is a resident citizen, (ii) is not a dealer in securities, and (iii) has held the Notes for a period of more than 12 months prior to the sale, only 50.0% of any capital gain will be recognised and included in said seller's gross taxable income for Philippine tax purposes.

Estate and Gift Taxes

As the Notes are issued by a corporation organised outside the Philippines, they should not be deemed to have a Philippine situs. Having no Philippine situs, the transfer of the Notes (1) to the estate or heirs of a deceased non-resident alien holder should not be subject to Philippine estate taxes and (2) by way of donation done outside the Philippines by a non-resident alien should not be subject to Philippine donor's taxes.

However, the following obligations of a foreign corporation are deemed to have a Philippine situs and are subject to Philippine estate or donor's gift taxes upon their transfer: (1) obligations of a foreign corporation, 85% of the business of which is located in the Philippines, and (2) obligations issued by a foreign corporation, if such obligation has acquired a business situs in the Philippines. The Notes may acquire a Philippine situs if the foregoing requisites become applicable to the Issuer or the Notes.

If the Notes are deemed to have a Philippine situs, the transfer of the Notes by a deceased Noteholder to his heirs by way of succession shall be subject to Philippine estate tax at a fixed rate of 6% of the net estate.

If the Notes are deemed to have a Philippine situs, a Noteholder who transfers the Notes by way of gift or donation shall be subject to Philippine donor's tax at the fixed rate of 6% based on the total gifts or donations in excess of ₱250,000 exempt gifts made during the calendar year, whether or not the donee or beneficiary is a stranger.

Cayman Islands Taxation

The following is a discussion of certain Cayman Islands income tax consequences of an investment the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws:

- payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest or principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

- no stamp duty is payable in respect of the issue or transfer of the Notes although duty may be payable if an instrument of transfer in respect of a Note or the Global Certificate in respect of the Notes are executed in or brought into the Cayman Islands.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, and administrative guidelines and circulars issued by the Monetary Authority of Singapore ("**MAS**") in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantors and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**" or "**Income Tax Act**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, with respect to any tranche of the Notes issued as debt securities under the Programme (the "**Relevant Notes**") during the period from the date of this Offering Circular to 31 December 2023 where more than half of the issue of such Relevant Notes are distributed by Financial Sector Incentive – Capital Market, Financial Sector Incentive – Standard Tier or Financial Sector Incentive – Bond Market companies (as defined in the ITA), such tranche of Relevant Notes would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment applies:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore

through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

(bb) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax (if applicable) by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

All foreign-sourced income received in Singapore on or after 1 January 2004 by Singapore tax resident individuals will be exempted from tax, provided such foreign-sourced income is not received through a partnership in Singapore.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore income tax purposes".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

European Union Taxation

The Common Reporting Standard

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the Common Reporting Standard ("**CRS**"). The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) relating to account holders who are tax resident in other participating jurisdictions. The Cayman Islands has been a signatory to CRS since its release in October 2014 and has published regulations regarding the implementation of CRS in the Cayman Islands.

The Council Directive 2011/16/EU on Administrative cooperation in the field of Taxation (as amended by Council Directive 2014/07/EU) implements CRS in a European context and creates a mandatory obligation for all Member States to exchange financial account information in respect of residents in other Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year.

EU Proposed Financial Transactions Tax

In February 2013, the European Commission published a proposal for a Directive for a common Financial Transaction Tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since formally ceased to participate (the "**participating Member States**"). The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the published proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and may be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Taxation Outside the Philippines and the Cayman Islands

The tax treatment of a non-resident holder of any of the Notes by jurisdiction outside the Philippines and the Cayman Islands will vary depending on the tax laws applicable to such holder by reason of domicile or business activities and may vary depending upon such holder's situation. Each holder of any of the Notes should consult its own tax adviser as to the particular tax consequences on such holder acquiring, owning and disposing of the Notes, including the applicability and effect of any state, local and national laws.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement originally dated 2 June 2015 and amended and restated on 16 November 2017, and as supplemented by the first supplemental programme agreement to the amended and restated programme agreement on 13 July 2020, and as further amended and/or supplemented from time to time (the "**Programme Agreement**"), agreed with the Issuer and the Guarantors a basis on which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". Under the terms of the Programme Agreement, the Issuer (failing which, the Guarantors) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer (failing which, the Guarantors) has agreed to reimburse the Arrangers for certain of its expenses incurred in connection with the establishment of the Programme and any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer (failing which, the Guarantors) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantors and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantors and/or their respective affiliates in the ordinary course of their business.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantors or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

United States of America

1.1 In respect of Notes offered or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act or the securities laws of any state or other jurisdiction of the United States or pursuant to another exemption from the registration requirements of the Securities Act.

Terms used in this paragraph 1.1 have the same meanings given to them by Regulation S.

1.2 In respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Subject to paragraph 1.5 below, each Dealer has represented and agreed that it has offered, sold and delivered any Notes, and will offer, sell and deliver any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, only in accordance with Rule 903 of Regulation S under

the Securities Act. Each Dealer who has purchased Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. On the basis of such notification or notifications, the Issuing and Paying Agent has agreed to notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer has also agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S".

Terms used in this paragraph 1.2 have the meanings given to them by Regulation S.

1.3 Prior to the issuance of any Bearer Notes under the Programme, the Issuer will confirm with its counsel that all Programme Documents have been reviewed, revised and updated to the extent necessary to ensure that such documents properly allow for the issuance of Bearer Notes in accordance with U.S. federal income tax law.

1.4 Each Dealer has further represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and, in respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, it and they have complied and will comply with the offering restrictions requirement of Regulation S.

1.5 The applicable Pricing Supplement will specify whether U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) ("**TEFRA D**"), as in effect prior to the repeal of Section 163(f)(2)(B) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or any successor rules that are substantially in the same form, in each case, are applicable (or relevant under IRS Notice 2012-20) for purposes of Section 4701 of the Code. In respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement:

(a) except to the extent permitted under TEFRA D, each Dealer (i) has represented and agreed that it has not offered or sold, and has agreed that during a 40-day restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) has represented that it has not delivered and agreed that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) each Dealer has represented and agreed that it has and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;

(c) if it is a United States person, each Dealer has represented and agreed that it is acquiring Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with TEFRA D (including the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6));

(d) it will provide the Issuer with the documentation specified (at the time specified) in U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(3); and

(e) with respect to each affiliate of such Dealer that acquires Notes in bearer form from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer has repeated and confirmed the representations and agreements contained in subparagraphs (a), (b), (c) and (d) on such affiliate's behalf.

Terms used in this paragraph 1.5 have the meanings given to them by the Code and Treasury regulations promulgated thereunder, including TEFRA D.

1.6 The applicable Pricing Supplement will specify whether U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) ("**TEFRA C**"), as in effect prior to the repeal of Section 163(f)(2)(B) of the Code, or any successor rules that are substantially in the same form, in each case, are applicable (or relevant under IRS Notice 2012-20) for purposes of Section 4701 of the Code. In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement, such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented and agreed in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Further, the Issuer will comply with the documentary requirements described in U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C)(4).

Terms used in this paragraph 1.6 have the meanings given to them by the Code and Treasury regulations promulgated thereunder.

1.7 Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. The relevant Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

European Economic Area and the United Kingdom

Unless the Pricing Supplement specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the pricing supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) No 2017/1129 (as amended, the **Prospectus Regulation**); and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

If the Pricing Supplement specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a "**Relevant State**"), each Dealer represents and agrees that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the pricing supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) if the pricing supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression Prospectus Regulation means Regulation (EU) No 2017/1129.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

In relation to each Tranche of Notes to be issued by the Issuer under the Programme, each Dealer has represented and agreed, and each further Dealer appointed under the Programme be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The Netherlands

Each Dealer represents and agrees that any Notes will only be offered in The Netherlands to Qualified Investors (as defined in the EU Prospectus Regulation), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op hetfmancieel toezicht*).

The Philippines

THE NOTES BEING OFFERED OR SOLD HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES AND ITS IMPLEMENTING RULES AND REGULATIONS (THE "SRC"). ANY FUTURE OFFER OR SALE OF THE NOTES WITHIN THE PHILIPPINES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION OR THE NOTES QUALIFY AS EXEMPT SECURITIES UNDER THE SRC.

Any offer or sale of the Notes within the Philippines is subject to registration unless such offer or sale is made under circumstances in which the Notes qualify as exempt securities or pursuant to an exempt transaction under the SRC. The offer or sale of the Notes in the Philippines to (a) "primary institutional lenders" pursuant to Rule 10.1.4 of the implementing rules of the SRC or (b) persons who are "qualified buyers" pursuant to Section 10.1(l) of the SRC and Rule 10.1.3 of the implementing rules of the SRC is exempt from registration. The Issuer has not obtained confirmation from the Philippine Securities and Exchange Commission that the offer and sale of the Notes within the Philippines qualifies as an exempt transaction. Each Dealer has represented, warranted and agreed that it has not and will not sell or offer for sale or distribution any Notes in the Philippines except to "primary institutional lenders" pursuant to Rule 10.1.4 of the implementing rules of the SRC or to "qualified buyers" pursuant to Section 10.1(1) of the SRC and Rule 10.1.3 of the implementing rules of the SRC. Prospective investors should take note of the transfer restrictions set out in Rule 10.1.4 of the implementing rules of the SRC.

Singapore

Each Dealer has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

i. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

ii. where no consideration is or will be given for the transfer;

iii. where the transfer is by operation of law;

iv. as specified in Section 276(7) of the SFA; or

v. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Offering Circular and any applicable Pricing Supplement and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantors, the Trustee, the Agents and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Guarantors, the Trustee, the Agents or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the applicable Pricing Supplement.

LEGAL MATTERS

Certain matters as to the laws of the Cayman Islands will be passed upon for the Issuer by Maples and Calder (Hong Kong) LLP. Certain legal matters as to Philippine law will be passed upon for the Company by Picazo Buyco Tan Fider & Santos, Manila, Philippines and for the Global Coordinators and Arrangers and the Dealers by Romulo Mabanta Buenaventura Sayoc & de los Angeles, Manila, Philippines. Certain legal matters as to English law will be passed upon for the Company by Latham & Watkins LLP and for the Global Coordinators and Arrangers and the Dealers by Milbank LLP.

INDEPENDENT AUDITORS

SGV & Co., a member firm of Ernst & Young Global Limited, independent auditors, audited the Company's consolidated financial statements without qualification as of 31 December 2019 and 2018 and for the years ended 31 December 2019, 2018 and 2017, and reviewed the Company's unaudited interim condensed consolidated financial statements as of 31 March 2020 and for each of the three months ended 31 March 2020 and 2019. A review is substantially less in scope than an audit conducted in accordance with the PSA. Consequently, it does not enable them to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion on the unaudited interim condensed consolidated financial statements. The financial information for annual and interim periods included in this Offering Circular has been prepared in accordance with PFRS and PAS 34, respectively. SGV & Co. has agreed to the inclusion of its report in this Offering Circular.

GENERAL INFORMATION

1. **Listing of Notes**: Approval in-principle has been granted by the SGX-ST for permission to deal in and for quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. There is no assurance that the application to the Official List of the SGX-ST for the listing of the Notes will be approved. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Programme, the Notes, the Guarantees, the Issuer, the Guarantors or the Company's subsidiaries. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained herein.

2. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of and amendments to the Programme. The establishment of the Programme was authorised by resolutions of the board of directors of the Issuer dated 2 June 2015 and the update contained in this Offering Circular was authorized by resolutions of the board of directors of the Issuer dated 8 July 2020. The Guarantors have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantees.

3. **No Material Adverse Change**: Except as disclosed in this Offering Circular, there has been no material adverse change in its financial position or prospects since 31 March 2020.

4. **Litigation**: Except as disclosed in this document, the Company is not involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Notes nor, so far as it is aware, is any such litigation or arbitration pending or threatened.

5. **Bearer Notes, Receipts, Coupons and Talons**: Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend on its face: "ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTION 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE".

6. **Clearing of the Notes**: The Notes may be accepted for clearance through Euroclear, Clearstream, Luxembourg and the CMU. The appropriate ISIN and common code or CMU Instrument Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. If the Notes are to be cleared through any additional or alternative Clearing System, the appropriate information will be specified in the applicable Pricing Supplement.

7. **Available Documents**: For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the Company's registered office at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City 1746, Philippines and at the specified office of the Paying Agent at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong:

   (i) the Trust Deed (which includes the form of the Global Notes, the Notes in definitive form, the Coupons, the Receipts and the Talons);

   (ii) the Agency Agreement;

   (iii) the Memorandum and Articles of Association of the Issuer;

   (iv) the Articles of Incorporation of the Company;

   (v) the Company's audited consolidated financial statements as of 31 December 2019 and 2018 for the years ended 31 December 2019, 2018 and 2017;

   (vi) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer, the Guarantors or the Trustee as to its holding of Notes and identity); and

(vii) a copy of this Offering Circular together with any supplement to this Offering Circular and any other documents incorporated herein or therein referenced.

8. **Independent Auditors**: SGV & Co., independent auditors, have audited and rendered an unqualified audit report on the Company's consolidated financial statements as of 31 December 2019 and 2018, and for the years ended 31 December 2019, 2018 and 2017, and have reviewed the unaudited interim condensed consolidated financial statements as of 31 March 2020 and for each of the three months ended 31 March 2020 and 2019.

9. **Trustee's action**: The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. No Noteholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Vista Land & Lifescapes, Inc. and Subsidiaries as at March 31, 2020 and the related interim condensed consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the three-month periods ended March 31, 2020 and 2019, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A member firm of Ernst & Young Global Limited

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with PAS 34, *Interim Financial Reporting*.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1737-A (Group A),
January 24, 2019, valid until January 23, 2022
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125312, January 7, 2020, Makati City

June 23, 2020

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

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 28 and 29)	**₱8,921,929,103**	₱13,945,179,217
Short-term cash investments (Notes 8, 28 and 29)	**193,620,936**	210,815,745
Current portion of:		
Receivables (Notes 2, 5, 9, 28 and 29)	**42,188,073,179**	38,438,297,623
Cost to obtain contract (Note 5)	**1,014,962,637**	1,033,806,908
Receivables from related parties (Notes 26, 28 and 29)	**5,592,848,356**	5,155,590,468
Current portion of investments at amortized cost (Notes 8, 28 and 29)	**2,388,976,517**	2,103,609,760
Real estate inventories (Note 10)	**42,496,133,104**	41,400,804,728
Other current assets (Note 11)	**8,997,563,915**	8,026,856,840
Total Current Assets	**111,794,107,747**	110,314,961,289
Noncurrent Assets		
Investments at amortized cost - net of current portion (Notes 8, 28 and 29)	**30,990,352,460**	31,688,609,333
Investments at fair value through other comprehensive income (Notes 8, 28 and 29)	**116,499,183**	117,499,183
Receivables - net of current portion (Notes 2, 5, 9, 28 and 29)	**19,076,506,898**	19,395,345,908
Cost to obtain contract - net of current portion (Note 5)	**549,660,114**	532,142,130
Project development costs (Note 14)	**4,279,532,918**	4,150,613,444
Property and equipment (Note 13)	**2,629,354,794**	2,547,288,193
Investment properties (Notes 2 and 12)	**102,741,249,763**	101,434,876,870
Goodwill (Note 6)	**147,272,020**	147,272,020
Pension assets	**212,227,546**	267,877,592
Deferred tax assets - net (Notes 4 and 24)	**325,144,733**	484,269,708
Other noncurrent assets (Note 15)	**1,473,423,386**	1,457,887,929
Total Noncurrent Assets	**162,541,223,815**	162,223,682,310
	₱274,335,331,562	₱272,538,643,599
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 16, 28 and 29)	**₱12,894,130,386**	₱13,164,058,866
Security deposits and advance rent (Note 17)	**1,214,792,204**	1,469,498,981
Income tax payable	**141,609,426**	67,148,833
Dividends payable (Notes 21 and 26)	**12,674,615**	68,872,166
Current portion of:		
Contract liabilities (Note 5)	**1,635,140,166**	1,726,139,479
Notes payable (Notes 19, 28 and 29)	**3,035,100,857**	2,440,675,895
Bank loans (Notes 18, 28 and 29)	**6,099,961,613**	5,731,434,292
Loans payables (Notes 18, 28 and 29)	**2,686,836,940**	3,131,443,081
Lease liabilities (Notes 25, 28 and 29)	**30,843,726**	32,713,127
Total Current Liabilities	**₱27,751,089,933**	₱27,831,984,720

(Forward)

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Noncurrent Liabilities		
Notes payable - net of current portion (Notes 19, 28 and 29)	**₱89,962,350,185**	₱90,749,481,990
Bank loans - net of current portion (Notes 18, 28 and 29)	**40,947,644,357**	41,443,710,873
Loans payable - net of current portion (Notes 18, 28 and 29)	**239,592,779**	273,537,739
Lease liabilities - net of current portion (Notes 25, 28 and 29)	**3,098,797,638**	3,081,221,025
Deferred tax liabilities - net (Notes 4 and 24)	**4,207,255,179**	4,007,773,052
Contract liabilities - net of current portion (Note 5)	**885,422,353**	764,099,103
Other noncurrent liabilities (Notes 20, 28 and 29)	**4,854,185,653**	4,434,161,412
Total Noncurrent Liabilities	**144,195,248,144**	144,753,985,194
Total Liabilities	**171,946,338,077**	172,585,969,914
Equity (Notes 6 and 21)		
Attributable to equity holders of the Parent Company		
Common stock	**13,114,136,376**	13,114,136,376
Preferred stock	**33,000,000**	33,000,000
Additional paid-in capital	**30,655,429,349**	30,655,429,349
Treasury shares	**(7,740,264,387)**	(7,740,264,387)
Retained earnings	**63,289,650,828**	60,952,947,290
Other comprehensive income	**631,483,373**	633,485,331
	99,983,435,539	97,648,733,959
Non-controlling interest	**2,405,557,946**	2,303,939,726
Total Equity	**102,388,993,485**	99,952,673,685
	₱274,335,331,562	₱272,538,643,599

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	For The Three-Month Periods Ended March 31	
	2020 (Unaudited)	2019 (Unaudited)
REVENUE		
Real estate (Note 5)	**₱7,200,176,729**	₱8,073,955,204
Rental income (Note 26)	**2,197,515,862**	1,639,730,455
Interest income from installment contracts receivable (Notes 9 and 22)	**181,829,811**	136,978,072
Parking, hotel, mall administrative and processing fees, and others (Note 22)	**350,114,222**	347,104,210
	9,929,636,624	10,197,767,941
COSTS AND EXPENSES		
Costs of real estate sales (Note 10)	**3,742,607,583**	3,838,940,340
Operating expenses (Note 23)	**2,693,146,486**	2,871,012,388
	6,435,754,069	6,709,952,728
OTHER INCOME (EXPENSES)		
Interest income from investments and other income (Notes 7, 8, 15 and 22)	**335,171,456**	393,466,242
Interest and other financing charges (Notes 18, 19, 22 and 25)	**(936,257,871)**	(643,781,088)
	(601,086,415)	(250,314,846)
INCOME BEFORE INCOME TAX	**2,892,796,140**	3,237,500,367
PROVISION FOR INCOME TAX (Note 24)	**454,474,382**	614,698,048
NET INCOME	**2,438,321,758**	2,622,802,319
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may not be reclassified to profit or loss in subsequent periods		
Cumulative translation adjustments	**(1,001,958)**	2,688,542
Changes in fair value of investments at fair value through other comprehensive income (Note 8)	**(1,000,000)**	(5,000,000)
	(2,001,958)	(2,311,458)
TOTAL COMPREHENSIVE INCOME	**₱2,436,319,800**	₱2,620,490,861
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent Company	**₱2,336,703,538**	₱2,542,788,543
Non-controlling interests	**101,618,220**	80,013,776
NET INCOME	**₱2,438,321,758**	₱2,622,802,319
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent Company	**₱2,334,701,580**	₱2,540,477,085
Non-controlling interests	**101,618,220**	80,013,776
TOTAL COMPREHENSIVE INCOME	**₱2,436,319,800**	₱2,620,490,861
Basic/Diluted Earnings Per Share (Note 27)	**₱0.184**	₱0.202

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	Capital Stock (Note 21)		Additional Paid-in Capital (Note 21)	Retained Earnings (Note 21)	Remeasurement Gains on Retirement Obligation	Cumulative Translation Adjustments	Changes in fair value of investments at fair value through other comprehensive Income (Note 8)	Treasury Shares (Notes 6 and 21)	Non-Controlling Interest	Total
	Common Stock	Preferred Stock								
	For the three-month periods ended March 31, 2020 (Unaudited)									
Balances as at January 1, 2020	**₱13,114,136,376**	**₱33,000,000**	**₱30,655,429,349**	**₱60,952,947,290**	**₱531,393,616**	**(₱302,645,850)**	**₱404,737,565**	**(₱7,740,264,387)**	**₱2,303,939,726**	**₱99,952,673,685**
Net income	–	–	–	**2,336,703,538**	–	–	–	–	**101,618,220**	**2,438,321,758**
Other comprehensive income	–	–	–	–	–	–	**(1,000,000)**	–	–	**(1,000,000)**
Cumulative translation adjustments	–	–	–	–	–	**(1,001,958)**	–	–	–	**(1,001,958)**
Total comprehensive income for the year	–	–	–	**2,336,703,538**	–	**(1,001,958)**	**(1,000,000)**	–	**101,618,220**	**2,436,319,800**
Balances as at March 31, 2020	**₱13,114,136,376**	**₱33,000,000**	**₱30,655,429,349**	**₱63,289,650,828**	**₱531,393,616**	**(303,647,808)**	**₱403,737,565**	**(7,740,264,387)**	**₱2,405,557,946**	**₱102,388,993,485**
	For the three-month periods ended March 31, 2019 (Unaudited)									
Balances as at January 1, 2019	₱13,114,138,426	₱33,000,000	₱30,655,429,349	₱52,847,641,662	₱514,927,415	(₱374,126,461)	₱393,737,565	(₱7,184,331,182)	₱2,017,046,802	₱92,017,463,576
Net income	–	–	–	2,542,788,543	–	–	–	–	80,013,776	2,622,802,319
Other comprehensive income	–	–	–	–	–	–	(5,000,000)	–	–	(5,000,000)
Cumulative translation adjustments	–	–	–	–	–	2,688,542	–	–	–	2,688,542
Total comprehensive income for the year	–	–	–	2,542,788,543	–	2,688,542	(5,000,000)	–	80,013,776	2,620,490,861
Acquisitions of treasury shares (Note 21)	–	–	–	–	–	–	–	(555,933,205)	–	(555,933,205)
Balances as at March 31, 2019	₱13,114,138,426	₱33,000,000	₱30,655,429,349	₱55,390,430,205	₱514,927,415	(₱371,437,919)	₱388,737,565	(₱7,740,264,387)	₱2,097,060,578	₱94,082,021,232

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	For The Three-Month Periods Ended March 31	
	2020	2019
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱2,892,796,140**	₱3,237,500,367
Adjustments for:		
Interest and other financing charges (Note 22)	**936,257,871**	643,781,088
Depreciation and amortization (Notes 12, 13 and 23)	**588,543,506**	530,094,559
Provision for impairment losses on investments at amortized cost (Note 8)	**54,784,817**	56,405,661
Retirement expense	**8,602,959**	16,668,508
Unrealized foreign exchange losses (gains)	**933,976**	(3,687,141)
Interest income from investments and other income (Note 22)	**(335,171,456)**	(393,466,242)
Operating income before working capital changes	**4,146,747,813**	4,087,296,800
Decrease (increase) in:		
Receivables (Note 9)	**(3,443,133,332)**	(4,844,174,755)
Real estate inventories (excluding capitalized borrowing costs) (Note 10)	**(226,780,302)**	66,743,927
Other current assets and cost to obtain contract (Notes 5 and 11)	**(905,515,258)**	(144,737,603)
Pension assets	**47,047,087**	(33,604,836)
Increase (decrease) in:		
Accounts and other payables (Note 16)	**(1,273,184,365)**	(2,104,224,795)
Security deposits and advance rent (including noncurrent portion) (Note 17)	**30,323,937**	506,500,072
Contract liabilities (Note 5)	**(52,431,471)**	(587,738,280)
Other noncurrent liabilities	**178,381,202**	1,255,998,022
Net cash flows used in operations	**(1,498,544,689)**	(1,797,941,448)
Income tax paid	**(85,272,217)**	(45,140,749)
Net cash flows used in operating activities	**(1,583,816,906)**	(1,843,082,197)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Maturity of investments at amortized cost (Note 8)	**895,509,600**	104,322,000
Short-term cash investments (Note 8)	**17,194,809**	60,495,625
Interest received	**403,080,249**	305,771,077
Acquisitions of:		
Short-term cash investments (Note 8)	**–**	(93,467,586)
Property and equipment (Note 13)	**(120,005,347)**	(345,179,408)
Investments at amortized cost (Note 8)	**(563,261,380)**	(7,170,249,658)
Investment properties (excluding capitalized borrowing cost) (Note 12)	**(117,522,755)**	(4,496,221,087)
Additions to:		
Receivables from related parties (Note 26)	**(437,257,888)**	(252,747,851)
Project development costs (Note 14)	**(128,919,474)**	(251,920,029)
Other noncurrent assets (Note 15)	**(33,375,255)**	(45,068,677)
Net cash flows used in investing activities	**(84,557,441)**	(12,184,265,594)

(Forward)

	For The Three-Month Periods Ended March 31	
	2020 (Unaudited)	2019 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Bank loans (Note 18)	**₱5,034,662,458**	₱3,038,323,572
Loans payable (Note 18)	**273,184,802**	1,216,602,377
Payments of:		
Bank loans (Note 18)	**(5,168,356,959)**	(2,351,420,389)
Interest and other financing charges (including capitalized borrowing cost)	**(2,316,707,993)**	(1,019,339,242)
Loans payable (Note 18)	**(751,735,903)**	(997,620,206)
Notes payable (Note 19)	**(308,335,400)**	(102,113,771)
Lease liabilities (Note 25)	**(60,455,245)**	(34,391,545)
Dividends payable	**(56,197,551)**	(20,961,085)
Acquisition of treasury shares (Notes 21 and 30)	–	(632,462,984)
Net cash flows used in financing activities	**(3,353,941,791)**	(903,383,273)
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(933,976)**	3,687,141
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,023,250,114)**	(14,927,043,923)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**13,945,179,217**	20,022,186,387
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 7)	**₱8,921,929,103**	₱5,095,142,464

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007 with a corporate life of 50 years. The Parent Company's registered office address is at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 65.00% owned by Fine Properties, Inc., (Ultimate Parent Company), and the rest by the public.

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

VII and C&P International Limited are incorporated in Grand Cayman Island and domiciled in Hong Kong and operates as holding companies.

2. Summary of Significant Accounting Policies

Basis of Preparation

The interim condensed consolidated financial statements as at March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 have been prepared on a historical cost basis, except for investments at fair value through other comprehensive income which have been measured at fair value.

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

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019. The interim condensed consolidated financial statements of the Group have been prepared for inclusion in the offering circular to be prepared by the Group in relation to a planned capital raising activity and for no other purpose.

New Standards, Interpretations and Amendments adopted by the Group
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective except for the amendment to PFRS 16, *Leases*.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*
  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no significant impact on the unaudited interim condensed consolidated financial statements of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the content of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the unaudited interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the accounting standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

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

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
  The amendments provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted. The amendments were early adopted by the Group beginning January 1, 2020 but has not impact to the interim condensed consolidated financial statements as of March 31, 2020.

Basis of Consolidation
The unaudited interim condensed consolidated financial statements comprise the financial statements of the Group. For the three-month period ended March 31, 2020, there was no change in the Parent Company's ownership interest in its subsidiaries.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

There were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Company for the three-month period ended March 31, 2020 except, as a consequence of COVID 19 pandemic, for the impairment testing of goodwill and expected credit losses determination for installment contracts receivable and accounts receivable from tenants as discussed below:

Expected Credit Loss Estimation
The Group has determined that the COVID-19 pandemic has impacted the current operations of the Group and is expected to impact its future business activities. The collectability of the significant portion of its receivables from real estate sales is impacted by the continuing employment of its customers, both the overseas contract workers and locally employed customers, particularly those working within the industry adversely affected by COVID-19 pandemic.

Tenants which belong to micro, small and medium enterprise and those operating under entertainment, non-essentials and food industries are also adversely affected due to temporary closure of mall operations. This increases the risk of non-collection of the remaining receivables.

Considering the above, the Group revisited the expected credit loss exercise as at March 31, 2020 for its receivables.

For the installment contracts receivable, the calculation of the probability of default (PD) was updated by further segmenting the buyers tagged as overseas Filipino workers based on location of employment (e.g., Middle East, Europe, East Asia, etc.).

For the receivables from tenants, certain tenants were moved from stage 1 to stage 2, hence, lifetime PD, instead of 12-months PD, was used in the calculation of ECL. The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

For both installment contracts receivable and receivables from tenants, the PD scenarios used in the calculation of ECL were updated to 33% base, 25% best and 42% worse case probability scenarios from the previous 33% equal probability of all scenarios as of December 31, 2019. 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 an additional impairment loss for receivable from tenants of ₱39.03 million for the three months period ended March 31, 2020. The Group, however, did not identify an impairment for installment contracts receivable primarily because of the recoveries from resale of repossessed inventories that are higher than the exposure at default.

Goodwill
The Group performs its annual impairment testing of goodwill every December and when circumstances indicated that the carrying value may be impaired. The goodwill of the Group, amounting to ₱147.27 million came from the purchase of Malay Resorts Holdings Inc. (MRHI) which owns and operates Boracay Sands Hotel. The recoverable value of goodwill is based on its value-in-use calculations. The temporary closure of the hotel during the quarantine period as well as the ongoing economic uncertainty due to the COVID-19 outbreak, led the actual financial performance of MRHI to fall below its cash flow forecast from the initial estimation of the Group. As a result, management performed an impairment test as at March 31, 2020 for its related goodwill.

The projected cash flows were updated to reflect the impact of the pandemic in 2020 with a projected improvement in 2021. Pre-tax discount rates of 7.00% was used and cash flows beyond the five-year period was assumed to have a growth rate of 5.00%. Per updated analysis, management did not identify an impairment of goodwill as of March 31, 2020. An impairment will result if the long-term growth rate will be at 3%.

4. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three reportable operating segments as follows:

Horizontal Projects
This segment pertains to the development and sale of residential lots and housing units across the Philippines.

Vertical Projects
This segment pertains to the development and sale of residential high-rise condominium projects across the Philippines.

Commercial and Others
This segment pertains to rental of malls and commercial 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. Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating income or loss. No operating segments have been aggregated to form the above reportable operating business segments. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess performance of the Group.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the audited consolidated statements of financial position which is in accordance with PFRS. The segment assets are presented separately from the receivables from related parties, investments at FVOCI, investments at amortized cost and deferred taxes. Segment liability are presented separately from the deferred tax liabilities.

The financial information about the operations of these operating segments is summarized below (amounts in thousands):

	Three-Month Periods Ended March 31, 2020 (Unaudited)				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
Real estate revenue	₱5,575,535	₱1,624,642	₱–	₱–	₱7,200,177
Rental income	–	–	2,236,658	(39,142)	2,197,516
Parking, hotel, tenant fees, and others	181,105	37,173	189,254	(57,418)	350,114
	5,756,640	1,661,815	2,425,912	(96,560)	9,747,807
Cost and operating expenses	(4,156,999)	(1,137,845)	(648,927)	96,560	(5,847,211)
Segment income before income tax	1,599,641	523,970	1,776,985	–	3,900,596
Interest income (Note 22)	175,517	6,313	335,171	–	517,001
Interest and other financing charges (Note 22)	(130,156)	(6,057)	(800,045)	–	(936,258)
Depreciation and amortization (Note 23)	(69,244)	(8,595)	(510,704)	–	(588,543)
Income before income tax	1,575,758	515,631	801,407	–	2,892,796
Provision for income tax (Note 24)	(113,465)	(33,516)	(307,493)	–	(454,474)
Net income	₱1,462,293	₱482,115	₱493,914	₱–	₱2,438,322

	Three-Month Periods Ended March 31, 2019 (Unaudited)				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
Real estate revenue	₱7,046,635	₱1,027,320	₱–	₱–	₱8,073,955
Rental income	–	–	1,663,361	(23,631)	1,639,730
Parking, hotel, tenant fees, and others	123,292	19,927	260,985	(57,100)	347,104
	7,169,927	1,047,247	1,924,346	(80,731)	10,060,789
Cost and operating expenses	(5,046,645)	(686,337)	(527,607)	(80,731)	(6,179,858)
Segment income before income tax	2,123,282	360,910	1,396,739	–	3,880,931
Interest income (Note 22)	358,653	4,481	167,310	–	530,444
Interest and other financing charges (Note 22)	(289,655)	(20,508)	(333,618)	–	(643,781)
Depreciation and amortization (Note 23)	(59,095)	(4,033)	(466,966)	–	(530,094)
Income before income tax	2,133,185	340,850	763,465	–	3,237,500
Provision for income tax (Note 24)	(266,003)	(27,104)	(321,591)	–	(614,698)
Net income	₱1,867,182	₱313,746	₱441,874	₱–	₱2,622,802

The financial information about the segment assets and liabilities of these operating segments as at March 31, 2020 and December 31, 2019 is summarized below (amounts in thousands):

	March 31, 2020 (Unaudited)				
	Horizontal	**Vertical**	**Commercial and Others**	**Intersegment Adjustments**	**Consolidated**
Other Information					
Segment assets	**₱92,774,286**	**₱16,420,639**	**₱125,872,250**	**(₱145,663)**	**₱234,921,512**
Receivables from related parties* (Note 26)	**332,654**	–	**5,260,194**	–	**5,592,848**
Investments at FVOCI (Note 8)	–	–	**116,499**	–	**116,499**
Investments at amortized cost (Note 8)	–	–	**33,379,329**	–	**33,379,329**
Deferred tax assets - net (Note 24)	**325,144**	–	–	–	**325,144**
Total Assets	**₱93,432,084**	**₱16,420,639**	**₱164,628,272**	**(₱145,663)**	**₱274,335,332**
Segment liabilities*	**₱12,529,254**	**₱5,699,506**	**₱149,655,985**	**(₱145,663)**	**₱167,739,082**
Deferred tax liabilities - net (Note 24)	**847,133**	**117,473**	**3,242,649**	–	**4,207,255**
Total Liabilities	**₱13,376,387**	**₱5,816,979**	**₱152,898,634**	**(₱145,663)**	**₱171,946,337**

**The Group has the right to offset its receivables from (payables to) related parties.*

	December 31, 2019 (Audited)				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
Other Information					
Segment assets	₱90,577,519	₱23,820,733	₱118,779,272	(₱188,458)	₱232,989,066
Receivables from related parties* (Note 26)	310,638	–	4,844,952	–	5,155,590
Investments at FVOCI (Note 8)	–	–	117,499	–	117,499
Investments at amortized cost (Note 8)	–	–	33,792,219	–	33,792,219
Deferred tax assets - net (Note 24)	484,270	–	–	–	484,270
Total Assets	₱91,372,427	₱23,820,733	₱157,533,942	(₱188,458)	₱272,538,644
Segment liabilities*	₱14,450,732	₱5,856,540	₱148,459,383	(₱188,458)	₱168,578,197
Deferred tax liabilities - net (Note 24)	1,487,767	214,263	2,305,743	–	4,007,773
Total Liabilities	₱15,938,499	₱6,070,803	₱150,765,126	(₱188,458)	₱172,585,970

**The Group has the right to offset its receivables from (payables to) related parties.*

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

Rent income amounting ₱1,489.92 million or 67.80% and ₱796.94 million or 48.60% of the commercial segment of the Group was generated from anchor tenants as defined in Note 26 for the three-month periods ended March 31, 2020 and 2019, respectively. There is no cyclicality in the Group's interim operations.

5. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

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

The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

	2020	2019
	(Amounts in thousands)	
Type of Product		
Real estate sales		
Horizontal	**₱5,575,535**	₱7,046,635
Vertical	**1,624,642**	1,027,320
	7,200,177	8,073,955
Hotel operations	**210,418**	222,367
	₱7,410,595	₱8,296,322

All of the Group's real estate sales are revenue from contracts with customers that are recognized over time except for hotel operation's sale of food and beverages which is at point in time. There are no inter-segment eliminations among revenue from contracts with customers, as these are all sold to external customers as disclosed in the segment information in 2020 and 2019 (Note 4).

Due to the impact of COVID 19 pandemic, buyer's appetite has softened and prefers to stay liquid amid the current recession, with layoffs, travel restrictions, repatriations, nationwide lockdowns beginning on the third week of March 2020, and uncertainty surrounding future economic recovery. The latter, coupled with the imposed quarantine which temporarily suspended construction activities and delivery of materials to sites, resulted to lower progress of work which impacted the real estate sales recognized for the first quarter of 2020.

Contract Balances

	March 31, 2020	December 31, 2019
Installment contracts receivable (Note 9)	**₱40,902,331,672**	₱38,835,172,544
Cost to obtain contract	**1,564,622,751**	1,565,949,038
Contract liabilities	**2,520,562,519**	2,490,238,582

Installment contracts receivable are from real estate sales which are collectible in equal monthly principal installments with various terms up to a maximum of 15 years. These are recognized at amortized cost using the effective interest method. Interest rates, which vary depending on the term of the receivable, ranges from 4.63% to 19.00% per annum, 4.35% to 19.00% per annum in 2020 and 2019, respectively. The corresponding titles to the residential units sold under this arrangement are transferred to the customers only upon full payment of the contract price.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by Group based on percentage of completion. The movement in contract

liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold and from increase in percentage of completion.

The amount of revenue recognized for the three-month periods ended March 31, 2020 and 2019 from amounts included in contract liabilities at the beginning of the year amounted to ₱395.22 million and ₱428.13 million, respectively.

b. Performance obligations

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

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

The sale of real estate unit covers subdivision land, residential house units, and condominium units and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% to 20% of the contract price to be paid over a maximum of 24 months at a fixed payment for horizontal developments and 20% to 60% of the contract price to be paid over a maximum of 60 months at a fixed payment for vertical developments with remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from 2 to 15 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either an installment contracts receivable or contract liability.

After the delivery of the completed real estate unit, the Group provides one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at March 31 are, as follows:

	2020	2019
Within one year	**₱27,007,827,872**	₱20,103,985,051
More than one year	**11,266,017,233**	9,333,084,384
	₱38,273,845,105	₱29,437,069,435

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units are completed within three years and five years, respectively, from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space, (b) provisioning of water and electricity, and (c) connection to air conditioning system, (d) CUSA services, and (e) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 30 days upon receipt of the bill. In case of delay in payments, a penalty of 5% is charged for the amount due and shall be charged another 5% the following month of delay and every month thereafter inclusive of penalties previously charged. The lease arrangement would typically require a tenant to pay advance rental equivalent to three months and a security deposit equivalent to three months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In various dates in March 2020, certain third party and related party tenants of the Group operating within the entertainment, food and low-priced apparel retailing has requested for the termination of their lease contracts with the Group prior to the original end dates. The requests, as granted by the Group, are primarily due to the impact of COVID 19 pandemic to their business. As agreed with these tenants, all billed receivables up to March 31, 2020 will be collected. As a result of this, the Group reversed the accrued rental receivable which is the effect of straight-line calculation of rental income of those tenants who pre-terminated the contracts, amounting to ₱1,371.36 million against rental income for the three months ended March 31, 2020 (Note 9). The related deferred tax liability of ₱441.41 million for the reversed accrued rental receivable from tenants was reversed. The accrued rental receivables were previously included in "Receivable from tenants and accrued rental receivable". The specific portion relating to the termination of related party tenants are included in the related party transactions disclosure of the Group (Note 26).

c. Cost to Obtain Contract

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

	March 31, 2020	December 31, 2019
Balance at the beginning of the period	**₱1,565,949,038**	₱1,276,514,512
Additions	**400,711,238**	2,123,639,958
Amortization (Note 23)	**(356,576,260)**	(1,697,451,898)
Derecognition	**(45,461,265)**	(136,753,534)
	₱1,564,622,751	₱1,565,949,038

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

6. Goodwill

The goodwill of the Group came from the purchase of MRHI which owns and operate Boracay Sands Hotel located at Boracay Island, Philippines.

7. Cash and Cash Equivalents

This account consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash on hand	**₱17,560,683**	₱17,620,683
Cash in banks	**7,656,670,914**	6,810,814,823
Cash equivalents	**1,247,697,506**	7,116,743,711
	₱8,921,929,103	₱13,945,179,217

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 months depending on the immediate cash requirements of the Group and earn interest as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Philippine Peso	**0.25% to 2.75%**	0.25% to 3.88%
US Dollar	**0.10% to 1.60%**	0.13% to 1.33%

Interest earned from cash in banks and cash equivalents for the three-month periods ended March 31, 2020 and 2019 amounted to ₱13.96 million and ₱29.85 million, respectively (Note 22).

8. Investments

Short-term cash investments
Short-term cash investments consist of money market placements with maturities of more than three months up to one year and earn annual interest of 3.00% for the three-month periods ended March 31, 2020 and 3.00% to 3.25% for the three-month periods ended March 31, 2019.

As at March 31, 2020 and December 31, 2019, short-term cash investments amounted to ₱193.62 million and ₱210.82 million, respectively.

Interest earned from short-term cash investments for three-month periods ended March 31, 2020 and 2019 amounted to ₱1.38 million and ₱0.72 million, respectively (Note 22).

Investments at amortized cost
This account consists of the Group's investments in various US dollar-denominated quoted debt securities with effective interest rates ranging from 2.38% to 10.18% for the three-month periods ended March 31, 2020 and March 31, 2019.

For the three-month periods ended March 31, 2020 and 2019, the Group acquired additional investments amounting to US$11.08 million (₱563.26 million) and US$137.00 million (₱7,155.28 million), respectively, with effective interest ranging from 3.50% to 5.13% per annum and 2.70% to 10.18% per annum, respectively.

Investments at amortized cost amounting to US$458.61 million (₱23,242.12 million) and $490.61 million (₱24,844.51 million) are used to secure the bank loans of the Parent Company amounting to ₱19,695.66 million and ₱21,527.92 million as of March 31, 2020 and December 31, 2019, respectively.

The fair values of the investments used as collateral amounted to ₱24,329.53 million and ₱25,944.69 million as of March 31, 2020 and December 31, 2019, respectively (Note 18).

Interest income from these investments including amortization of premium amounted to ₱316.87 million and ₱360.14 million as of March 31, 2020 and March 31, 2019, respectively (Note 22).

As of March 31, 2020, the Group recognized provision for expected credit loss on these investments amounting to ₱54.78 million (nil as of December 31, 2019).

The following presents the breakdown of investments by contractual maturity dates as of March 31, 2020 and December 31, 2019.

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Due in one (1) year or less	**₱2,388,976,517**	₱2,103,609,760
Due after one (1) year through five (5) years	**30,990,352,460**	31,688,609,333
	₱33,379,328,977	₱33,792,219,093

The rollforward analysis of investments at amortized cost follow:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Balances at beginning of the period	**₱33,792,219,093**	₱27,483,090,564
Additions	**563,261,380**	8,916,331,577
Redemptions	**(895,509,600)**	(1,156,241,549)
Amortization of premium	**(55,712,007)**	(215,769,449)
Cumulative translation adjustment	**29,854,928**	(1,235,192,050)
	33,434,113,794	33,792,219,093
Less allowance for impairment losses	**54,784,817**	–
Balances at end of the period	**₱33,379,328,977**	₱33,792,219,093

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

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Balances at beginning of period	**₱117,499,183**	**₱106,499,183**
Unrealized fair value gain (loss) during the period	**(1,000,000)**	**11,000,000**
Balances at end of period	**₱116,499,183**	**₱117,499,183**

9. **Receivables**

This account consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Installment contracts receivable (Note 18)	**₱40,902,331,672**	₱38,835,172,544
Accounts receivable:		
Tenants (Note 26)	**3,421,067,509**	2,774,434,575
Buyers	**236,613,902**	224,188,330
Home Development Mutual Fund (HDMF)	**146,060,167**	17,662,726
Others	**35,300,078**	47,848,058
Advances to:		
Contractors	**8,681,818,982**	8,861,433,847
Suppliers	**1,477,503,656**	1,461,872,557
Private companies	**1,655,077,148**	1,038,401,813
Brokers	**228,100,959**	243,819,890
Accrued rental receivable (Notes 5, 25 and 26)	**4,267,482,403**	4,064,359,858
Accrued interest receivable	**369,467,271**	381,664,057
	61,420,823,747	57,950,858,255
Less allowance for impairment losses	**156,243,670**	117,214,724
	61,264,580,077	57,833,643,531
Less noncurrent portion	**19,076,506,898**	19,395,345,908
	₱42,188,073,179	₱38,438,297,623

Installment Contracts Receivable

Annual interest rates on installment contracts receivables range from 12.00% to 19.00%. Total interest income recognized amounted to ₱163.62 million and ₱112.43 million for three-month periods ended March 31, 2020 and 2019, respectively (Note 22).

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

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of period	**₱79,353,573**	₱76,064,405
Additions	**6,379,751**	101,497,098
Accretion (Note 22)	**(18,214,649)**	(98,207,930)
Balance at end of period	**₱67,518,675**	₱79,353,573

In 2020 and 2019, the Group entered into various purchase agreements with financial institutions whereby the Group sold its installment contracts receivables on a with recourse basis. These installment contracts receivables on a with recourse basis are used as collateral to secure the corresponding loans payable obtained. The purchase agreements provide substitution of contracts which default. The Group still retains the sold receivables in the installment contracts receivables account and records the proceeds from these sales as loans payable (Note 18).

As of March 31, 2020, the carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱2,758.77 million and ₱2,926.43 million, respectively.

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

10. **Real Estate Inventories**

Rollforward of the account follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of period	**₱41,400,804,728**	₱41,946,866,699
Construction/development costs incurred	**2,984,841,756**	17,535,519,202
Additions to land	**1,155,534,200**	3,805,022,259
Borrowing costs capitalized (Note 22)	**697,560,003**	2,728,684,896
Transfers (Note 12)	**–**	(8,846,779,427)
Cost of real estate sales	**(3,742,607,583)**	(15,768,508,901)
	₱42,496,133,104	₱41,400,804,728

The real estate inventories are carried at cost. No inventories were recorded at amounts lower than cost as at March 31, 2020 and December 31, 2019.

This account consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Subdivision land for sale	**₱21,130,014,043**	₱19,861,654,690
Subdivision land for development	**14,993,322,045**	14,719,437,560
Condominium units for sale and development	**5,619,874,534**	6,040,917,705
Residential house units for sale and development	**752,922,482**	778,794,773
	₱42,496,133,104	₱41,400,804,728

Borrowing cost capitalized to inventories amounted to ₱697.56 million and ₱565.74 million for the three-month periods ended March 31, 2020 and 2019, respectively (Note 22). The capitalization rate used to determine the borrowing costs eligible for capitalization is 1.82% in 2020 and 1.75% in 2019.

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

11. **Other Current Assets**

This account consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Input value-added tax (VAT)	**₱3,438,294,818**	₱3,219,181,281
Construction materials and others	**2,405,802,335**	2,507,849,978
Creditable withholding taxes	**2,101,040,173**	1,310,904,058
Prepaid expenses	**756,195,929**	691,088,761
Restricted cash	**282,537,375**	282,537,375
Hotel inventories and others	**13,693,285**	15,295,387
	₱8,997,563,915	₱8,026,856,840

For the three-month periods ended March 31, 2020 and 2019, creditable withholding taxes applied to income tax payable amounted to ₱111.13 million and ₱85.10 million, respectively.

12. Investment Properties

Movement in this account follows:

	March 31, 2020 (Unaudited)				
	Land and Land Developments	**Building and Building Improvements**	**Construction in Progress**	**Right-of-use Assets**	**Total**
Cost					
Balances at beginning of period	**₱52,827,294,001**	**₱34,411,356,825**	**₱19,684,763,499**	**₱2,706,071,236**	**₱109,629,485,561**
Additions	**107,872,835**	**15,785,753**	**1,678,488,128**	**–**	**1,802,146,716**
Reclassifications	**–**	**9,790,179**	**(9,790,179)**	**–**	**–**
Balances at end of period	**52,935,166,836**	**34,436,932,757**	**21,353,461,448**	**2,706,071,236**	**111,431,632,277**
Accumulated Depreciation and Amortization					
Balances at beginning of period	**–**	**8,030,628,548**	**–**	**163,980,143**	**8,194,608,691**
Depreciation and amortization (Note 23)	**–**	**453,247,079**	**–**	**42,526,744**	**495,773,823**
Balances at end of period	**–**	**8,483,875,627**	**–**	**206,506,887**	**8,690,382,514**
Net Book Value	**₱52,935,166,836**	**₱25,953,057,130**	**₱21,353,461,448**	**₱2,499,564,349**	**₱102,741,249,763**

	December 31, 2019 (Audited)				
	Land and Land Developments	Building and Building Improvements	Construction in Progress	Right-of-use Assets	Total
Cost					
Balances at beginning of year	₱40,226,070,790	₱29,586,209,146	₱10,292,515,505	₱2,387,967,718	₱82,492,763,159
Additions	3,754,256,284	55,093,935	14,162,489,238	318,103,518	18,289,942,975
Transfers (Note 10)	8,846,779,427	–	–	–	8,846,779,427
Reclassifications	187,500	4,770,053,744	(4,770,241,244)	–	–
Balances at end of year	52,827,294,001	34,411,356,825	19,684,763,499	2,706,071,236	109,629,485,561
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	6,174,156,483	–	–	6,174,156,483
Depreciation and amortization (Note 23)	–	1,856,472,065	–	163,980,143	2,020,452,208
Balances at end of year	–	8,030,628,548	–	163,980,143	8,194,608,691
Net Book Value	₱52,827,294,001	₱26,380,728,277	₱19,684,763,499	₱2,542,091,093	₱101,434,876,870

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

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

constructions in progress ranges from 5.57% to 99.92% as at March 31, 2020 and 1.81% to 99.69% as at December 31, 2019.

For the three-month period ended March 31, 2020 and for the year ended December 31, 2019, unpaid additions to investment properties amounted to ₱1,162.17 million and ₱1,241,10 million, respectively.

Investment properties with cost of ₱6,348.44 million and ₱6,608.78 million are used to secure the bank loans of the Group as of March 31, 2020 and December 31, 2019, respectively (Note 18). The fair value of the investment properties used as collateral amounted to ₱22,893.14 million and ₱25,087.84 million as of March 31, 2020 and December 31, 2019, respectively.

As of March 31, 2020 and December 31, 2019, the aggregate fair values of investment properties amounted to ₱163,003.47 million and ₱165,142.82 million, respectively. In the determination of fair values, market value approach method was used for land and land development, income approach method was used for completed and substantially completed malls and office buildings for rent and cost approach method was used for construction in progress under early stage of construction and right-of-use asset. The fair values of the buildings for malls and office spaces determined using income approach method considers rental escalation rate for the minimum rental guaranteed for the remaining life of the buildings and building improvements using the discount rate ranging 5.54% to 8.73% and 5.10% to 8.38% as at March 31, 2020 and December 31, 2019, respectively.

All fair market valuation are under Level 3 category.

Borrowing cost capitalized to investment properties amounted to ₱1,054.41 million and ₱709.03 million for the three-month periods ended March 31, 2020 and 2019, respectively. Amortization expense related to right-of-use asset amounted to ₱42.53 million and ₱40.15 million, for the three-month periods ended March 31, 2020 and 2019, respectively. Right-of-use asset is amortized over a period of 11 to 27 years.

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

13. Property and Equipment

The rollforward analyses of this account follow:

	March 31, 2020 (Unaudited)						
	Land	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost							
Balances at beginning of year	₱83,333,600	₱1,151,480,420	₱923,529,838	₱996,927,982	₱1,176,113,971	₱284,888,135	₱4,616,273,946
Additions	–	79,189,886	11,373,470	25,103,628	39,108,006	2,221,497	156,996,487
Balances at end of period	83,333,600	1,230,670,306	934,903,308	1,022,031,610	1,215,221,977	287,109,632	4,773,270,433
Accumulated Depreciation and Amortization							
Balances at beginning of year	–	370,789,749	613,864,039	747,435,142	189,437,774	147,459,049	2,068,985,753
Depreciation and amortization (Note 23)	–	2,575,930	26,642,777	28,839,320	10,138,075	6,733,784	74,929,886
Balances at end of period	–	373,365,679	640,506,816	776,274,462	199,575,849	154,192,833	2,143,915,639
Net Book Value	₱83,333,600	₱857,304,627	₱294,396,492	₱245,757,148	₱1,015,646,128	₱132,916,799	₱2,629,354,794

	December 31, 2019 (Audited)						
	Land	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost							
Balances at beginning of year	₱83,333,600	₱923,308,990	₱820,293,149	₱796,721,607	₱583,787,759	₱259,663,109	₱3,467,108,214
Additions	–	228,171,430	103,236,689	200,206,375	592,326,212	25,225,026	1,149,165,732
Balances at end of year	83,333,600	1,151,480,420	923,529,838	996,927,982	1,176,113,971	284,888,135	4,616,273,946
Accumulated Depreciation and Amortization							
Balances at beginning of year	–	360,486,037	536,991,515	649,227,217	160,036,957	146,420,828	1,853,162,554
Depreciation and amortization (Note 23)	–	10,303,712	76,872,524	98,207,925	29,400,817	1,038,221	215,823,199
Balances at end of year	–	370,789,749	613,864,039	747,435,142	189,437,774	147,459,049	2,068,985,753
Net Book Value	₱83,333,600	₱ 780,690,671	₱309,665,799	₱249,492,840	₱986,676,197	₱137,429,086	₱2,547,288,193

Depreciation and amortization expense charged to operations amounted to ₱74.93 million and ₱65.92 million for the three-month periods ended March 31, 2020 and 2019, respectively (Note 23).

As of March 31, 2020 and December 31, 2019, fully depreciated assets that are still actively in use amounted to ₱524.78 million and ₱506.41 million, respectively.

The Group's transportation equipment with a carrying value of ₱105.67 million and ₱133.83 million as of March 31, 2020 and December 31, 2019, respectively, were pledged as collateral under chattel mortgage to secure the car loans of the Group with various financial institutions (Note 18).

There are no other property and equipment that are used to secure the borrowings of the Group.

14. Project Development Costs

Project development costs mainly pertain to advances to a related party, covered by memorandum of agreement for the purchase of socialized housing units. The requirement for socialized housing units is required by the Housing and Land Use Regulatory Board (HLURB) (Note 26). These advances are recouped upon receipt of the socialized housing units from the related party.

The accounts also includes deposits, cash advances and other charges in connection with joint venture agreements and memorandum of agreements entered into by the Group with individuals, corporate entities and related parties for the development of real estate projects. These agreements provide, among others, the following: a) the Group will undertake the improvement and development of the real estate project within a certain period, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divide among themselves all saleable inventory and commercial development of the real estate project in accordance with the ratio mutually agreed. The real estate projects are in various stages of development from planning to ongoing construction.

15. **Other Noncurrent Assets**

This account consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Deposits	**₱718,583,607**	₱714,060,519
Cash restricted for use – net	**490,977,155**	490,977,155
Model house accessories at cost	**180,410,434**	185,527,313
Systems development costs	**42,205,438**	50,730,611
Other assets	**41,246,752**	16,592,331
	₱1,473,423,386	₱1,457,887,929

Cash restricted for use are deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid. Deposit balance should be equivalent to two quarters of debt amortization. Interest income from cash restricted for use amounted to ₱2.96 million and ₱2.75 million for the three-month periods ended March 31, 2020 and 2019, respectively (Note 22).

16. **Accounts and Other Payables**

This account consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Current portion of liabilities for purchased land (Note 20)	**₱2,782,982,960**	₱2,382,652,065
Commissions payable	**2,018,614,713**	2,128,281,582
Accounts payable		
Suppliers	**1,463,425,839**	1,245,936,521
Incidental costs	**1,369,172,021**	1,314,344,013
Contractors	**1,079,811,652**	1,756,004,741
Buyers	**1,002,139,202**	968,349,014
Accrued expenses	**1,326,131,801**	1,401,933,426
Current portion of retention payable (Note 20)	**916,189,544**	776,521,157
Current portion of deferred output tax (Note 20)	**558,188,053**	731,356,560
Other payables	**377,474,601**	458,679,787
	₱12,894,130,386	₱13,164,058,866

Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate payables. Liabilities for purchased land that are payable beyond one year from reporting date are presented as noncurrent liabilities (Note 20).

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.

17. Security Deposits and Advance Rent

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.

Advance rent includes three-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last three months rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings. Current portion are those to be settled within one year from financial reporting date.

18. Bank Loans and Loans Payable

Bank Loans

Bank loans pertain to the borrowings of the Group from various local financial institutions.

Details follow:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Principal		
Beginning balance	**₱47,368,935,673**	₱44,725,870,774
Availment*	**5,034,662,458**	13,465,197,418
Payment*	**(5,168,356,959)**	(10,822,132,519)
Ending balance	**47,235,241,172**	47,368,935,673
Debt issue cost		
Beginning balance	**193,790,508**	249,818,259
Additions	**25,000,000**	25,000,000
Amortization	**(31,155,306)**	(81,027,751)
Ending balance	**187,635,202**	193,790,508
Carrying value	**47,047,605,970**	47,175,145,165
Less current portion	**6,099,961,613**	5,731,434,292
Noncurrent portion	**₱40,947,644,357**	₱41,443,710,873

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

In March 2020, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.89%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments commencing December 2020.

The bank loan above provides early redemption at the option of the Parent Company after the 2nd anniversary from the issue date and interest payment date thereafter at an early redemption amount of 102.00% of unpaid principal and unpaid interest.

The Parent Company is required to maintain at all times the following ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. The bank loan also includes a change of control provision wherein a material change of ownership of the major shareholder is not permitted during the term of the liability.

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

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

The bank loans obtained in 2019 requires the Parent Company to maintain at all times the following ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00.

The Parent Company has various peso-denominated bank loans with fixed interest-rates ranging from 4.25% to 6.27% per annum. In 2020 and 2019, these bank loans are renewable upon maturity subject to change in interest rates and/or hold-out amount of the investments in debt securities investments of VII. These loans are secured by hold-out of the investments in debt securities of VII amounting to US$458.61 million and US$459.01 million as of March 31, 2020 and December 31, 2019, respectively.

The Group has complied with the covenants required by the bank loans as at March 31, 2020, and 2019. The compliance of the Parent Company to the covenants of its bank loans is based on the consolidated financial statements balances of the Group. The compliance of the Group's subsidiaries, Masterpiece Asia Properties, Inc. (MAPI) and Manuela Corporation (MC) to the covenants of their respective bank loans are based on their standalone financial statement balances.

As disclosed in Notes 8, 12, and 13, certain investments at amortized cost, property and equipment, and investment properties are used as collateral to bank loans.

Subsidiaries of the Parent Company namely, Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. acted as guarantors for selected bank loans of the Parent Company. No fees are charged for these guarantee agreements.

Loans Payable

These loans bear annual fixed interest rates ranging from 5.50% to 8.00% and 6.50% to 8.00% as at March 31, 2020 and December 31, 2019, respectively, payable on equal monthly installment over a maximum period of 3 to 15 years. Other than the installment contracts receivable that serve as collateral, the loans payable has no other restrictions, requirements or covenants (Note 9).

Movement of loans payable follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of period	**₱3,404,980,820**	₱2,784,170,565
Availments	**273,184,801**	3,333,732,526
Payments	**(751,735,902)**	(2,712,922,271)
	2,926,429,719	3,404,980,820
Less current portion	**2,686,836,940**	3,131,443,081
	₱239,592,779	₱273,537,739

19. **Notes Payable**

This account consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Dollar denominated bonds	**₱35,789,298,390**	₱35,703,087,488
Corporate note facility	**31,777,084,481**	32,066,708,294
Retail bonds	**25,431,068,171**	25,420,362,103
	92,997,451,042	93,190,157,885
Less current portion	**3,035,100,857**	2,440,675,895
	₱89,962,350,185	₱90,749,481,990

A. Dollar Denominated Bonds

a. US$350.00 million Notes (Due November 2024)
On November 28, 2017, VII (the Issuer) issued US$350.00 million notes ("Notes") with a term of seven years from initial drawdown date. The interest rate is 5.75% per annum, payable semi-annually in arrears on May 28 and November 28 of each year beginning on November 28, 2017. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of March 31, 2020, and December 31, 2019, outstanding balance of the note amounted to US$343.00 million (₱17,383.12 million) and US$342.67 million (₱17,351.21 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes on any business day or after November 28, 2021 and up to but excluding the Maturity date, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price, plus accrued and unpaid interest, if any, to (but not including) the date of redemption, if redeemed during the 12-month period commencing on November 28 of the years set forth below:

Period	Price
2021	102.8750%
2022	101.4375%
2023 and thereafter	100.0000%

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

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

b. US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII (the Issuer) issued US$300.00 million notes ("Notes") with a term of seven years from initial draw down date. The interest rate is 7.375% per annum, payable semi-annually in arrears on June 18 and December 17 of each year beginning on December 17, 2015. The Notes were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of March 31, 2020, and December 31, 2019, outstanding balance of note amounted to US$238.31 million (₱12,077.34 million) and US$237.57 million (₱12,029.30 million), respectively.

On February 2, 2016, an additional unsecured note, with the same terms and conditions with the above notes, were issued by the Group amounting to US$125.0 million. The notes were issued at 102% representing yield to maturity of 6.979%. There are no properties owned by the Group that were pledged as collateral to this note. As of March 31, 2020, and December 31, 2019, outstanding balance of note amounted to US$124.88 million (₱6,328.84 million) and US$124.87 million (₱6,322.58 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes, by giving notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the Notes is registered on the relevant record date to receive interest due on the relevant interest payment date.

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

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers and acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma FCCR of not less than 2.5x. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

B. Corporate Note Facility

a. ₱15,000.00 million Corporate Notes (Due July 2024)
On July 15, 2019, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2024 amounting to ₱14,500.00 million at a fixed rate of 6.77% per annum, payable quarterly.

On October 17, 2019, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2024, at a fixed interest of 6.77% per annum, payable quarterly.

The proceeds of the corporate notes were utilized for the 2019 capital expenditures for commercial property projects, and to fund other general corporate expenses of the Group. The issue cost amounted to ₱159.91 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of March 31, 2020, and December 31, 2019, the outstanding balance of the Corporate Notes is ₱14,873.67 million and ₱14,861.46 million, respectively.

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

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

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

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

b. ₱8,200.00 million Corporate Notes (Due July 2025 and 2028)
On July 11, 2018, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long term corporate notes consisting of Seven-Year Corporate Notes due 2025 amounting to ₱1,700.00 million at a fixed rate of 7.4913% per annum, payable quarterly and Ten-Year Corporate Notes due 2028 amounting to ₱6,000.00 million at a fixed rate of 7.7083% per annum, payable quarterly.

On July 25, 2018, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2025, at a fixed interest of 7.4985% per annum.

The proceeds of the corporate notes were utilized for the 2018 capital expenditures for commercial property projects, and to fund other general corporate expenses of the Group. The issue cost amounted to ₱105.30 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of March 31, 2020, and December 31, 2019, the outstanding balance of the Corporate Notes is ₱7,610.14 million and ₱7,863.84 million, respectively.

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

Seven Year Notes:

Early Redemption Date	Early Redemption Amount
5th anniversary from issue date and interest payment thereafter	101.00%
6th anniversary from issue date and interest payment thereafter	100.50%

Ten Year Notes:

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

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

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

c. ₱10,000.00 million Corporate Notes (Due December 2026)
On December 28, 2016, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes with a principal amount of up to₱8,000.00 million. On April 21, 2017, a consent solicitation was made for amendments to include among others, increasing the Corporate Notes principal amount to up to₱10,000.00 million in respect to the second drawdown. Such amendments were consented by Note Holders representing at least fifty one percent (51%) of the outstanding Corporate Notes.

On April 27, 2017, the Issuer made such amendments to the Corporate Note Facility dated December 28, 2016. The first drawdown was at ₱5,150.00 million in 2016, at fixed interest of 6.19% per annum, payable quarterly. On May 3, 2017, the Issuer made its second drawdown at ₱4,850.00 million, at fixed interest of 6.23% per annum, payable quarterly.

The proceeds of the Corporate Notes were utilized for the 2017 capital expenditures, refinancing of existing indebtedness and to fund other general corporate expenses. The issue cost amounted to ₱38.72 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of March 31, 2020, and December 31, 2019, the outstanding balance of the Corporate Note is ₱9,293.27 million and ₱9,341.41 million, respectively.

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

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

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

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

C. Retail Bonds

a. 2019 Fixed-rate Peso Retail Bonds
On December 18, 2019, the Parent Company (the Issuer) issued an unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance were used to fund the construction and completion of the various malls and condominium projects, redevelopment of existing malls, as well as general corporate purposes. The issue costs amounted ₱91.07 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on June 18, 2025 with interest rate of 5.70% per annum. This is the third and last tranche offered out of the shelf registration of Peso Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million and initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱30,000.00 million to be offered within a period of three (3) years. Interest on the

Retail Bonds is payable quarterly in arrears starting on March 18, 2020, for the first interest payment date and on June 18, September 18, December 18 each year for each subsequent payment date.

As of March 31, 2020, and December 31, 2019, outstanding balance of the Retail Bonds amounted to ₱9,913.94 million and ₱9,910.83 million, respectively.

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

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

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

b. 2018 Fixed-rate Peso Retail Bonds
On December 21, 2018, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance were used to fund the construction and completion of the various malls and for general corporate purposes. The issue costs amounted to ₱130.20 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on December 21, 2023 with interest rate of 8.00% per annum and 7-year Retail Bonds due on December 21, 2025 with interest rates.25% per annum. This is the second tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 21, 2019 for the first interest payment date and on March 21, June 21, September 21 and December 21 each year for each subsequent payment date.

As of March 31, 2020, and December 31, 2019, outstanding balance of the bonds amounted to ₱9,893.03 million and ₱9,887.90 million, respectively.

Redemption at the option of the Issuer
The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up

to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) 5-year Bonds:
   i. Three (3) years from issue date at early redemption price of 101.00%
   ii. Four (4) years from issue date at early redemption price of 100.50%
b) 7-year Bonds:
   i. Five (5) years from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

c. 2017 Fixed-rate Peso Retail Bonds
On August 8, 2017, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱5,000.00 million. The proceeds of the issuance were used to partially finance certain commercial development projects and for general corporate purposes. The issue costs amounted to ₱64.87 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 7-year Retail Bonds due on August 8, 2024 with interest rate of 5.75% per annum and 10-year Retail Bonds due on August 9, 2027 with interest rate of 6.23% per annum. This is the initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on November 8, 2017 for the first interest payment date and on February 8, May 8, August 8 and November 8 each year for each subsequent payment date.

As at March 31, 2020, and December 31, 2019, outstanding balance of the bonds amounted to ₱4,953.28 million and ₱4,951.44 million, respectively.

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

a) 7-year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

b) 10-year Bonds:
   i. Seven (7) years from issue date at early redemption price of 102.00%
   ii. Eight (8) years from issue date at early redemption price of 101.00%
   iii. Nine (9) years from issue date at early redemption price of 100.50%

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

d. 2014 Fixed-rate Peso Retail Bonds
On May 9, 2014, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱3,000.00 million and an overallotment option of up to ₱2,000.00 million. The proceeds of the issuance were used to partially finance certain commercial development projects of CPI and its subsidiaries. The issue costs amounted to ₱98.77 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on November 9, 2019 with interest rate of 5.65% per annum and seven-year fixed rate bonds due on May 9, 2021 with interest rates of 5.94% per annum. Interest on the Retail Bonds shall be payable quarterly in arrears starting on August 9, 2014 for the first interest payment date and on February 9, May 9, August 9 and November 9 each year for each subsequent interest payment date. On November 9, 2019, the Issuer fully paid the 5-year Retail Bonds amounting to ₱4,326.27 million.

As of March 31, 2020, and December 31, 2019, outstanding balance of the bonds amounted to ₱670.82 million and ₱670.19 million, respectively.

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

a) 5-year Bonds:
   i. Three (3) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Four (4) years from issue date at early redemption price of 100.50%
b) 7-year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

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

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a debt-service coverage ratio (DSCR) of at least 1.00:100. These were complied with by the Group as at March 31, 2020 and December 31, 2019.

Movement of notes payable follows:

	March 31,2020 (Unaudited)	December 31, 2019 (Audited)
Principal		
Beginning balance	**₱94,495,734,794**	₱75,681,629,060
Drawdown	**–**	25,000,000,000
Principal payments	**(308,335,400)**	(4,784,605,400)
Translation adjustment	**32,420,566**	(1,401,288,866)
Ending balance	**94,219,819,960**	94,495,734,794
Debt issue cost		
Beginning balance	**1,305,576,909**	1,394,633,537
Addition	**–**	250,985,401
Debt issue cost amortization	**(114,937,802)**	(306,949,630)
Translation adjustment	**31,729,811**	(33,092,399)
Ending balance	**1,222,368,918**	1,305,576,909
Carrying value	**92,997,451,042**	93,190,157,885
Less current portion	**3,035,100,857**	2,440,675,895
	₱89,962,350,185	₱90,749,481,990

20. **Other Noncurrent Liabilities**

This account consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Liabilities for purchased land – net of current portion (Note 16)	**₱1,787,487,764**	₱1,826,855,497
Retention payable – net of current portion (Note 16)	**1,068,336,438**	1,086,856,296
Deferred output tax – net of current portion (Note 16)	**1,111,837,972**	836,201,446
Security deposits – net of current portion (Note 17)	**434,845,576**	515,278,306
Advance rent – net of current portion (Note 17)	**451,677,903**	168,969,867
	₱4,854,185,653	₱4,434,161,412

21. **Equity**

Capital Stock

The details of the Parent Company's capital stock as at March 31, 2020, and December 31, 2019 consists of:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Common		
Authorized shares	**17,900,000,000**	17,900,000,000
Par value per share	**₱1.00**	₱1.00
Issued shares	**13,114,136,376**	13,114,136,376
Outstanding shares	**11,945,799,461**	11,945,799,461
Value of shares issued	**₱13,114,136,376**	₱13,114,136,376
Preferred Series 1		
Authorized shares	**8,000,000,000**	8,000,000,000
Par value per share	**₱0.01**	₱0.01
Issued and outstanding shares	**3,300,000,000**	3,300,000,000
Value of shares issued	**₱33,000,000**	₱33,000,000
Preferred Series 2		
Authorized shares	**200,000,000**	200,000,000
Par value per share	**₱0.10**	₱0.10
Issued and outstanding shares	**–**	–
Value of shares issued	**₱–**	₱–

Redeemable Preferred Stock

On June 17, 2019, the Stockholders approved the reclassification of the unissued preferred capital stock of the Parent Company to create Two Hundred Million (200,000,000) non-voting, cumulative, non-participating, non-convertible and redeemable Series 2 preferred shares with par value of ₱0.10 each and the corresponding amendment of the Articles of Incorporation of the Parent Company.

The Board likewise approved the shelf registration and listing of such Series 2 preferred shares.

The terms and conditions of any offering of the Series 2 preferred shares, including the dividend rate, redemption prices, and similar matters will be determined by the Board of Directors at a later date. None of these reclassified preferred shares are issued as of December 31, 2019.

The remaining preferred shares are voting, non-cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10.00% per annum.

Registration Track Record

On July 26, 2007, the Parent Company launched its follow-on offer where a total of 8,538,740,614 common shares were offered at an offering price of ₱6.85 per share. The registration statement was approved on June 25, 2007.

Treasury Shares

For the year ended December 31, 2019, the Parent Company has bought back from the market a total of 90,116,900 shares or ₱555.93 million in value. No shares bought back for the three-month period ended March 31, 2020.

Treasury shares totaling 416,128,700 of the Parent Company amounting to ₱2,361.98 million as of March 31, 2020 and December 31, 2019 represents the shares of stock held by the Parent Company, while treasury shares (752,208,215) amounting to ₱5,378.29 million represents Parent Company stocks held by MC. These treasury shares are recorded at cost.

Retained Earnings

In accordance with Revised Securities Regulation Code Rule 68, the Parent Company's retained earnings available for dividend declaration as at March 31, 2020 after reconciling items amounted to ₱1,841.31 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱57,234.43 million and ₱53,068.04 million as at March 31, 2020 and December 31, 2019, respectively.

Also, the retained earnings restricted to payments of dividends to the extent of cost of treasury shares amounted to ₱2,361.98 million as of March 31, 2020 and December 31, 2019.

On September 30, 2019, the BOD of the Parent Company approved the declaration of a regular cash dividend amounting ₱3,160.86 million or ₱0.2646 per share, in favor of all stockholders of record as at October 16, 2019, which was paid on October 31, 2019.

As at March 31, 2020, and December 31, 2019, the Group's dividends payable amounted to ₱12.67 million and ₱68.87 million, respectively.

Capital Management

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

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of March 31, 2020, and December 31, 2019, the Group had the following ratios:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Current ratio	**403%**	396%
Debt-to-equity ratio	**137%**	140%
Net debt-to-equity ratio	**95%**	92%
Asset-to-equity ratio	**268%**	273%

No changes were made in the objectives, policies or processes for managing capital during the periods ended March 31, 2020, and December 31, 2019.

The Group considers as capital the equity attributable to equity holders of the Parent Company. The following table shows the component of the Group's equity which it manages as capital as of March 31, 2020, and December 31, 2019:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Total paid-up capital	**₱43,802,565,725**	₱43,802,565,725
Retained earnings	**63,289,650,828**	60,952,947,290
Treasury shares	**(7,740,264,387)**	(7,740,264,387)
Other comprehensive income	**631,483,373**	633,485,331
	₱99,983,435,539	₱97,648,733,959

Financial Risk Assessment

The Group's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's base of counterparties remains diverse and the base of related parties is guaranteed by Fine Properties, Inc., ultimate parent company. As discussed in Note 4, 67.80% of the rental income comes from affiliated anchor tenant's of the Group.

Exposure to foreign currency holdings are as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash and cash equivalents	**US$23,446,772**	US$10,541,743
Investments in amortized cost	**658,629,222**	667,302,905
Notes payable	**706,181,894**	705,106,892

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

22. **Interest Income from Investments and Other Income, Parking, Hotel, Mall Administrative and Processing Fees, and Other Revenue, and Interest and Other Financing Charges**

Interest and other income from investments consist of:

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Installment contracts receivable (Note 9)	**₱163,615,162**	₱112,426,090
Accretion of unamortized discount (Note 9)	**18,214,649**	24,551,982
	181,829,811	136,978,072
Investments at amortized cost (Note 8)	**316,871,037**	360,141,363
Cash and cash equivalents, short-term investments and cash restricted for use (Notes 7, 8 and 15)	**18,300,419**	33,324,879
	335,171,456	393,466,242
	₱517,001,267	₱530,444,314

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

	2020	2019
Mall administrative and processing fee	**₱287,752,440**	₱285,845,204
Hotel	**29,772,813**	32,474,296
Parking	**1,931,114**	1,545,093
Others	**30,657,855**	27,239,617
	₱350,114,222	₱347,104,210

Others is comprised primarily of forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Interest and other financing charges consist of:

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Interest incurred on:		
Notes payable (Note 19)	**₱1,888,898,034**	₱1,063,156,479
Bank loans and loans payable (Note 18)	**716,729,218**	758,341,603
Lease liabilities (Note 25)	**76,162,457**	49,246,367
Other bank charges	**6,436,895**	47,804,476
	2,688,226,604	1,918,548,925
Amounts capitalized on:		
Real estate inventories (Note 10)	**697,560,003**	565,737,158
Investment properties (Note 12)	**1,054,408,730**	709,030,679
	₱936,257,871	₱643,781,088

23. **Operating Expenses**

This account consists of:

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Depreciation and amortization (Notes 12 and 13)	**₱588,543,506**	₱530,094,559
Commissions (Note 5)	**356,576,260**	408,656,107
Salaries, wages and employee benefits	**344,197,388**	285,305,621
Repairs and maintenance	**342,467,046**	335,393,376
Advertising and promotions	**288,344,741**	378,292,060
Professional fees	**206,356,640**	183,208,639
Taxes and licenses	**169,223,240**	214,228,177
Occupancy costs	**117,621,327**	246,291,900
Provision for impairment loss	**93,813,763**	108,827,176
Transportation and travel	**32,369,637**	38,196,825
Office expenses	**16,083,858**	14,818,395
Representation and entertainment	**4,307,304**	14,336,711
Miscellaneous	**133,241,776**	113,362,842
	₱2,693,146,486	₱2,871,012,388

24. **Income Tax**

Provision for income tax consists of:

	March 31, 2020 (Unaudited)	March 31,2019 (Unaudited)
Current:		
RCIT/MCIT	**₱92,232,810**	₱127,095,478
Final	**3,634,470**	23,712,459
Deferred	**358,607,102**	463,890,111
	₱454,474,382	₱614,698,048

The components of the Group's deferred taxes are as follows:

Net deferred tax assets:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Deferred tax assets on:		
Excess of tax basis over book basis of deferred gross profit on real estate sales	**₱535,266,580**	₱665,711,928
Accrual of retirement costs	**43,069,051**	37,909,542
Unamortized discount on receivables	**7,889,739**	7,887,917
Unrealized foreign exchange losses	**280,193**	1,556,479
	586,505,563	713,065,866
Deferred tax liabilities on:		
Excess of book basis over tax basis of deferred gross profit on real estate sales	**161,628,271**	127,253,489
Capitalized interest and other expenses	**53,286,902**	55,034,375
Remeasurement gain on defined benefit obligation	**46,445,657**	46,445,657
Accrual of retirement costs	**–**	62,637
	261,360,830	228,796,158
	₱325,144,733	₱484,269,708

Net deferred tax liabilities:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Deferred tax assets on:		
Lease liabilities	**₱938,892,409**	₱934,180,246
NOLCO	**419,982,478**	365,295,377
Accrual of retirement costs	**148,740,301**	137,845,865
Carryforward benefit of MCIT	**54,769,885**	46,744,581
Allowance for impairment losses on land and improvements	**52,636,890**	52,636,890
Unamortized discount on receivables	**16,498,789**	21,583,845

(Forward)

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Allowance for probable losses	**₱18,177,031**	₱18,177,031
Excess of tax basis over book basis of deferred gross profit on real estate sales	**5,021,169**	6,954,380
	1,654,718,952	1,583,418,215
Deferred tax liabilities on:		
Excess of book basis over tax basis of deferred gross profit on real estate sales	**2,116,599,850**	1,890,935,743
Capitalized interest and other expenses	**1,409,482,587**	1,406,390,397
Straight line lease adjustment on rent income	**1,280,244,721**	1,219,307,957
Right-of-use assets	**749,869,305**	762,627,328
Remeasurement gain on defined benefit obligation	**181,294,464**	181,294,464
Unamortized bond transaction cost	**72,798,549**	76,010,369
Accrual of retirement costs	**27,737,494**	28,315,926
Fair value adjustments from business combination	**21,257,292**	23,619,214
Discount on rawland payable	**2,689,869**	2,689,869
	5,861,974,131	5,591,191,267
	(₱4,207,255,179)	(₱4,007,773,052)

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss for the three-month periods ended March 31, 2020 and 2019 follows:

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Provision for income tax computed at the statutory income tax rate	**30.00%**	30.00%
Additions to (reductions in) income tax resulting from:		
Nondeductible interest and other expenses	**1.91%**	2.57%
Tax-exempt income	**(16.14%)**	(17.52%)
Interest income already subjected to final tax	**(0.06%)**	(0.09%)
Others	–	4.03%
Provision for income tax	**15.71%**	18.99%

25. **Lease liabilities**

The Group has lease contracts for parcels of land where its commercial centers are situated with the lease term of 20 – 35 years and for various office spaces with lease terms of two (2) to three (3) years. Rental due is based on prevailing market conditions.

The rollforward of this account is as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of the period	**₱3,113,934,152**	₱2,757,504,156
Additions	**–**	300,329,735
Interest (Note 22)	**76,162,457**	268,913,565
Payment	**(60,455,245)**	(212,813,304)
Balance at the end of the period	**3,129,641,364**	3,113,934,152
Less current portion	**30,843,726**	32,713,127
Noncurrent portion	**₱3,098,797,638**	₱3,081,221,025

The carrying value of right-of-use assets amounted to ₱2,499.56 million and ₱2,542.90 million as of March 31, 2020 and December 31, 2019, respectively (Note 12).

Shown below is the maturity analysis of the future undiscounted lease payments:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Within 1 year	**₱245,680,779**	₱310,251,640
More than 1 year to 2 years	**282,159,778**	420,279,210
More than 2 years to 3 years	**330,145,393**	514,801,733
More than 3 years to 4 years	**344,998,034**	530,849,161
More than 4 years to 5 years	**355,578,555**	583,934,077
More than 5 years	**5,315,194,469**	3,646,066,150
	₱6,873,757,008	₱6,006,181,971

26. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Entities under common control are those entities outside the Group but are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities.

All publicly-listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirement under Revised SRC Rule 68 and SEC Memorandum Circular 10, series 2019.

The Parent Company has an approval requirement such that material related party transaction (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements. The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The consolidated statements of financial position include the following amounts resulting from the foregoing non-trade transactions which represent amounts receivable from (payable to) related parties as of March 31, 2020 and December 31, 2019:

March 31, 2020

Relationship	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable (Note 9)					
Entities under Common Control	**a) Rental of mall spaces**	**₱570,302,599**	**₱6,148,647,605**	**Non-interest bearing**	**With guarantee from Fine Properties Inc., No impairment**
Ultimate Parent	**a) Rental of office spaces**	**80,034**	**1,403,404**	**Non-interest bearing**	**Unsecured, No impairment**
		₱570,382,633	**₱6,150,051,009**		
Receivable from related parties					
Ultimate Parent	**f) Sale of VLLI shares**	**₱–**	**₱1,960,071,562**	**Noninterest-bearing; Due and demandable**	**Unsecured, No impairment**
Ultimate Parent	**c) Advances**	**409,858,904**	**3,291,788,300**	**Non-interest bearing**	**Unsecured, No impairment**
Entities under Common Control	**c) Advances**	**27,398,984**	**340,988,494**	**Non-interest bearing**	**Unsecured, No impairment**
		₱437,257,888	**₱5,592,848,356**		
Advances in project development cost (Note 14)					
Entities under Common Control	**b) Purchase of housing credits**	**(₱296,730,459)**	**₱2,553,835,545**	**Non-interest bearing**	**Unsecured, No impairment**
Lease liabilities (Note 25)					
Ultimate Parent	**d) Rental of parcels of land**	**₱5,333,824**	**(₱350,018,705)**	**Interest-bearing**	**Unsecured**
Interest expense (Note)					
Ultimate Parent	**d) Rental of parcels of land**	**₱9,243,073**	**₱9,243,073**	**Interest-bearing**	**Unsecured**
Dividends Declared/Payable					
Stockholders	**e) Dividends**	**₱–**	**₱12,674,615**		

December 31, 2019

Relationship	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable (Note)					
Entities under Common Control	a) Rental of mall spaces	₱4,366,454,822	₱5,578,345,006	Non-interest bearing	With guarantee from Fine Properties Inc., No impairment
Ultimate Parent	a) Rental of office spaces	325,488	1,483,439	Non-interest bearing	Unsecured, No impairment
		₱4,366,780,310	₱5,579,828,445		
Receivable from related parties					
Ultimate Parent	f) Sale of VLLI shares	₱–	₱1,960,071,562	Noninterest-bearing; Due and demandable	Unsecured, No impairment
Ultimate Parent (Note)	c) Advances	583,745,031	2,881,929,396	Non-interest bearing	Unsecured, No impairment
Entities under Common Control	c) Advances	(135,062,830)	313,589,510	Non-interest bearing	Unsecured, No impairment
		₱448,682,201	₱5,155,590,468		
Advances in project development cost (Note 14)					
Entities under Common Control	b) Purchase of housing credits	₱2,425,972,653	₱2,850,566,004	Non-interest bearing	Unsecured, No impairment
Lease liabilities (Note 25)					
Ultimate Parent	d) Rental of parcels of land	₱355,352,529	(₱355,352,529)	Interest-bearing	Unsecured
Interest expense (Note)					
Ultimate Parent	d) Rental of parcels of land	₱27,335,964	₱–	Interest-bearing	Unsecured
Dividends Declared/Payable					
Stockholders	e) Dividends	₱3,216,957,540	₱68,872,166		

a) The Group has operating lease agreements with All Value Group, anchor tenant, which is comprised of AllHome Corp., AllDay Marts, Inc., Family Shoppers Unlimited, Inc., and CM Star Management, Inc. for the leases of commercial centers. All Value Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings. The lease agreements are with renewal options and contains escalation clauses.

The rental income from All Value Group including the effect of future lease rate escalation amounted to ₱1,489.92 million and ₱796.94 million as of March 31, 2020 and 2019, respectively. The rental income from All Value Group without the effect of future lease rate escalation amounted to ₱1,045.82 million and ₱493.12 million as of March 31, 2020 and 2019, respectively.

The rental receivable from All Value Group including the effect of future lease rate escalation amounted to ₱5,423.18 million and ₱3,109.51 million as of March 31, 2020 and December 31, 2019, respectively. These receivables from All Value Group which are recognized as 'Accrued rental receivable' under 'Receivables' are not impaired (Note 9).

The rental receivable from All Value Group without the effect of future lease rate escalation amounted to ₱1,869.71 million and ₱1,418.91 million as of March 31, 2020 and 2019.

These receivables from All Value Group which are recognized as 'Accounts receivable from tenants' under 'Receivables' are not impaired (Note 9).

Outstanding rent receivables without the effect of future escalation amounting to ₱1,049.01 million and ₱725.26 million are guaranteed by Fine Properties, Inc. as of March 31, 2020 and December 31, 2019, respectively. The guaranteed amounts excludes those rent receivables pertaining to AllHome Corp.

As discussed in Note 5, anchor tenants of the Group such as Family Shoppers Unlimited, Inc., Parallax, Inc., and The Village Service, Inc., requested to terminate certain lease contracts in various malls within March 2020. Accrued rent receivable from anchor tenants from straight-lining of rental income of ₱1,370.89 million was reversed against rental income for the 3-months ended March 31, 2020.

In May and November 2019, the Group amended certain lease contracts with All Value Group. The amendments of the lease contracts are as follow:

a. Extension of the lease term by 10-15 years commencing from the lease modification date; and
b. From annual fixed rent to variable rent based on agreed percentage on gross sales or agreed minimum guaranteed rent (MGR) with annual escalation, whichever is higher

The Ultimate Parent Company also has lease agreements with the Group for the lease of its office spaces. The rental due is based on prevailing market conditions.

b) On December 23, 2017, the Group entered into a Memorandum of Agreement (MOA) with Bria Homes, Inc.(Bria), a developer of socialized housing projects located in various areas in the Philippines, to assign portions of the socialized housing projects to various entities in the Group in compliance with the requirements of Republic Act No. 7279 (Urban Development and Housing Act of 1992). On November 23, 2018, the Group entered into another MOA with Bria to include vertical residential projects in the assignment of socialized housing projects. On December 2019, another MOA was executed with Bria to specify the details of the housing

credits to be delivered by Bria equivalent to the advances provided by VLL. As such, the Group makes cash advances to Bria Homes, Inc. for the construction of socialized housing units which are recorded under project development costs (Note 14).

c) These are advances for working capital and investment requirements of the related parties and are due and demandable.

d) The Group entered into lease agreements with Fine Properties, Inc. pertaining to parcels of land wherein the Group's commercial centers are situated. These leases have terms of 25 years, with rental escalation clauses and renewal options.

e) Details of dividends declared to stockholders are discussed in Note 21.

f) In May 2013, VMI sold the remaining 399,397,000 shares of its investments in VLLI, with a carrying amount of ₱1,906.22 million, for a total consideration of ₱2,772.30 million to Fine Properties Inc. The outstanding receivables as at March 31, 2020 and December 31, 2019 amounted to ₱1,960.07 million. These are noninterest bearing receivables that are due and demandable.

As at March 31, 2020 and December 31, 2019, the plan asset includes investment in fixed-rate peso retail bonds of the Parent Company with fair value amounting to ₱20.44 million and ₱19.54 million, respectively.

The compensation of key management personnel by benefit type follows:

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Short-term employee benefits	**₱31,477,355**	₱30,830,928
Post-employment benefits	**7,453,237**	7,386,724
	₱38,930,592	₱38,930,592

27. Basic/Diluted Earnings Per Share

The following table presents information necessary to compute the earnings per share:

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Net income attributable to equity holders of Parent Company	**₱2,336,703,538**	₱2,542,788,543
Divided by weighted average number of common shares outstanding	**12,698,007,676**	12,584,762,176
	₱0.184	₱0.202

The basic and dilutive earnings per share are the same due to the absence of potentially dilutive common shares for the three-month periods ended March 31, 2021 and 2019.

28. **Fair Value Determination**

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

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

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

Cash and cash equivalents short-term cash investments, accrued interest receivable, receivables from tenants, buyers and others, receivables from related parties and accounts and other payables except for deferred output VAT and other statutory payables: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivable: The fair value of installment contracts receivable due within one year approximates its carrying amount. Noncurrent portion of installment contracts receivable are discounted using the applicable discount rates for similar types of instruments. The discount rates used range from 5.03% to 19.00% and 4.63% to 19.00% as of March 31, 2020 and December 31, 2019, respectively.

Investments at FVOCI: Fair values of equity securities are based on quoted brokers' binding quote.

Investments at amortized cost: The fair value of these listed bonds is determined by reference to quoted market bid prices, at the close of business on the reporting date.

Bank loans, loans payable, notes payable, liabilities for purchased land and retention payable: Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranged from 4.25% to 10.28% in 2020 and 4.28% to 10.75% in 2019 using the remaining terms to maturity.

The following table provides the fair value measurement and the hierarchy of the Group's financial assets and liabilities recognized as at March 31, 2020 and December 31, 2019:

	March 31, 2020 (Unaudited)				
			Fair Value		
	Carrying values	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets					
Financial assets measured at fair value:					
Investments at FVOCI	**₱116,499,183**	**₱116,499,183**	**₱–**	**₱116,499,183**	**₱–**
Financial assets for which fair values are disclosed:					
Installment contracts receivable	**40,902,331,672**	**41,433,348,795**	**–**	**–**	**41,433,348,795**
Investments at amortized cost	**33,379,328,977**	**34,527,155,855**	**34,527,155,855**	**–**	**–**
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	**47,047,605,970**	**47,228,897,528**	**–**	**–**	**47,228,897,528**
Notes payable	**92,997,451,042**	**95,935,477,749**	**–**	**–**	**95,935,477,749**
Loans payable	**2,926,429,719**	**2,909,118,596**	**–**	**–**	**2,909,118,596**
Liabilities for purchased land	**4,570,470,724**	**4,226,055,402**	**–**	**–**	**4,226,055,402**
Retention payable	**1,984,525,982**	**1,893,935,156**	**–**	**–**	**1,893,935,156**

	December 31, 2019 (Audited)				
			Fair Value		
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets					
Financial assets measured at fair value:					
Investments at FVOCI	₱117,499,183	₱117,499,183	₱–	₱117,499,183	₱–
Financial assets for which fair values are disclosed:					
Installment contracts receivable	38,835,172,544	38,933,380,474	–	–	38,933,380,474
Investments at amortized cost	33,792,219,093	34,626,570,211	34,626,570,211	–	–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	47,175,145,165	48,119,854,814	–	–	48,119,854,814
Notes payable	93,190,157,885	96,850,502,172	–	–	96,850,502,172
Loans payable	3,404,980,820	3,348,728,437	–	–	3,348,728,437
Liabilities for purchased land	4,209,507,562	4,060,123,574	–	–	4,060,123,574
Retention payable	1,863,377,453	1,651,309,696	–	–	1,651,309,696

In 2020 and 2019, there were no transfers between Levels of fair value measurements.

Significant increases (decreases) in discount rate would result in significantly higher (lower) fair value of the installment contracts receivable, notes payable, loans payable, bank loans, retention payable and lease liabilities.

Description of significant unobservable inputs to valuation follows:

Account	**Valuation Technique**	**Significant Unobservable Inputs**
Installment contracts receivable	Discounted cash flow analysis	Discount rate
Bank loans	Discounted cash flow analysis	Discount rate
Notes payable	Discounted cash flow analysis	Discount rate
Loans payable	Discounted cash flow analysis	Discount rate

29. **Financial Assets and Liabilities**

Financial Risk Management Objectives and Policies

Financial risk

The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables (except for deferred output VAT and other statutory payables) and liabilities for purchased land. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivable, cash and cash equivalents, short-term and long-term cash investments, investments at fair value through other comprehensive income and investments at amortized cost which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arises, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk

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

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

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

	March 31, 2020 (Unaudited)	
	Effective Interest Rate	**Amount**
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	**0.25% to 2.75%**	**₱7,666,698,912**
Cash and cash equivalents in US Dollar	**0.10% to 1.60%**	**1,237,669,508**
Short-term cash investments	**3.00%**	**193,620,936**
Investments at amortized cost	**2.38 to 10.18%**	**33,379,328,977**
Installment contracts receivable	**5.03% to 19.00%**	**40,902,331,672**
		₱83,379,650,005
Financial liabilities		
Fixed rate		
Notes payable	**5.89% to 8.86%**	**₱92,997,451,042**
Bank loans	**4.28% to 10.75%**	**47,047,605,970**
Loans payable	**5.08% to 6.24%**	**2,926,429,719**
Lease liabilities	**7.51% to 10.66%**	**3,129,641,364**
		₱146,101,128,095

	December 31, 2019 (Audited)	
	Effective Interest Rate	Amount
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	0.25% to 3.88%	₱13,334,812,879
Cash and cash equivalents in US Dollar	0.13% to 1.33%	592,745,655
Short-term cash investments	3.00% to 3.25%	210,815,745
Investments at amortized cost	2.23% to 10.18%	33,792,219,093
Installment contracts receivable	4.63% to 19.00%	38,835,172,544
		₱86,765,765,916
Financial liabilities		
Fixed rate		
Notes payable	5.89% to 8.86%	₱93,190,157,885
Bank loans	4.28% to 10.75%	47,175,145,165
Loans payable	5.08% to 6.24%	3,404,980,820
Lease liabilities	7.51% to 10.66%	3,113,934,152
		₱146,884,218,022

As of March 31, 2020 and December 31, 2019, the Group's leasing income and operating cah 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.

	March 31, 2020 (Unaudited)		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on income before tax**
Cash and cash equivalents	**US$974,535**	**+0.76%**	**₱373,426**
	(US$974,535)	**-0.76%**	**(373,426)**

	December 31, 2019 (Audited)		
		Increase/Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	US$1,156,182	+2.16%	₱1,264,660
	(US$1,156,182)	-2.16%	(1,264,660)

VII, a wholly owned subsidiary, with functional currency in USD, financial assets and liabilities are translated into Philippine peso, presentation currency of the Group using closing exchange rate prevailing at the reporting date, and the respective income and expenses at the weighted average rates for the period. The exchange differences arising on the translation are recognized in OCI under "Cumulative Translation Adjustments" (CTA). See below for the carrying amounts and sensitivity analysis on Other comprehensive income.

	March 31, 2020 (Unaudited)		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on Other Comprehensive Income**
Assets			
Cash and cash equivalents	**US$23,446,772**	**+0.76%**	**₱8,984,449**
	(US$23,446,772)	**-0.76%**	**(8,984,449)**
Investments at amortized costs	**US$658,629,222**	**+0.76%**	**252,376,264**
	(US$658,629,222)	**-0.76%**	**(252,376,264)**
Liabilities			
Notes payable	**(US$706,181,894)**	**+0.76%**	**(₱270,597,701)**
	US$706,181,894	**-0.76%**	**270,597,701**

	December 31, 2019 (Audited)		
	Amount	Increase/Decrease in US Dollar rate	Effect on Other Comprehensive Income
Assets			
Cash and cash equivalents	US$10,547,818	+2.16%	₱11,537,456
	(US$10,547,818)	-2.16%	(11,537,456)
Investments at amortized costs	US$667,368,798	+2.16%	729,984,008
	(US$667,368,798)	-2.16%	(729,984,008)
Liabilities			
Notes payable	(US$705,106,892)	+2.16%	(₱771,262,841)
	US$705,106,892	-2.16%	771,262,841

In translating the foreign currency- denominated monetary assets and liabilities in peso amounts, the Philippine Peso – US dollar exchange rates as at March 31, 2020 and December 31, 2019 used were ₱50.68 to US$1.00 and ₱50.64 to US$1.00, respectively.

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the management's forecast of the currently observable market environment, showing no material movements as in prior years.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily installment contracts receivables and receivables from tenants) and from its investing activities, including deposits with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Receivables are regularly monitored.

For installment contracts receivable, exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed.

The Group evaluates the concentration of risk with respect to non-related party trade receivables as low, as its customers are located in several jurisdictions and various income brackets, and operate in largely independent markets.

The Group evaluates the concentration of risk with respect to receivable from related parties (refer to Note 26). This is discussed in Note 6. The related parties have a strong capacity to meet their contractual cash flows and/or guaranteed by Fine Properties, Inc., ultimate parent company.

Credit risk arising from receivable from tenants – third parties is primarily managed through a screening of tenants based on credit history and financial information submitted. Tenants are required to pay security deposits equivalent to 3-months lease payment to cover any defaulting amounts and advance rentals also equivalent to 3-month rent.

Credit risk arising from receivable from tenants – related parties, aside from the same terms of security deposit and advance rental, is minimal due to the guarantee provided by Fine Properties, Inc., ultimate parent company.

Credit risk arising from receivables from related parties is minimal as they have a low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

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

The Group's maximum exposure to credit risk as of March 31, 2020 and December 31, 2019 is equal to the carrying values of its financial assets.

Applying the expected credit risk model resulted to recognition of impairment loss of ₱93.81 million and ₱108.83 million for all financial assets in 2020 and 2019, respectively.

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2020 and 2019.

Maturity Profile of Financial Liabilities

The tables below summarize the maturity profile of the Group's financial liabilities as of March 31, 2020 and December 31, 2019 based on undiscounted contractual payments, including interest payable.

March 31, 2020 (Unaudited)

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	**₱–**	**₱2,187,930,028**	**₱6,241,666,374**	**₱43,153,170,662**	**₱51,582,767,064**
Loans payable	**419,095,544**	**596,855,825**	**1,716,252,849**	**397,409,102**	**3,129,613,320**
Liabilities for purchased land	**1,598,898,577**	**244,178,926**	**939,905,457**	**1,796,453,992**	**4,579,436,952**
Accounts payable and other payables*	**5,173,612,608**	**956,494,949**	**3,245,417,353**	**1,068,336,438**	**10,443,861,348**
Notes payable	**–**	**2,488,602,827**	**6,883,639,436**	**110,572,346,606**	**119,944,588,869**
Lease liabilities	**–**	**65,382,633**	**211,597,219**	**7,560,750,526**	**7,837,730,378**
Total undiscounted financial liabilities	**₱7,191,606,729**	**₱6,539,445,188**	**₱19,238,478,688**	**₱164,548,467,326**	**₱197,517,997,931**

**excluding statutory payables and including noncurrent portion of retention payable*

December 31, 2019 (Audited)

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱–	₱2,696,452,150	₱5,482,656,060	₱43,709,673,143	₱51,888,781,353
Loans payable	461,997,319	1,305,643,219	1,363,802,543	373,044,915	3,504,487,996
Liabilities for purchased land	489,728,695	865,032,512	1,485,013,264	1,378,699,319	4,218,473,790
Accounts payable and other payables*	7,609,093,848	607,481,589	1,643,346,875	1,086,856,296	10,946,778,608
Dividends payable	68,872,166	–	–	–	68,872,166
Notes payable	–	1,270,218,892	7,202,654,578	112,701,911,965	121,174,785,435
Lease liabilities	–	65,779,876	197,339,629	7,607,906,818	7,871,026,323
Total undiscounted financial liabilities	₱8,629,692,028	₱6,810,608,238	₱17,374,812,949	₱166,858,092,456	₱199,673,205,671

**excluding statutory payables and noncurrent portion of retention payable*

30. Notes to Statements of Cash Flow

Details of the movement in cash flows from financing activities follow:

			Non-cash Change			
	January 1, 2020 (Audited)	**Net Cash Flows**	**Interest and other financing charges including capitalized borrowing costs**	**Foreign exchange movement**	**Debt issue cost**	**March 31, 2020 (Unaudited)**
Notes payable	**₱93,190,157,885**	**(₱308,335,400)**	**₱–**	**₱690,755**	**₱114,937,802**	**₱92,997,451,042**
Bank loans	**47,175,145,165**	**(133,694,501)**	**–**	**–**	**6,155,306**	**47,047,605,970**
Loans payable	**3,404,980,820**	**(478,551,101)**	**–**	**–**	**–**	**2,926,429,719**
Lease liabilities	**3,113,934,152**	**(60,455,245)**	**76,162,457**	**–**	**–**	**3,129,641,364**
Dividends payable	**68,872,166**	**(56,197,551)**	**–**	**–**	**–**	**12,674,615**
Interest payable	**761,994,825**	**(2,316,707,993)**	**2,612,064,147**	**–**	**(121,093,108)**	**936,257,871**
Total liabilities from financing activities	**₱147,715,085,013**	**(₱3,353,941,791)**	**₱2,688,226,604**	**₱690,755**	**₱–**	**₱147,050,060,581**

			Non-cash Change				
	January 1, 2019 (Audited)	Net Cash Flows	Interest and other financing charges including capitalized borrowing costs	Foreign exchange movement	Debt issue cost	Additions to lease	March 31, 2019 (Unaudited)
Loans payable	₱2,784,170,565	₱218,982,171	₱–	₱–	₱–	₱–	₱3,003,152,736
Bank loans	44,476,052,515	686,903,183	–	–	43,998,813	–	45,206,954,511
Notes payable	74,286,995,523	(102,113,771)	–	(3,967,205)	69,030,126	–	74,249,944,673
Lease liabilities	2,757,504,156	(34,391,545)	49,246,367	–	–	86,964,387	2,859,323,365
Dividends payable	33,368,139	(20,961,085)	–	–	–	–	12,407,054
Interest payable	545,978,645	(1,019,339,242)	1,869,302,558	–	(113,028,939)	–	1,282,913,022
Treasury shares	–	(632,462,984)	–	–	–	–	–
Total liabilities from financing activities	₱124,884,069,543	(₱903,383,273)	₱1,918,548,925	(₱3,967,205)	₱–	₱86,964,387	₱126,614,695,361

The Group's noncash investing and financing activities pertain to the following:

a) Amortization of premium on investments at amortized cost amounting to ₱55.71 million and ₱46.61 million for the periods ended March 31, 2020 and 2019, respectively (Note 8);
b) Unpaid acquisition costs of treasury shares amounting to ₱76.53 million in 2018, which is presented under "Accounts and other payables" line item in the statements of financial position, was paid as of March 31, 2019;
c) Recognition of right-of-use asset and lease liability amounting to ₱2,387.97 million and ₱2,757.50 million, respectively, as at January 1, 2019 due to adoption of PFRS 16 (Note 3);
d) Unpaid additions to investment properties amounted to ₱1,241.10 million and ₱1,089.77 million for the periods ended March 31, 2020 and 2019, respectively;
e) Unpaid additions to property and equipment amounted to ₱36.99 million and ₱83.18 million for the periods ended March 31, 2020 and 2019, respectively:
f) Liabilities for purchased land is comprised of unpaid additions to land improvements classified as:

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Real estate inventories	**₱3,379,891,288**	₱4,404,688,587
Investment properties	**1,190,579,436**	1,424,916,771
	₱4,570,470,724	₱5,829,605,358

31. Commitments and Contingencies

The Group has entered into several contracts with contractors for the development of its real estate properties. As at March 31, 2020 and December 31, 2019, these contracts have an estimated aggregate cost of ₱14,649.05 million and ₱9,112.84million, respectively. These contracts are due to be completed on various dates up to December 2020.

The progress billings are settled within one year from date of billings. These are unsecured obligations and carried at cost.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

32. Impact of COVID 19 Pandemic and Events After Reporting Period

On March 16, 2020, Presidential Proclamation No. 929 was issued declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon. ECQ was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government units. When the quarantine was imposed, our offices and showrooms were closed so work-from-home arrangements for employees were adopted. Since physical gatherings were no longer possible, marketing efforts shifted to digital platforms to resume promotional campaigns.

Construction activities for houses, condominium buildings and new commercial spaces were also suspended during the quarantine period. However, delays in completion will be tempered by the shorter duration of construction period for houses (average of 4 months). Our strong presence outside Metro Manila is a factor that lessens the impact of the lockdown, as most areas especially in the provinces have already transitioned to Modified General Community Quarantine (MGCQ)and we can ramp up construction in those areas.

The Group is continuously evaluating potential impact of the pandemic to the company's financial assets including our assumptions in the calculation of the Expected Credit Loss for financial assets and impairment testing for goodwill and other non-financial assets.

To date, the Group has not made any modification in its existing debt and have not availed of any extension in debt servicing.

The Group is closely monitoring the situation and the changes in our target market's behavior as a result of the "new normal". Management will revisit the planned capital expenditures; project launches and our leasing expansion program for the year.

Residential Property

As discussed above, the pandemic situation has tempered home buyer's appetite. As a result, housing reservation sales dipped by around 22% in 1st quarter of 2020 compared to the same period in the prior year which will impact sales to be booked subsequent to 1st quarter of 2020.

We expect to see improvement as restrictions are gradually lifted, with most cities and provinces already in MGCQ. Additionally, majority of our buyers are end users, families who buy homes for their own use; compared to investors, end users value the house more, so their demand is more stable and their ability to meet payments more resilient. The diversity of our product portfolio, which caters to a wide range of income segments, likewise helps ensures sales in any economic condition.

Overseas Filipino Workers (OFW) historically account for approximately 50-60% of our residential sales. Slower global economic growth and the decrease in the number of Filipinos deployed overseas for seafarers during the period has led to lower OFW remittances in March, with a view of a projected decline in total remittance up to 5% for the full year. Nonetheless, we expect remittances to continue given strong demand for Filipino nurses and frontline healthcare workers abroad as well as ongoing investments in the Philippines, including housing and education. We plan to just shift our marketing initiatives for OFWs towards those with jobs that are in demand at this time. There are 10 million

OFWs, and even if a number will be repatriated, we are still behind in addressing the demand for this market.

Commercial Property

As of March 31, 2020, we have a total of 1,497, 229 square meters of Gross Floor Area of Investment properties which consists of 31 malls, 7 office buildings and 62 commercial centers. Most of our malls were closed with the implementation of ECQ. Only tenants providing essential services and basic necessities, including restaurants with food delivery capability, remained open. In areas that have already moderated the extent of their quarantine, malls reopened non-leisure shops at 50% capacity, in addition to essential stores. Most of our office buildings on the other hand remained operational during the period.

Our malls are typically around 30,000 square meters in GFA and a significant portion is occupied by essential retail formats, such as AllDay, drug stores, and food establishments. We do not have a significant space for department stores, which will be a drag for most of the other malls.

We expect to see a decline in our rental revenues in the 2nd quarter compared to our 1st quarter for the year as our malls were closed except for the essential stores, from March 17, 2020 to May 15, 2020 and we only started to open malls in some areas around May 16, 2020.

Another factor that may impact in our rental revenue is the cancellation of certain contracts of our tenants affected by the current pandemic as discussed in Note 5 . We are also currently working with our tenants on the rental concessions to be provided to them. Generally, we are not giving a uniform rental concession to all our tenants. We extend concessions depending on the tenant's profile and credit standing.

33. **Approval of the Financial Statements**

The interim condensed consolidated financial statements of the Group as at March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 were authorized for issue by the Board of Directors on June 23, 2020.

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.

Opinion

We have audited the consolidated financial statements of Vista Land and Lifescapes, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Adoption of PFRS 16, Leases

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

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

Audit Response

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

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

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

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

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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the input method as the measure of progress (percentage of completion or POC) in determining real estate revenue; (4) determination of the actual costs incurred as cost of sales; and (5) recognition of cost to obtain a contract.

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

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

In measuring the progress of its performance obligation over time, the Group uses input method. Under this method, progress is measured based on actual costs incurred on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

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

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

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

Audit Response

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

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

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

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

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

Provision for Expected Credit Losses

The Group's recognition of loss allowance using expected credit loss (ECL) model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

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

Audit Response

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

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

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1737-A (Group A),
January 24, 2019, valid until January 23, 2022
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125312, January 7, 2020, Makati City

May 26, 2020

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

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

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

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007 with a corporate life of 50 years. The Parent Company's registered office address is at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 65.00% owned by Fine Properties, Inc., (Ultimate Parent Company), and the rest by the public.

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

2. Basis of Preparation

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

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

a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E;
b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D; and
c. Adoption of PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales

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

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019.

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

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

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

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

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

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

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

	Percentage of Ownership		
	2019	2018	2017
Brittany	100.00%	100.00%	100.00%
Balmoral Resources Corporation*	36.93	36.93	36.93
CAPI	100.00	100.00	100.00
Balmoral Resources Corporation*	16.93	16.93	16.93
VRI	100.00	100.00	100.00
Vista Leisure Club Corporation (VLCC)	100.00	100.00	100.00
Vista Hospitality Management Corp.	100.00	100.00	–
Malay Resorts Holdings, Inc. (MRHI)	100.00	100.00	100.00
Mella Hotel, Inc.	100.00	100.00	–

(Forward)

	Percentage of Ownership		
	2019	2018	2017
Vista Taft Ventures, Inc.	100.00	–	–
Balmoral Resources Corporation*	37.22	37.22	37.22
CHI			
Household Development Corporation (HDC)	100.00	100.00	100.00
Balmoral Resources Corporation*	8.92	8.92	8.92
Mandalay Resources Corp.	100.00	100.00	100.00
C&P International Limited	100.00	100.00	100.00
Brittany Estates Corporation	100.00	100.00	100.00
Camella Sales Specialists, Inc.	100.00	100.00	100.00
Vista Towers, Inc.	100.00	100.00	100.00
Prima Casa Land & Houses, Inc. (PCLHI)	100.00	100.00	100.00
CPI	100.00	100.00	100.00
Communities Batangas, Inc.	100.00	100.00	100.00
Communities Bulacan, Inc.	100.00	100.00	100.00
Communities Cebu, Inc.	100.00	100.00	100.00
Communities Cagayan, Inc.	100.00	100.00	100.00
Communities Davao, Inc.	100.00	100.00	100.00
Communities General Santos, Inc.	100.00	100.00	100.00
Communities Isabela, Inc.	100.00	100.00	100.00
Communities Leyte, Inc.	100.00	100.00	100.00
Communities Naga, Inc.	100.00	100.00	100.00
Communities Iloilo, Inc.	100.00	100.00	100.00
Communities Negros, Inc.	100.00	100.00	100.00
Communities Pampanga, Inc.	100.00	100.00	100.00
Communities Pangasinan, Inc.	100.00	100.00	100.00
Communities Tarlac, Inc.	100.00	100.00	100.00
Communities Zamboanga, Inc.	100.00	100.00	100.00
Communities Ilocos, Inc.	100.00	100.00	100.00
Communities Bohol, Inc.	100.00	100.00	100.00
Communities Quezon, Inc.	100.00	100.00	100.00
Communities Palawan, Inc.	100.00	100.00	100.00
Communities Panay, Inc.	100.00	100.00	100.00
VII	100.00	100.00	100.00
Vistamalls, Inc. (formerly Starmalls, Inc.)	88.34	88.34	88.34
Manuela Corporation	98.40	98.40	98.40
Masterpiece Asia Properties, Inc.	100.00	100.00	100.00

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

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

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

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

Noncontrolling Interests

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

Noncontrolling interests are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

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

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

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

3. Changes in Accounting Policies

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

- PFRS 16, *Leases*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Interpretation specifically addresses the following:

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

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

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

- *Annual Improvements to PFRSs 2015 - 2017 Cycle*

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

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

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

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

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

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

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

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

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

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

Reclassifications

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

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

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

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

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

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

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

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

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

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

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

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

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

  The amendments will apply on future disclosures of the Group.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

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

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

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

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

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2017, the Financial Reporting Standards Council deferred the original effective date of January 1, 2017 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

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

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

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

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

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

4. **Summary of Significant Accounting Policies**

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

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

All other assets are classified as noncurrent.

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

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of changes in value.

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

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

Financial Instruments effective January 1, 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group's equity instruments classified as financial assets designated at FVOCI includes investments in golf club shares and preferred shares of utility companies.

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

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

- debt instruments that are measured at amortized cost and FVOCI;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

General Approach
Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. This approach was applied to the ECL calculation of cash and cash equivalents, short term cash investments, restricted cash, accounts receivable, investments at amortized cost and receivables from related parties.

Simplified Approach
The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to installment contracts receivable. The Group has established a vintage analysis for installment contracts receivable that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

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

Financial Instruments prior to January 1, 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subsequent measurement
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The measurement of financial liabilities depends on their classification, as described below:

Derecognition of Financial Assets and Financial Liabilities under PFRS 9 and PAS 39
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

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

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments under PFRS 9
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

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

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

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

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

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

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

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

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

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

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

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of investment properties. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received.

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

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

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred. Depreciation and amortization commence once the investment properties are available for use and computed using the straight-line method over the estimated useful lives (EUL) of the assets, regardless of utilization. The estimated useful lives and the depreciation and amortization method are

reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

	Years
Land developments	10 to 40 years or lease term, whichever is shorter
Buildings and building improvements	10 to 40 years or lease term, whichever is shorter
Right-of-use assets	11 to 27 years

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

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

Property and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Revenue and Cost Recognition for Real Estate Sales Effective January 1, 2018

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

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

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

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

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

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

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

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

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

Contract Balances

Installment Contracts Receivable

An installment contracts receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the consideration received from the customer and the transferred goods or services to a customer.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.
The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Cost to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of comprehensive income.

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

Amortization, derecognition and impairment of capitalized costs to obtain a contract

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other revenue
Other revenue is recognized when earned.

Pension Cost

Defined benefit plan

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

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

Defined benefit costs comprise the following:

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

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

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

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

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

Deferred tax
Deferred tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

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

in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

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

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

Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses when incurred.

Leases Effective January 1, 2019

Lease Liabilities

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group applies the low-value assets recognition exemption to leases of underlying assets with a value, when new, of ₱0.25 million and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases Prior to January 1, 2019

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

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

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

Group as a lessee

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

Group as a Lessor under PFRS 16 and PAS 17

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period.

The functional currency of C&P International Limited and VII is the US Dollar. As of reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses at the weighted average rates for the year. The exchange differences arising on the translation are recognized in OCI under “Cumulative Translation Adjustment”. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation shall be recognized in profit or loss in the consolidated statement of comprehensive income.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income attributable to the equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2019, 2018 and 2017, the Group has no potential dilutive common shares (Note 30).

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

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

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

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

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

5. Significant Accounting Judgments and Estimates

The preparation of accompanying consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

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

Judgments

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

Revenue from contracts with customers

Existence of a contract

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

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Determining performance obligation

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

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

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

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

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

Principal versus agent considerations
The contract for the commercial spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the connection to air conditioning system and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air conditioning charges.

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

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

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

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

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

- *Qualitative criteria*
  The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:
  a. The customer is experiencing financial difficulty or is insolvent
  b. The customer is in breach of financial covenant(s)
  c. An active market for that financial assets has disappeared because of financial difficulties
  d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
  e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

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

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Significant increase in credit risk
The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors. The Group's cash and cash equivalents, short term cash investments, investments at amortized cost, and restricted cash cost are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. For the Group's accounts receivable and receivables from related parties, the Group performs an assessment, at the end of each reporting period, of whether the receivables' credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the receivables. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

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

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of progress when revenue is recognized over time
The Group's real estate sales is recognized over time and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours expended, and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Expected project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Provision for expected credit losses of financial assets
Cash and cash equivalents, short term cash investments, accounts receivable, investments at amortized cost, receivables from related parties and restricted cash:

The Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group uses external credit rating approach to calculate ECL for cash and cash equivalents, accounts receivable, receivables from related parties and restricted cash. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for

default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. This information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Further details are provided in Note 32.

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

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

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

Further details are provided in Note 32.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

Further details about the fair value of financial instruments are provided in Note 32.

Evaluation of net realizable value of real estate inventories
Real estate inventories are valued at the lower of cost or NRV. This requires the Group to make an estimate of the estimated selling price of the real estate inventories in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of these assets. In determining the recoverability of these assets, management considers whether these assets are damaged, if their selling prices have declined and management's plan in discontinuing the real estate projects. Estimated selling price is derived from publicly available market data and historical experience, while estimated selling costs are basically commission expense based on historical experience. Management would also obtain the services of an independent appraiser to determine the fair value of undeveloped land based on the latest selling prices of the properties of the same characteristics of the subdivision land for development.

Further details are provided in Note 12.

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

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

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

Further details are provided in Note 13, 14, 15, 16, and 17.

Determining the fair value of investment properties
The Group discloses the fair values of its investment properties. The Group engaged independent valuation specialists to assess fair value as at December 31, 2019 and 2018. The Group's investment properties consist of land and land developments and building and building improvements. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Further details are provided in Note 14.

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

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

Deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

Further details are provided in Note 27.

6. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three reportable operating segments as follows:

Horizontal Projects
This segment pertains to the development and sale of residential house and lot across the Philippines.

Vertical Projects
This segment caters on the development and sale of residential condominium projects across the Philippines.

Commercial and others
This segment pertains to rental of malls and office spaces, hotel operations, and activities of holding companies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss before income tax and earnings before income tax, depreciation and amortization (EBITDA). Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating income or loss. No operating segments have been aggregated to form the above reportable operating business segments. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess performance of the Group.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS. The segment assets are presented separately from the receivables from related parties, investments at FVOCI, investments at amortized cost and deferred taxes. Segment liability are presented separately from the deferred tax liabilities.

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

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

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

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

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

Rent income amounting ₱4,431.52 million or 57.19%, ₱2,662.41 million or 41.18%, and ₱1,250.14 million or 22.22% of the commercial segment of the Group was generated from anchor tenants as defined in Note 29 for the years ended December 31, 2019, 2018 and 2017, respectively. There is no cyclicality in the Group's operations.

7. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

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

The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

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

All of the Group's real estate sales are revenue from contracts with customers that are recognized over time except for hotel operation's sale of food and beverages which are at point in time. There are no inter-segment eliminations among revenue from contracts with customers, as these are all sold to external customers as disclosed in the segment information in 2019, 2018 and 2017 (Note 6).

Contract Balances

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

Installment contracts receivable are from real estate sales which are collectible in equal monthly principal installments with various terms up to a maximum of 15 years. These are recognized at amortized cost using the effective interest method. Interest rates, which vary depending on the term of the receivable, ranges from 4.63% to 19.00% per annum, 4.35% to 19.00% per annum and 3.08% to 19.00% per annum in 2019, 2018 and 2017, respectively. The corresponding titles to the residential units sold under this arrangement are transferred to the customers only upon full payment of the contract price.

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

The amount of revenue recognized in 2019 and 2018 from amounts included in contract liabilities at the beginning of the year amounted to ₱1,712.51 million and ₱1,473.13 million, respectively.

b. Performance obligations

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

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

The sale of real estate unit covers subdivision land, residential house units, and condominium units and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% - 20% of the contract price to be paid over a maximum of 24 months at a fixed payment for horizontal developments and 20% - 60% of the contract price to be paid over a maximum of 60 months at a fixed payment for vertical developments with remaining balance payable (a) in full at the end of the period either through cash or external

financing; or (b) through in-house financing which ranges from 2 to 15 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either an installment contracts receivable or contract liability.

After the delivery of the completed real estate unit, the Group provides one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2019 and 2018 are, as follows:

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

The remaining performance obligations expected to be recognized within one year and more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units are completed within three to five years from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space, (b) provisioning of water and electricity, and (c) connection to air conditioning system, (d) CUSA services, and (e) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 30 days upon receipt of the bill. In case of delay in payments, a penalty of 5% is charged for the amount due and shall be charged another 5% the following month of delay and every month thereafter inclusive of penalties previously charged. The lease arrangement would typically require a tenant to pay advance rental equivalent to three months and a security deposit equivalent to three months rental to cover any breakages after the rental period, with the excess returned to the tenant.

c. Cost to Obtain Contract

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

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

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

8. Treasury Shares and Goodwill

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

On December 29, 2015, VLCC, a wholly owned subsidiary of VRI, acquired 100% ownership of MRHI for a total cash consideration of ₱157.00 million. MRHI owns and operates the Boracay Sands Hotel. The transaction was accounted for as a business combination under acquisition method. Fair values of identifiable net assets of MRHI amounted to ₱9.73 million, which resulted to recognition of goodwill of ₱147.27 million.

9. Cash and Cash Equivalents

This account consists of:

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

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

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

Interest earned from cash in banks and cash equivalents for the years ended December 31, 2019, 2018 and 2017 amounted to ₱91.27 million, ₱249.21million and ₱50.23 million, respectively (Note 25).

No cash and cash equivalents are used to secure the obligations of the Group.

10. Investments

Short-term cash investments
Short-term cash investments consist of money market placements with maturities of more than three months up to one year and earn annual interest at the respective short-term investment rates, as follows:

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

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

Interest earned from short-term cash investments for the years ended December 31, 2019, 2018 and 2017 amounted to ₱11.37 million, ₱8.57 million and ₱23.16 million, respectively (Note 25).

Investments at amortized cost
This account consists of the Group's investments in various US dollar-denominated debt securities with nominal interest rates ranging from 3.75% to 4.25% for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

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

The rollforward analysis of investments at amortized cost follow:

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

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

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

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

11. Receivables

This account consists of:

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

Installment Contracts Receivable
Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of 15 years. These are carried at amortized cost. The corresponding titles to the subdivision or condominium units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivables are interest-bearing except for those with installment terms within two years. Annual interest rates on installment contracts receivables range from 12.00% to 19.00% in 2019 and 2018. Total interest income recognized amounted to ₱478.57 million, ₱574.07 million and ₱476.09 million in 2019, 2018 and 2017, respectively (Note 25).

In 2019 and 2018, installment contracts receivables with a total nominal amount of ₱1,732.11 million and ₱1,668.34 million, respectively, were recorded at amortized cost amounting to ₱1,630.82 million and ₱1,556.65 million, respectively. These are installment contracts receivables that are to be collected in two years which are noninterest-bearing. The fair value upon initial recognition is derived using discounted cash flow model at the discount rates ranging from 4.63% to 7.32% and 4.35% to 7.56% in 2019 and 2018, respectively.

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

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

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

In 2019 and 2018, the Group entered into various purchase agreements with financial institutions whereby the Group sold its installment contracts receivables on a with recourse basis. These installment contracts receivables on a with recourse basis are used as collateral to secure the corresponding loans payable obtained. The purchase agreements provide substitution of contracts which default. The Group still retains the sold receivables in the installment contracts receivables account and records the proceeds from these sales as loans payable (Note 20).

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

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

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

This consists of the following:

Receivable from tenants
Receivables from tenants represent the outstanding receivables arising from the lease of commercial centers relating to the Group's mall and offices and are collectible within 30 days from billing date. These are covered by security deposit of tenants' equivalent to three-month rental and three-month advance rental paid by the lessees. This includes both the fixed and contingent portion of lease.

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

Receivable from HDMF
Receivable from HDMF pertains to amounts retained by HDMF from the proceeds of loans availed by real estate buyers. This amount is released by HDMF upon the release of the related title to the property by the Group to HDMF within a six-month to one year period from loan takeout date.

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

Advances to contractors
Advances to contractors are advance payments in relation to the Group's construction activities and are recouped through reduction against progress billings as the construction progresses. Recoupment occur within one to five years from the date the advances were made.

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

Advances to private companies
Advances to private companies pertain to advances made by the Group to third parties to facilitate the transfer of title to the buyers. These include expected charges for documentary stamp taxes, transfer fees, registration fees, city and business tax and notarial expenses. These advances are liquidated by the private companies once the purpose for which the advances were made had been accomplished and accordingly will be charged to miscellaneous customer charges.

Advances to brokers
Advances to brokers are cash advances for operating use. These are applied to subsequent commission payout to brokers.

Accrued rental receivable
Accrued rental receivable pertains to the effect of straight-line calculation of rental income.

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

12. Real Estate Inventories

The rollforward of the account follows:

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

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

This account consists of:

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

Subdivision land (e.g. lot only for sale) for sale and development includes real estate subdivision projects in which the Group has been granted License to Sell (LTS) by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

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

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

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

13. **Other Current Assets**

This account consists of:

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

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

Creditable withholding taxes pertain to taxes withheld by the customer and are recoverable and can be applied against income tax in future periods. For the years ended December 31, 2019, and 2018, creditable withholding taxes applied to income tax payable amounting to ₱870.50 million and ₱980.52 million, respectively.

Construction materials pertain to supplies, such as but not limited to steel bars, cement, plywood and hollow blocks, used in the construction and development. These are to be utilized within one year and included in the cost of real estate inventories upon utilization.

Prepaid expenses mainly include advertising and marketing fees, taxes and licenses, rentals and insurance paid in advance. These are to be fully amortized within one year.

Cash restricted for use are deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid. Deposit balance should be equivalent to two quarters of debt amortization. Interest income from cash restricted for use amounted to ₱11.86 million, ₱7.64 million and ₱6.20 million in 2019, 2018 and 2017, respectively (Note 25). The current and noncurrent portion of the restricted cash pertain to the two quarters of debt amortization for the bank

loans maturing on or before December 31, 2020 and bank loans maturing beyond December 31, 2020, respectively. The noncurrent portion of this account is presented as noncurrent restricted cash under "Other noncurrent assets" in the Group's statements of financial position (see Note 17).

14. Investment Properties

The rollforward of analysis of this account follows:

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

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

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

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

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

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

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

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

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

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

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

All fair market valuation are under Level 3 category.

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

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

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

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

15. Property and Equipment

The rollforward analyses of this account follow:

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

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

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

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

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

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

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

16. Project Development Costs

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

The accounts also includes deposits, cash advances and other charges in connection with joint venture agreements and memorandum of agreements entered into by the Group with individuals, corporate entities and related parties for the development of real estate projects. These agreements provide, among others, the following: a) the Group will undertake the improvement and development of the real estate project within a certain period, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divide among themselves all saleable inventory and commercial development of the real estate project in accordance with the ratio mutually agreed. The real estate projects are in various stages of development from planning to ongoing construction.

On December 23, 2019, the Group entered into a Memorandum of Agreement with Bria Homes, Inc. that stipulated the allocated socialized housing units to the Group from the latter's ongoing and new projects.

17. Other Noncurrent Assets

This account consists of:

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

Noncurrent portion of deposits include deposits for real estate purchases and deposits to utility companies which will either be applied or recouped against future billings or refunded upon

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

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

18. Accounts and Other Payables

This account consists of:

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

Current portion of liabilities for purchased land
Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate payables. Liabilities for purchased land that are payable beyond one year from reporting date are presented as noncurrent liabilities (Note 22).

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

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

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

Accounts payable - suppliers
Accounts payable - suppliers represent construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not yet due. These are expected to be settled within a year from recognition date.

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

Accrued expenses
Details of accrued expenses as follow:

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

Current portion of retention payable
Retention payable pertains to 10.00% retention from the contractors' progress billings which will be released after the completion of contractors' project and upon acceptance of the work by the Group. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects. Retention payables that will be settled beyond one year from reporting date are presented as noncurrent liabilities (Note 22).

Current portion of deferred output tax
Deferred output tax pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date. Further, upon collection of the VAT portion of installment receivables, the equivalent output tax are included in the current VAT payable of the month. Deferred output VAT pertaining to installment receivables that are beyond one year after reporting date are presented as noncurrent liabilities (Note 22).

Other payables
Other payables include statutory payables which are remitted on a monthly basis.

19. Security Deposits and Advance Rent

This account consists of:

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

Current portion of security deposits
Security deposits represent deposits required by lease agreements. These can be recovered upon termination of the lease agreement through refund or application to unpaid rent and/or other charges. Security deposit also include bond deposits of homeowners for their house extension, fence construction and landscaping works which will be refunded after considering any charges. Current portion are those to be settled within one year from financial reporting date.

Current portion of advance rent
Advance rent includes three-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last three months rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings. Current portion are those to be settled within one year from financial reporting date.

20. Bank Loans and Loans Payable

Bank Loans
Bank loans pertain to the borrowings of the Group from various local financial institutions. These bank loans are obtained to finance capital expenditures and for general corporate purposes.

The rollforward analysis of this account follows:

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

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

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

Loan Type	Date of Availment	2019	2018	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
VLLI							
Bank loan	Originally availed in September 2014; renewed in 2019	**₱1,500,000,000**	₱1,500,000,000	July 2020; renewable upon maturity subject to changes in interest rate	4.25% in 2018; 6.00% in 2019 upon renewal and 4.99% as repriced in November 2019	Interest payable quarterly, principal payable annually upon maturity	With collateral
	September 2016	**1,746,801,967**	2,174,307,549	September 2023	5.00%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank loan	October 2016	**3,000,000,000**	3,800,000,000	October 2023	5.00%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank Loan	April 2018	**4,400,000,000**	5,000,000,000	April 2025	7.06%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured
Bank Loan	October 2018	**1,980,500,000**	1,975,300,000	October 2023	7.99%	Interest and principal payable quarterly	Change of control provision wherein a material change of ownership of the major shareholder is not permitted; Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank Loan	November 2018	**2,000,000,000**	2,000,000,000	November 2023	7.77%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	May 2019	**1,778,333,333**	–	May 2024	7.15%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	October 2019	**2,842,105,263**	–	May 2024	5.54%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; unsecured; Guaranteed by subsidiaries
Bank loan	Availed and/or renewed in various dates in 2019	**22,727,922,900**	20,466,899,150	Various maturities in 2018 and 2019, renewed upon maturity subject to change in interest rate	4.28% to 6.51%	Interest payable monthly, principal payable annually upon maturity	With collateral
		₱41,975,663,463	₱36,916,506,699				

(Forward)

Loan Type	Date of Availment	2019	2018	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
MAPI							
Bank loan	Availed in various dates in 2013 and 2014	**₱356,964,140**	₱841,154,139	August 2020	5.75% to 6.12%	Interest and principal payable quarterly	Current ratio of at least 1:25:1.00 and debt to Equity maximum of 3:00:1.00; with collateral
Bank loan	December 2014	–	91,500,000	December 2019	6.25%	Interest and principal payable monthly	With collateral
Bank loan	Availed in various dates in 2015	**1,023,129,626**	1,477,853,905	March 2022	5.46%	Interest and principal payable monthly	With collateral
Bank loan	July 2017	**484,375,000**	500,000,000	June 2027	6.23%	Interest and principal payable monthly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; with collateral
		1,864,468,766	2,910,508,044				
MC							
Bank loan	Availed in various dates in 2014	–	71,764,706	Various maturities in 2019	5.75%	Interest and principal payable quarterly	With collateral
Bank loan	July 2016	**2,426,136,604**	2,874,136,603	July 2022	5.75%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 3.00:1.00; with collateral
		2,426,136,604	2,945,901,309				
Brittany							
Bank loan	November 2010	–	779,632	December 2018	10.50%	Interest and principal payable monthly	Chattel mortgage
Bank loan	July 2019	**857,990**	–	July 2021	9%	Interest and principal payable monthly	Chattel mortgage
		857,990	779,632				
CAPI							
Bank loan	April 2014	–	58,823,529	April 2019	5.50%	Interest and principal payable quarterly	Unsecured
Bank loan	December 2011	–	262,190	December 2019	10.50%	Interest and principal payable monthly	Chattel mortgage
Bank Loan	December 2019	**2,220,416**	–	December 2021	9.33%	Interest and principal payable monthly	Chattel mortgage
		2,220,416	59,085,719				
CHI							
Bank loan	February 2010	**6,748,274**	6,721,123	December 2019	10.50%	Interest and principal payable monthly	Chattel mortgage
Bank loan	July 2019	**45,641,763**	–	March 2020	9.25%	Interest and principal payable monthly	Unsecured
Bank loan	November and December 2019	**1,972,594**	–	October and November 2021	9.33%	Interest and principal payable monthly	Chattel mortgage
		54,362,631	6,721,123				
CPI							
Bank loan	March 2016	**116,817,047**	587,362,953	March 2020	5.50%	Interest and principal payable quarterly	Unsecured
Bank loan	February 2010	**15,220,840**	10,304,386	Various Dates up to 2021	Various	Interest and principal payable monthly	Chattel mortgage
		132,037,887	597,667,339				

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

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

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

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

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

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

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

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

As disclosed in Notes 10, 14, and 15, certain investments at amortized cost, property and equipment, and investment properties are used as collateral to bank loans.

Subsidiaries of the Parent Company namely, Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc., Communities Philippines, Inc., Vistamalls, Inc. (formerly Starmalls, Inc.) and Vista Residences Inc. acted as guarantors for selected bank loans of the Parent Company. No fees are charged for these guarantee agreements.

Loans Payable
These loans bear annual fixed interest rates ranging from 6.50% to 8.00% as at December 31, 2019 and 5.50% to 7.50% as at December 31, 2018, payable on equal monthly installment over a maximum period of 3 to 15 years. Other than the installment contracts receivable that serve as collateral, the loans payable has no other restrictions, requirements or covenants (Note 11).

Movement of loans payable follows:

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

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

21. Notes Payable

This account consists of:

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

A. Dollar Denominated Bonds

a. US$350.00 million Notes (Due November 2024)
On November 28, 2017, VII (the Issuer) issued US$350.00 million notes ("Notes") with a term of seven years from initial drawdown date. The interest rate is 5.75% per annum, payable semi-annually in arrears on May 28 and November 28 of each year beginning on November 28, 2017. The Notes were used to refinance existing debt as a result of a liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2019, and 2018, outstanding balance of the note amounted to US$342.67 million (₱17,351.21 million) and US$340.55 million (₱17,906.31 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes on any business day or after November 28, 2021 and up to but excluding the Maturity date, the Issuer may on one or more occasions redeem all or part of the Notes, at the redemption price, plus accrued and unpaid interest, if any, to (but not including) the date of redemption, if redeemed during the 12-month period commencing on November 28 of the years set forth below:

Period	Price
2021	102.8750%
2022	101.4375%
2023 and thereafter	100.0000%

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

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma (Fixed Charge Coverage Ratio) FCCR of not less than 2.25x. These were complied with by the Group as at December 31, 2019 and 2018.

b. US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII (the Issuer) issued US$300.00 million notes ("Notes") with a term of seven years from initial draw down date. The interest rate is 7.375% per annum, payable semi-annually in arrears on June 18 and December 17 of each year beginning on December 17, 2015. The Notes were used to refinance existing debt and for general corporate purposes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2019, and 2018, outstanding balance of note amounted to US$237.57 million (₱12,029.30 million) and US$238.83 million (₱12,557.80 million), respectively.

On February 2, 2016, an additional unsecured note, with the same terms and conditins with the above notes, were issued by the Group amounting to US$125.0 million. The notes were issued at 102% representing yield to maturity of 6.979%. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2019, and 2018, outstanding balance of note amounted to US$124.87 million (₱6,322.58 million) and US$121.63 million (₱6,395.11 million), respectively.

Redemption at the option of the Issuer
At any time, the Issuer may on any one or more occasions redeem all or a part of the Notes, by giving notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the Notes is registered on the relevant record date to receive interest due on the relevant interest payment date.

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

Covenants
The Notes provide for the Group to comply with certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers and acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma FCCR of not less than 2.5x. These were complied with by the Group as at December 31, 2019, and 2018.

B. Corporate Note Facility

a. ₱15,000.00 million Corporate Notes (Due July 2024)
On July 15, 2019, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2024 amounting to ₱14,500.00 million at a fixed rate of 6.77% per annum, payable quarterly.

On October 17, 2019, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2024, at a fixed interest of 6.77% per annum, payable quarterly.

The proceeds of the corporate notes were utilized for the 2019 capital expenditures for commercial property projects, and to fund other general corporate expenses of the Group. The issue cost amounted to ₱159.91 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2019, the outstanding balance of the Corporate Notes is ₱14,861.46 million.

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

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

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

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2019.

b. ₱8,200.00 million Corporate Notes (Due July 2025 and 2028)
On July 11, 2018, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long term corporate notes consisting of Seven-Year Corporate Notes due 2025 amounting to ₱1,700.00 million at a fixed rate of 7.4913% per annum, payable quarterly and Ten-Year Corporate Notes due 2028 amounting to ₱6,000.00 million at a fixed rate of 7.7083% per annum, payable quarterly.

On July 25, 2018, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2025, at a fixed interest of 7.4985% per annum.

The proceeds of the corporate notes were utilized for the 2018 capital expenditures for commercial property projects, and to fund other general corporate expenses of the Group. The issue cost amounted to ₱105.30 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2019, and 2018, the outstanding balance of the Corporate Notes is ₱7,863.84 million and ₱8,103.15 million, respectively.

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

Seven Year Notes:

Early Redemption Date	Early Redemption Amount
5th anniversary from issue date and interest payment thereafter	101.00%
6th anniversary from issue date and interest payment thereafter	100.50%

Ten Year Notes:

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

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

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2019 and 2018.

c. ₱10,000.00 million Corporate Notes (Due December 2026)
On December 28, 2016, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes with a principal amount of up to₱8,000.00 million. On April 21, 2017, a consent solicitation was made for amendments to include among others, increasing the Corporate Notes principal amount to up to₱10,000.00 million in respect to the second drawdown. Such amendments were consented by Note Holders representing at least fifty one percent (51%) of the outstanding Corporate Notes.

On April 27, 2017, the Issuer made such amendments to the Corporate Note Facility dated December 28, 2016. The first drawdown was at ₱5,150.00 million in 2016, at fixed interest of 6.19% per annum, payable quarterly. On May 3, 2017, the Issuer made its second drawdown at ₱4,850.00 million, at fixed interest of 6.23% per annum, payable quarterly.

The proceeds of the Corporate Notes were utilized for the 2017 capital expenditures, refinancing of existing indebtedness and to fund other general corporate expenses. The issue cost amounted to ₱38.72 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2019, and 2018, the outstanding balance of the Corporate Note is ₱9,341.41 million and ₱9,534.10 million, respectively.

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

Early Redemption Date	Early Redemption Amount
7th anniversary from issue date and interest payment thereafter	102.00%
8th anniversary from issue date and interest payment thereafter	101.00%
9th anniversary from issue date and interest payment thereafter	100.50%

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

Covenants
The Corporate Notes requires the Issuer to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law.

The Issuer is also required to maintain at all times the following financial ratios: current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.00. These were complied with by the Group as at December 31, 2019, and 2018.

C. Retail Bonds

a. 2019 Fixed-rate Peso Retail Bonds
On December 18, 2019, the Parent Company (the Issuer) issued an unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance were used to fund the construction and completion of the various malls and condominium projects, redevelopment of existing malls, as well as general corporate purposes. The issue costs amounted ₱91.07 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on June 18, 2025 with interest rate of 5.70% per annum. This is the third and last tranche offered out of the shelf registration of Peso Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million and initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱30,000.00 million to be offered within a period of three (3) years. Interest on the

Retail Bonds is payable quarterly in arrears starting on March 18, 2020, for the first interest payment date and on June 18, September 18, December 18 each year for each subsequent payment date.

As of December 31, 2019, outstanding balance of the Retail Bonds amounted to ₱9,910.83 million.

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

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

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2019.

b. 2018 Fixed-rate Peso Retail Bonds
On December 21, 2018, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱10,000.00 million. The proceeds of the issuance were used to fund the construction and completion of the various malls and for general corporate purposes. The issue costs amounted to ₱130.20 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on December 21, 2023 with interest rate of 8.00% per annum and 7-year Retail Bonds due on December 21, 2025 with interest rates.25% per annum. This is the second tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on March 21, 2019 for the first interest payment date and on March 21, June 21, September 21 and December 21 each year for each subsequent payment date.

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

Redemption at the option of the Issuer
The Issuer may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Issuer shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up

to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) 5-year Bonds:
   i. Three (3) years from issue date at early redemption price of 101.00%
   ii. Four (4) years from issue date at early redemption price of 100.50%
b) 7-year Bonds:
   i. Five (5) years from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2019, and 2018.

c. 2017 Fixed-rate Peso Retail Bonds
On August 8, 2017, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱5,000.00 million. The proceeds of the issuance were used to partially finance certain commercial development projects and for general corporate purposes. The issue costs amounted to ₱64.87 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 7-year Retail Bonds due on August 8, 2024 with interest rate of 5.75% per annum and 10-year Retail Bonds due on August 9, 2027 with interest rate of 6.23% per annum. This is the initial tranche offered out of the shelf registration of Retail Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Retail Bonds is payable quarterly in arrears starting on November 8, 2017 for the first interest payment date and on February 8, May 8, August 8 and November 8 each year for each subsequent payment date.

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

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

a) 7-year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

b) 10-year Bonds:
   i. Seven (7) years from issue date at early redemption price of 102.00%
   ii. Eight (8) years from issue date at early redemption price of 101.00%
   iii. Nine (9) years from issue date at early redemption price of 100.50%

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a DSCR of at least 1.00:100. These were complied with by the Group as at December 31, 2019, and 2018.

d. 2014 Fixed-rate Peso Retail Bonds
On May 9, 2014, the Parent Company (the Issuer) issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱3,000.00 million and an overallotment option of up to ₱2,000.00 million. The proceeds of the issuance were used to partially finance certain commercial development projects of CPI and its subsidiaries. The issue costs amounted to ₱98.77 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Retail Bonds due on November 9, 2019 with interest rate of 5.65% per annum and seven-year fixed rate bonds due on May 9, 2021 with interest rates of 5.94% per annum. Interest on the Retail Bonds shall be payable quarterly in arrears starting on August 9, 2014 for the first interest payment date and on February 9, May 9, August 9 and November 9 each year for each subsequent interest payment date. On November 9, 2019, the Issuer fully paid the 5-year Retail Bonds amounting to ₱4,326.27 million.

As of December 31, 2019, and 2018, outstanding balance of the bonds amounted to ₱670.19 million and ₱4,976.39 million, respectively.

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

a) 5-year Bonds:
   i. Three (3) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Four (4) years from issue date at early redemption price of 100.50%
b) 7-year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

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

Covenants
The Retail Bonds provide for the Issuer to comply with covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. The Retail Bonds requires the Issuer to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a debt-service coverage ratio (DSCR) of at least 1.00:100. These were complied with by the Group as at December 31, 2019 and 2018.

Movement of notes payable follows:

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

22. **Other Noncurrent Liabilities**

This account consists of:

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

23. **Equity**

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

	2019	2018	2017
Common			
Authorized shares	**17,900,000,000**	17,900,000,000	17,900,000,000
Par value per share	**₱1.00**	₱1.00	₱1.00
Issued shares	**13,114,136,376**	13,114,136,376	13,114,136,376
Outstanding shares	**11,945,799,461**	12,035,916,361	12,074,717,861
Value of shares issued	**₱13,114,136,376**	₱13,114,136,376	₱13,114,136,376
Preferred Series 1			
Authorized shares	**8,000,000,000**	10,000,000,000	10,000,000,000
Par value per share	**₱0.01**	₱0.01	₱0.01
Issued and outstanding shares	**3,300,000,000**	3,300,000,000	3,300,000,000
Value of shares issued	**₱33,000,000**	₱33,000,000	₱33,000,000
Preferred Series 2			
Authorized shares	**200,000,000**		
Par value per share	**₱0.10**		
Issued and outstanding shares	**–**		
Value of shares issued	**₱ –**		

Redeemable Preferred Stock
On June 17, 2019, the Stockholders approved the reclassification of the unissued preferred capital stock of the Parent Company to create Two Hundred Million (200,000,000) non-voting, cumulative, non-participating, non-convertible and redeemable Series 2 preferred shares with par value of ₱0.10 each and the corresponding amendment of the Articles of Incorporation of the Parent Company. The Board likewise approved the shelf registration and listing of such Series 2 preferred shares.

The terms and conditions of any offering of the Series 2 preferred shares, including the dividend rate, redemption prices, and similar matters will be determined by the Board of Directors at a later date. None of these reclassified preferred shares are issued as of December 31, 2019.

The remaining preferred shares are voting, non-cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10.00% per annum.

Registration Track Record
On July 26, 2007, the Parent Company launched its follow-on offer where a total of 8,538,740,614 common shares were offered at an offering price of ₱6.85 per share. The registration statement was approved on June 25, 2007.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2019:

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

Treasury Shares

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

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

On November 5, 2018, the BOD of the Parent Company approved the extension of the Share Buyback Program up to November 5, 2020 subject to the prevailing market price at the time of the buyback over a 24-month period but subject to periodic review by the management.

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

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

Retained Earnings

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

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

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

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

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

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

Noncontrolling Interest

The BOD of the Vistamalls, Inc. (formerly Starmalls, Inc.) approved the declaration of regular cash dividend amounting to ₱481.12 million or ₱0.0571 per share and ₱412.19 million or ₱0.0489 per share in September 30, 2019 and September 26, 2018, respectively. The dividend declarations are in favor of all stockholders of record as of October 15, 2019 and October 11, 2018 paid on October 23, 2019 and October 25, 2018, respectively. Consequently, dividends to noncontrolling interest amounted to ₱56.10 million and ₱48.06 million in 2019 and 2018, respectively.

Capital Management

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

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2019, 2018 and 2017, the Group had the following ratios:

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

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

The Group considers as capital the equity attributable to equity holders of the Parent Company. The following table shows the component of the Group's equity which it manages as capital as of

December 31, 2019, 2018 and 2017:

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

Financial Risk Assessment
The Group's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's counterparties remain diverse and the related parties are guaranteed by Fine Properties, Inc., ultimate parent company. As discussed in Note 6, out of the total rental income, 57.19% comes from anchor tenant of the Group which is a related party.

Exposure to changes in interest rates is reduced by regular availment of short-term loans which is collateralized by the installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

Exposure to foreign currency holdings are as follows:

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

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

24. Costs and Expenses

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

Operating expenses
This account consists of:

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

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

Occupancy cost
Occupancy cost consists of rent in 2018 and 2017, and utilities expense such as light, power, and telephone charges.

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

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

25. Interest and Other Income from Investments, Parking, Hotel, Mall Administrative and Processing Fees, and Other Revenue, and Interest and Other Financing Charges

Interest and other income from investments consist of:

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

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

	2019	2018	2017
Mall administrative and processing fee	**₱452,787,766**	₱371,869,206	₱209,394,954
Parking	**193,166,256**	160,682,045	117,104,543
Hotel	**184,357,086**	42,171,297	47,552,662
Others	**913,828,030**	685,797,045	702,533,436
	₱1,744,139,138	₱1,260,519,593	₱1,076,585,595

Others is comprised primarily of forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment.

Interest and other financing charges consist of:

	2019	2018	2017
Interest incurred on:			
Bank loans and loans payable (Note 20)	**₱3,372,136,766**	₱3,368,505,643	₱2,124,642,569
Notes payable	**5,790,121,886**	3,357,845,704	3,558,160,865
Lease liabilities (Note 28)	**268,913,565**	–	–
Make-whole premium	–	–	448,002,457
Other bank charges	**48,820,634**	315,254,366	135,390,226
	9,479,992,851	7,041,605,713	6,266,196,117
Amounts capitalized (Notes 12, 14 and 15)	**(5,912,110,623)**	(2,871,842,798)	(2,881,951,542)
	₱3,567,882,228	₱4,169,762,915	₱3,384,244,575

Make-whole premium arise from the exercise of make whole redemption for certain Notes due in April 2019 which resulted to payment of premium amounting ₱448.00 million in 2017.

26. Retirement Plan

The Group has noncontributory defined benefit pension plan covering substantially all of its regular employees. The benefits are based on current salaries and years of service and related compensation on the last year of employment. The retirement benefit is the only long-term employee benefit.

The principal actuarial assumptions used to determine the pension benefits with respect to the discount rate, salary increases and return on plan assets were based on historical and projected normal rates.

The components of pension expense follow:

	2019	2018	2017
Current service cost	**₱32,702,479**	₱48,241,302	₱67,902,138
Interest cost (income)	**(17,508,109)**	(6,168,621)	8,591,964
Total pension expense	**₱15,194,370**	₱42,072,681	₱76,494,102

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

Funded status and amounts recognized in the consolidated statements of financial position for the pension plan follow:

	2019	2018	2017
Plan assets	**₱616,020,191**	₱537,582,047	₱506,700,526
Defined benefit obligation	**(348,142,599)**	(324,320,751)	(419,039,645)
Pension assets recognized in the consolidated statements of financial position	**₱267,877,592**	₱213,261,296	₱87,660,881

Changes in the combined present value of the combined defined benefit obligation are as follows:

	2019	2018	2017
Balance at beginning of year	**₱324,320,751**	₱419,039,645	₱532,630,210
Current service cost	**32,702,479**	48,241,302	67,902,138
Interest cost	**22,880,158**	23,371,962	33,287,822
Benefits paid	**(13,400,000)**	(39,870,064)	–
Actuarial losses (gains) due to:			
Experience adjustments	**(81,118,963)**	(25,922,242)	(97,518,761)
Changes in demographic assumptions	**(21,708,402)**	(6,928,995)	(107,231,027)
Changes in financial assumptions	**84,466,576**	(93,610,857)	(10,030,737)
Balance at end of year	**₱348,142,599**	₱324,320,751	₱419,039,645

Changes in the fair value of the combined plan assets are as follows:

	2019	2018	2017
Balance at beginning of year	**₱537,582,047**	₱506,700,526	₱434,496,381
Contributions	**60,652,837**	52,782,529	51,624,792
Interest income included in net interest cost	**40,388,268**	29,540,583	24,745,858
Actual losses on return of plan assets excluding amount included in net interest cost	**(9,202,960)**	(11,571,527)	(4,166,505)
Benefits paid	**(13,400,000)**	(39,870,064)	–
Balance at end of year	**₱616,020,192**	₱537,582,047	₱506,700,526

The movements in the combined net pension (assets) liabilities follow:

	2019	2018	2017
Balance at beginning of year	**(₱213,261,296)**	(₱87,660,881)	₱98,133,829
Pension expense	**15,194,370**	42,072,681	76,444,102
Total amount recognized in OCI	**(9,157,829)**	(114,890,567)	(210,614,020)
Contributions	**(60,652,837)**	(52,782,529)	(51,624,792)
Balance at end of year	**(₱267,877,592)**	(₱213,261,296)	(₱87,660,881)

The assumptions used to determine the pension benefits for the Group are as follows:

	2019	2018	2017
Discount rates	**5.52%**	7.53%	5.80%
Salary increase rate	**7.75%**	7.75%	7.75%

The turn-over rate used to compute the retirement liability is ranging from 10% at age 18 to 0% at age 60 in 2019 and 2018.

The distribution of the plan assets at year-end follows:

	2019	2018	2017
Assets			
Cash and cash equivalents	**₱113,925,155**	₱96,090,930	₱47,525,181
Investments in private companies	**433,356,248**	429,071,376	434,951,416
Investments in government securities	**65,073,689**	8,905,188	20,731,584
Receivables	**4,490,637**	4,244,718	4,127,012
	616,845,729	538,312,212	507,335,193
Liabilities			
Trust fee payables	**771,428**	730,165	634,667
Other payable	**54,109**	–	–
Net plan assets	**₱616,020,192**	₱537,582,047	₱506,700,526

The carrying amounts disclosed above reasonably approximate fair value at reporting date. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The net unrealized gains on investments in government securities amounted to ₱1.51 million, ₱1.11 million and ₱0.35 million in 2019, 2018 and 2017, respectively.
The Group does not expect to contribute to its retirement fund in 2020.

The composition of the fair value of the Fund includes:

- *Cash* - include savings and time deposit with various banks and special deposit account.
- *Investments in private companies* - include investments in long-term debt notes and corporate bonds.
- *Investments in government securities* - include investment in Philippine RTBs.
- *Receivables* - includes interest and dividends receivable generated from investments included in the plan.
- *Trust fee payable* - pertain mainly to charges of trust or in the management of the plan.

The Group retirement benefit fund is in the form of a trust being maintained by a trustee bank. The fund includes investment in the form of fixed-rate peso retail bonds issued by the Parent Company due 2021 and 2027 with interest rates of 5.94% and 6.23%, respectively. As of December 31, 2019 and 2018, the fair value of investment amounted to ₱600.90 million and ₱509.38 million, respectively. Interest income earned from the investments in bonds amounted to ₱0.91 million, ₱1.32 million and ₱3.84 million in 2019, 2018 and 2017, respectively.

The allocation of the fair value of plan assets follows:

	2019	2018
Deposits	**18.47%**	18.56%
Corporate bonds	**70.25%**	79.65%
Government bonds	**10.55%**	1.65%

The funds are administered by a trustee bank under the supervision of the Board of Directors of the plan. The Board of Directors is responsible for investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the plans' objectives, benefit obligations and risk capacity.

Shown below is the maturity analysis of the undiscounted benefit payments:

Plan Year	**2019**	2018
Less than 1 year	**₱4,304,178**	₱1,059,734
More than 1 year to 5 years	**69,442,373**	32,908,956
More than 5 years to 10 years	**167,286,002**	42,581,794
More than 10 years to 15 years	**288,505,782**	170,954,616
More than 15 years to 20 years	**413,598,029**	253,885,704
20 years and beyond	**3,377,303,426**	3,004,020,965
	₱4,320,439,790	₱3,505,411,769

The average duration of the expected benefit payments at the end of the reporting period is 28.19 years.

Sensitivity analysis on the actuarial assumptions
Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

		Increase (decrease) on Defined Benefit Obligation	
	Rates	**2019**	2018
Discount rate	+1%	**(₱355,405,275)**	(₱154,772,004)
	-1%	**479,618,179**	209,209,012
Salary increase	+1%	**479,162,484**	207,248,390
	-1%	**(354,629,205)**	(156,169,488)

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles with mandate of management. Union Bank's (UB) current strategic investment strategy consists of 9.36% of cash, 4.09% of investments in government securities, 85.73% of investment in private companies and 0.81% receivables.

27. **Income Tax**

Provision for income tax consists of:

	2019	2018	2017
Current:			
RCIT/MCIT	**₱1,570,600,208**	₱1,458,477,330	₱1,443,448,108
Final	**27,420,374**	12,696,484	7,583,382
Deferred	**375,401,751**	576,100,346	759,813,755
	₱1,973,422,333	₱2,047,274,160	₱2,210,845,245

The components of the Group's deferred taxes are as follows:

Net deferred tax assets:

	2019	2018	2017
Deferred tax assets on:			
Excess of tax basis over book basis of deferred gross profit on real estate sales	**₱665,711,928**	₱891,537,645	₱772,753,971
Accrual of retirement costs	**37,909,542**	12,143,979	29,534,710
Unamortized discount on receivables	**7,887,917**	9,695,728	9,152,109
Unrealized foreign exchange losses	**1,556,479**	–	21,589,604
Remeasurement loss on defined benefit obligation	**–**	19,036,200	17,832,879
Allowance for probable losses	**–**	–	6,614,982
	713,065,866	932,413,552	857,478,255
Deferred tax liabilities on:			
Excess of book basis over tax basis of deferred gross profit on real estate sales	**127,253,489**	–	2,358,131
Capitalized interest and other expenses	**55,034,375**	45,495,976	–
Remeasurement gain on defined benefit obligation	**46,445,657**	35,567,808	26,386,386
Accrual of retirement costs	**62,637**	4,669,105	26,587,741
	228,796,158	85,732,889	55,332,258
	₱484,269,708	₱846,680,663	₱802,145,997

Net deferred tax liabilities:

	2019	2018	2017
Deferred tax assets on:			
Lease liabilities	**₱934,180,246**	₱–	₱–
NOLCO	**365,295,377**	66,578,426	50,582,310
Accrual of retirement costs	**137,845,865**	51,549,200	109,169,751
Allowance for impairment losses on land and improvements	**52,636,890**	–	56,259,059
Carryforward benefit of MCIT	**46,744,581**	1,907,452	14,914,385
Unamortized discount on receivables	**21,583,845**	5,353,242	4,809,550
Allowance for probable losses	**18,177,031**	19,375,455	103,522,011
Excess of tax basis over book basis of deferred gross profit on real estate sales	**6,954,380**	–	–

(Forward)

	2019	2018	2017
Straight line lease adjustment on rent expense	**₱–**	₱136,504,044	₱89,443,348
Unrealized foreign exchange losses	**–**	–	11,518,188
	1,583,418,215	281,267,819	440,218,602
Deferred tax liabilities on:			
Excess of book basis over tax basis of deferred gross profit on real estate sales	**1,890,935,743**	1,678,429,427	1,185,535,156
Capitalized interest and other expenses	**1,406,390,397**	1,339,552,546	1,157,735,547
Straight line lease adjustment on rent income	**1,219,307,957**	893,099,243	1,145,999,197
Right-of-use assets	**762,627,328**	–	–
Remeasurement gain on defined benefit obligation	**181,294,464**	136,750,578	61,407,113
Unamortized bond transaction cost	**76,010,369**	62,843,488	22,604,672
Accrual of retirement costs	**28,315,926**	51,565,520	29,935,113
Fair value adjustments from business combination	**23,619,214**	23,619,214	23,619,214
Discount on rawland payable	**2,689,869**	14,170,079	21,373,197
Unrealized foreign exchange gain	**–**	1,562,045	8,377,135
	5,591,191,267	4,201,592,140	3,656,586,344
	(₱4,007,773,052)	(₱3,920,324,321)	(₱3,216,367,742)

Out of the ₱449.86 million movement in net deferred tax liabilities, ₱74.46 million was booked as movement in OCI in 2019.

Out of the ₱703.96 million movement in net deferred tax liabilities, ₱127.86 million was booked as movement in OCI in 2018.

As of December 31, 2019, 2018 and 2017, the Group has deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income for which no deferred tax assets have been recognized as follows:

	2019	2018	2017
NOLCO	**₱9,096,968,632**	₱8,013,546,456	₱5,707,844,312
MCIT	**10,104,745**	48,501,903	37,902,505
Accrual of retirement cost	–	–	19,605,535

The related unrecognized deferred tax assets on these deductible temporary differences, NOLCO and MCIT amounted to ₱2,739.20 million, ₱2,452.57 million and ₱1,756.14 million as of December 31, 2019, 2018 and 2017, respectively. These are mostly coming from holding companies namely, VLL, Vistamalls, Inc., CHI and CPI.

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The subsidiaries recognize a previously unrecognized

deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

As of December 31, 2019, the details of the unused tax credits from the excess of MCIT over RCIT and NOLCO, which are available for offset against future income tax payable and taxable income, respectively, over a period of three (3) years from the year of inception, follow:

NOLCO

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2016	₱1,649,887,755	(₱1,649,887,755)	₱–	2019
2017	2,697,322,118	–	2,697,322,118	2020
2018	3,809,370,770	–	3,809,370,770	2021
2019	3,807,927,000	–	3,807,927,000	2022
	₱11,964,507,643	(₱1,649,887,755)	₱10,314,619,888	

MCIT

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2016	₱25,957,906	(₱25,957,906)	₱–	2019
2017	20,335,617	–	20,335,617	2020
2018	6,929,443	–	6,929,443	2021
2019	29,584,266	–	29,584,266	2022
	₱82,807,232	(₱25,957,906)	₱56,849,326	

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2019	2018	2017
Provision for income tax computed at the statutory income tax rate	**30.00%**	30.00%	30.00%
Additions to (reductions in) income tax resulting from:			
Change in unrecognized deferred tax assets	**2.15**	0.52	3.15
Nondeductible interest and other expenses	**9.79**	3.32	3.28
Tax-exempt income	**(20.13)**	(8.5)	(9.13)
Expired MCIT and NOLCO	**(3.92)**	(1.14)	(4.25)
Interest income already subjected to final tax	**(0.10)**	(0.19)	(0.14)
Others	**(3.26)**	(7.74)	(3.30)
Provision for income tax	**14.53%**	16.27%	19.61%

Board of Investments (BOI) Incentives

The BOI issued in favor of certain subsidiaries in the Group a Certificate of Registration as Developer of Mass Housing Projects for its 11 projects in 2019, 14 projects in 2018 and 43 projects in 2017, in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects have been granted an Income Tax Holiday for a period of either three years for new projects, or four years for expansion projects, commencing from the date of issuance of the Certificate of Registration.

The Group availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱357.66 million, ₱656.92 million and ₱625.68 million in 2019, 2018 and 2017, respectively.

28. Lease Liabilities

The Group, as lessee, has lease contracts for parcels of land where its commercial centers are situated with the lease term of 11 - 27 years. Rental due is based on prevailing market conditions. Generally, the Group is not restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The following are the amounts recognized in consolidated statement of comprehensive income:

	2019
Depreciation expense of right-of-use assets included in investment properties (Note 14)	₱163,980,143
Interest expense on lease liabilities	268,913,565
Expenses relating to short-term leases (included in operating expenses)	50,303,734
Expenses relating to leases of low-value assets (included in operating expenses)	740,662
Total amount recognized in statement of comprehensive income	₱483,938,104

The rollforward analysis of lease liabilities follows:

	December 31, 2019
As at January 1, 2019, as previously reported	₱–
Effect of adoption of PFRS 16 (Note 3)	2,757,504,156
At January 1, 2019, as restated	2,757,504,156
Additions	300,329,735
Interest expense (Note 25)	268,913,565
Payments	(212,813,304)
As at December 31, 2019	3,113,934,152
Less current portion	32,713,127
Noncurrent portion	₱3,081,221,025

The Group has no lease contract that contains variable payments. The Group's fixed payments amounted to ₱263.86 million.

The Group's lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	December 31, 2019	December 31, 2018
Within 1 year	₱266,207,005	₱310,251,640
More than 1 year to 2 years	300,128,973	420,279,210
More than 2 years to 3 years	367,629,213	514,801,733
More than 3 years to 4 years	379,088,971	530,849,161
More than 5 years	6,901,915,920	4,230,000,227
	₱8,214,970,082	₱6,006,181,971

29. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Entities under common control are those entities outside the Group but are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities.

All publicly-listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirement under Revised SRC Rule 68 and SEC Memorandum Circular 10, series 2019.

The Parent Company has an approval requirement such that material related party transaction (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements. The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The consolidated statements of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable from (payable to) related parties as of December 31, 2019 and 2018:

December 31, 2019

Relationship	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable *(Note 11)*					
Entities under Common Control	**a) Rental of mall spaces**	**₱4,366,454,822**	**₱5,578,345,006**	**Non-interest bearing**	**With guarantee from Fine Properties Inc., No impairment**
Ultimate Parent	**a) Rental of office spaces**	**325,488**	**1,483,439**	**Non-interest bearing**	**Unsecured, No impairment**
		₱4,366,780,310	**₱5,579,828,445**		
Receivable from related parties					
Ultimate Parent	**f) Sale of VLLI shares**	**₱–**	**₱1,960,071,562**	**Noninterest-bearing; Due and demandable**	**Unsecured, No impairment**
Ultimate Parent (Note 14)	**c) Advances**	**₱583,745,031**	**2,881,929,396**	**Non-interest bearing**	**Unsecured, No impairment**
Entities under Common Control	**c) Advances**	**(135,062,830)**	**313,589,510**	**Non-interest bearing**	**Unsecured, No impairment**
		₱448,682,201	**₱5,155,590,468**		
Advances in project development cost *(Note 16)*					
Entities under Common Control	**b) Purchase of housing credits**	**₱2,425,972,653**	**₱2,850,566,004**	**Non-interest bearing**	**Unsecured, No impairment**
Accounts payable to contractors					
Ultimate Parent	**c) Payables for construction contracts**	**₱–**	**(₱1,340,130,465)**	**Due and demandable; noninterest-bearing**	**Unsecured**
Lease liabilities (Note 28)					
Ultimate Parent	**d) Rental of parcels of land**	**₱355,352,529**	**(₱355,352,529)**	**Interest-bearing**	**Unsecured**
Interest expense (Note 28)					
Ultimate Parent	**d) Rental of parcels of land**	**₱27,335,964**	**₱–**	**Interest-bearing**	**Unsecured**
Dividends Declared/Payable					
Stockholders	**e) Dividends**	**₱3,216,957,540**	**₱68,872,166**		

December 31, 2018

Relationship	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from tenants and accrued rental receivable (Note 11)					
Entities under Common Control	a) Rental of mall spaces	₱2,729,008,026	₱3,099,550,479	Non-interest bearing	With guarantee from Fine Properties Inc., No impairment
Ultimate Parent Company	a) Rental of mall spaces	242,404	1,157,951	Non-interest bearing	Unsecured, No impairment
		₱2,729,250,430	₱3,100,708,430		
Receivable from related parties					
Ultimate Parent	f) Sale of VLLI shares	₱–	₱1,960,071,562	Noninterest-bearing; Due and demandable	Unsecured, No impairment
Ultimate Parent (Note 14)	c) Advances	₱677,823,084	2,298,184,365	Non-interest bearing	Unsecured, No impairment
Entities under Common Control	c) Advances	(16,668,354)	448,652,339	Non-interest bearing	Unsecured, No impairment
		₱661,154,730	₱4,706,908,266		
Advances in project development cost (Note 16)					
Entities under Common Control	b) Purchase of housing credits	₱424,593,351	₱2,657,711,675	Non-interest bearing	Unsecured, No impairment
Accounts payable to contractors					
Ultimate Parent	c) Payables for construction contracts	₱1,340,130,465	(₱1,340,130,465)	Due and demandable; noninterest-bearing	Unsecured
Accrued rental expense (Note 18)					
Ultimate Parent	d) Rental of parcels of lar	₱45,333,397	(₱13,157,097)	Non-interest bearing	Unsecured
Dividends Declared/Payable					
Stockholders	e) Dividends	₱2,719,226,462	₱33,368,139		

a) The Group has operating lease agreements with All Value Group, anchor tenant, which is comprised of AllHome Corp., AllDay Marts, Inc., Family Shoppers Unlimited, Inc., and CM Star Management, Inc. for the leases of commercial centers. All Value Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building

appliances and furnishings. The lease agreements are with renewal options and contains escalation clauses.

Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱4,431.53 million and ₱3,109.51 million, respectively, as of December 31, 2019 and ₱2,662.41 million ₱1,928.13 million, respectively, as of December 31, 2018. These receivables from All Value Group which are recognized as 'Accrued rental receivable' under 'Receivables' are not impaired (Note 11).

Rental income and receivables from All Value Group without the effect of future escalation amounted to ₱3,250.15 million and ₱1,418.91 million, respectively, as of December 31, 2019 and ₱2,069.63 million and ₱357.83 million, respectively, as of December 31, 2018. These receivables from All Value Group which are recognized as 'Receivable from tenants' under 'Receivables' are noninterest-bearing and are not impaired (Note 11).

Outstanding rent receivables without the effect of future escalation amounting to ₱725.26 million and ₱357.83 million are guaranteed by Fine Properties, Inc. as of December 31, 2019 and 2018, respectively. The guaranteed amount in 2019 excludes those rent receivables pertaining to AllHome Corp.

In May and November 2019, the Group amended certain lease contracts with All Value Group. The amendments of the lease contracts are as follow:

a. Extension of the lease term by 10-15 years commencing from the lease modification date; and
b. From annual fixed rent to variable rent based on agreed percentage on gross sales or agreed minimum guaranteed rent (MGR) with annual escalation, whichever is higher

In September 2018, Fine Properties, Inc. assumed certain liabilities of All Value Group from the Group in relation to its lease agreement amounting ₱2,010.00 million. The liabilities assumed were under accounts receivable from tenants.

The Ultimate Parent Company also has lease agreements with the Group for the lease of its office spaces. The rental due is based on prevailing market conditions.

b) On December 23, 2017, the Group entered into a Memorandum of Agreement (MOA) with Bria Homes, Inc.(Bria), a developer of socialized housing projects located in various areas in the Philippines, to assign portions of the socialized housing projects to various entities in the Group in compliance with the requirements of Republic Act No. 7279 (Urban Development and Housing Act of 1992). On November 23, 2018, the Group entered into another MOA with Bria to include vertical residential projects in the assignment of socialized housing projects. On December 2019, another MOA was executed with Bria to specify the details of the housing credits to be delivered by Bria equivalent to the advances provided by VLL. As such, the Group makes cash advances to Bria Homes, Inc. for the construction of socialized housing units which are recorded under project development costs (Note 16).

c) These are advances for working capital and investment requirements of the related parties and are due and demandable.

On December 28, 2018, MGS Construction, Inc. assigned its receivables from Vista Residences, Inc. in the total amount of ₱1,340.13 million in favor of Fine Properties, Inc. This resulted to recognition of payable to Fine Properties, Inc. of the same amount. The liability was offset with the receivables from Fine Properties, Inc. in 2018.

d) The Group entered into lease agreements with Fine Properties, Inc. pertaining to parcels of land wherein the Group's commercial centers are situated. These leases have terms of 25 years, with rental escalation clauses and renewal options.

e) Details of dividends declared to stockholders are discussed in Note 23.

f) In May 2013, VMI sold the remaining 399,397,000 shares of its investments in VLLI, with a carrying amount of ₱1,906.22 million, for a total consideration of ₱2,772.30 million to Fine Properties Inc. The outstanding receivables as at December 31, 2019 and 2018 amounted to ₱1,960.07 million. These are noninterest bearing receivables that are due and demandable.

On September 28, 2018, the Group acquired from Fine Properties parcels of land amounting to ₱4,525.94 million. The land is where the office spaces and commercial center of MAPI are currently situated. The consideration of ₱2,515.94 million was paid in cash while the remaining ₱2,010.00 million was offset against the receivables of the Group from Fine Properties Inc.

As of December 31, 2019 and 2018, the retirement plan asset includes investment in fixed-rate peso retail bonds of the Parent Company with fair value amounting to ₱19.54 million and ₱19.56 million, respectively (Note 26).

The compensation of key management personnel by benefit type follows:

	2019	2018	2017
Short-term employee benefits	**₱127,602,314**	₱136,832,739	₱134,720,076
Post-employment benefits	**29,546,896**	27,638,019	27,161,537
	₱157,149,210	₱164,470,758	₱161,881,613

30. Earnings Per Share and Noncontrolling Interest

The following table presents information necessary to compute the EPS:

	2019	2018	2017
Net income attributable to equity holders of Parent	**₱11,266,164,165**	₱10,238,356,840	₱8,803,658,211
Weighted average common shares*	**12,670,318,529**	12,823,692,618	12,828,153,168
Basic/Diluted Earnings per share	**₱0.889**	₱0.798	₱0.686

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

The basic and dilutive earnings per share are the same due to the absence of potentially dilutive common shares for the years ended December 31, 2019, 2018 and 2017.

The summarized financial information of Vistamalls, Inc. (formerly Starmalls, Inc.) and Subsidiaries and Manuela Corporation, for which there are noncontrolling interests, are provided below. The information is based on amounts before inter-company eliminations.

Vistamalls, Inc. (formerly Starmalls, Inc.) and Subsidiaries

	2019	2018	2017
Assets	**₱73,721,559,667**	₱52,916,882,705	₱45,330,400,903
Liabilities	**47,826,891,287**	30,674,911,186	24,709,988,488
Equity	**25,894,668,380**	22,241,971,519	20,620,412,415
Net income	**2,880,877,472**	2,126,721,726	2,061,034,990

Manuela Corporation

	2019	2018	2017
Assets	**₱20,698,312,541**	₱17,814,755,781	₱18,585,354,938
Liabilities	**5,882,134,396**	5,138,762,719	6,645,464,795
Equity	**14,816,178,145**	12,495,993,062	11,942,890,233
Net income	**505,011,430**	1,127,277,393	836,711,174

As of December 31, 2019, 2018 and 2017, the accumulated balances of and net income attributable to noncontrolling interests follows:

	2019	2018	2017
Accumulated balances:			
Noncontrolling interest share in equity			
Vistamalls Group	**₱1,893,731,137**	₱1,672,764,657	₱1,549,986,619
Manuela	**410,208,589**	344,282,145	217,911,662
Share in dividend			
Vistamalls Group	**56,099,003**	48,060,935	36,192,507
Net income attributable to:			
Vistamalls Group	**277,025,981**	170,268,543	237,835,848
Manuela	**66,022,366**	125,838,332	21,276,429
Other comprehensive income (loss) attributable to:			
Vistamalls Group	**39,503**	570,430	(345,477)
Manuela	**(95,922)**	532,151	156,610

31. Fair Value Determination

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

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

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

Cash and cash equivalents short-term cash investments, accrued interest receivable, receivables from tenants, buyers and others, receivables from related parties and accounts and other payables except for deferred output VAT and other statutory payables: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivable: The fair value of installment contracts receivable due within one year approximates its carrying amount. Noncurrent portion of installment contracts receivable are discounted using the applicable discount rates for similar types of instruments. The discount rates used range from 4.63% to 19.00% and 4.35% to 19.00% as of December 31, 2019 and 2018, respectively.

Investments at FVOCI: Fair values of equity securities are based on quoted market prices.

Investments at amortized cost: The fair value of these listed bonds is determined by reference to quoted market bid prices, at the close of business on the reporting date.

Bank loans, loans payable, notes payable, liabilities for purchased land and retention payable: Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranged from 4.28% to 10.75% in 2019 and 5.41% to 7.07% in 2018 using the remaining terms to maturity.

The following table provides the fair value measurement and the hierarchy of the Group's financial assets and liabilities recognized as of December 31, 2019 and 2018:

	December 31, 2019				
			Fair Value		
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets					
Financial assets measured at fair value:					
Investments at FVOCI	**₱117,499,183**	**₱117,499,183**	**₱–**	**₱117,499,183**	**₱–**
Financial assets for which fair values are disclosed:					
Installment contracts receivable	**38,835,172,544**	**38,933,380,474**	–	–	**38,933,380,474**
Investments at amortized cost	**33,792,219,093**	**34,626,570,211**	**34,626,570,211**	–	–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	**47,175,145,165**	**48,119,854,814**	–	–	**48,119,854,814**
Notes payable	**93,190,157,885**	**96,850,502,172**	–	–	**96,850,502,172**
Loans payable	**3,404,980,820**	**3,348,728,437**	–	–	**3,348,728,437**
Liabilities for purchased land	**4,209,507,562**	**4,060,123,574**	–	–	**4,060,123,574**
Retention payable	**1,863,377,453**	**1,651,309,696**	–	–	**1,651,309,696**

		December 31, 2018			
			Fair Value		
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets					
Financial assets measured at fair value:					
Investments at FVOCI	₱106,499,183	₱106,499,183	₱–	₱106,499,183	₱–
Financial assets for which fair values are disclosed:					
Installment contracts receivable	37,801,258,969	37,877,323,374	–	–	37,877,323,374
Investments at amortized cost	27,483,090,564	27,544,694,031	27,544,694,031	–	–
Liabilities					
Financial liabilities for which fair values are disclosed					
Bank loans	44,476,052,515	42,054,444,360	–	–	42,054,444,360
Notes payable	74,286,995,523	71,072,167,575	–	–	71,072,167,575
Loans payable	2,784,170,565	1,940,017,202	–	–	1,940,017,202
Liabilities for purchased land	5,303,717,810	5,160,641,466	–	–	5,160,641,466
Retention payable	1,633,681,409	1,160,004,386	–	–	1,160,004,386

In 2019 and 2018, there were no transfers between Levels of fair value measurements.

Significant increases (decreases) in discount rate would result in significantly higher (lower) fair value of the installment contracts receivable, notes payable, loans payable, bank loans, retention payable and lease liabilities.

Description of significant unobservable inputs to valuation follows:

Account	Valuation Technique	Significant Unobservable Inputs
Installment contracts receivable	Discounted cash flow analysis	Discount rate
Bank loans	Discounted cash flow analysis	Discount rate
Notes payable	Discounted cash flow analysis	Discount rate
Loans payable	Discounted cash flow analysis	Discount rate

32. Financial Assets and Liabilities

Financial Risk Management Objectives and Policies

Financial risk

The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables (except for deferred output VAT and other statutory payables) and liabilities for purchased land. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivable, cash and cash equivalents, short-term and long-term cash investments, investments at fair value through other comprehensive income and investments at amortized cost which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arises, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

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

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

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

	December 31, 2019	
	Effective Interest Rate	**Amount**
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	**0.25% to 3.88%**	**₱13,334,812,879**
Cash and cash equivalents in US Dollar	**0.13% to 1.33%**	**592,745,655**
Short-term cash investments	**3.00% to 3.25%**	**210,815,745**
Investments at amortized cost	**2.23% to 10.18%**	**33,792,219,093**
Installment contracts receivable	**4.63% to 19.00%**	**38,835,172,544**
		₱86,765,765,916
Financial liabilities		
Fixed rate		
Notes payable	**5.89% to 8.86%**	**₱93,190,157,885**
Bank loans	**4.28% to 10.75%**	**47,175,145,165**
Loans payable	**5.08% to 6.24%**	**3,404,980,820**
Lease liabilities	**7.51% to 10.66%**	**3,113,934,152**
		₱146,884,218,022

	December 31, 2018	
	Effective Interest Rate	Amount
Financial assets		
Fixed rate		
Cash and cash equivalents in Philippine Peso (excluding cash on hand)	0.60% to 5.50%	₱12,531,634,107
Cash and cash equivalents in US Dollar	0.10% to 2.50%	7,476,366,979
Short-term cash investments	1.50% to 3.00%	139,942,752
Investments at amortized cost	2.27% to 8.77%	27,483,090,564
Installment contracts receivable	4.35% to 19.00%	37,801,258,969
		₱85,432,293,371
Financial liabilities		
Fixed rate		
Notes payable	5.65% to 8.25%	₱74,286,995,523
Bank loans	3.88% to 10.75%	44,476,052,515
Loans payable	5.50% to 7.50%	2,784,170,565
		₱121,547,218,603

As of December 31, 2019, and 2018, the Group's leasing income and operating cash flows are substantially independent of changes in market interest rates.

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

	December 31, 2019		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on income before tax**
Cash and cash equivalents	**US$1,156,182**	**+2.16%**	**₱1,264,660**
	(US$1,156,182)	**-2.16%**	**(1,264,660)**

	December 31, 2018		
		Increase/Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	US$614,245	+1.34%	₱432,780
	(US$614,245)	-1.34%	(432,780)

VII, a wholly owned subsidiary, are the carrying values of the amounts of Cash and cash equivalents in USD of these foreign currency denominated financial assets and liabilities. This mainly includes financial assets and liabilities of VII is a wholly owned subsidiary, with functional currency in USD. VII's financial assets and liabilities are translated into Philippine peso, presentation currency of the Group using closing exchange rate prevailing at the reporting date, and the respective income and expenses at the weighted average rates for the period. The exchange differences arising on the translation are recognized in OCI under "Cumulative Translation Adjustments" (CTA). See below for the carrying amounts and sensitivity analysis on Other comprehensive income.

	December 31, 2019		
	Amount	**Increase/Decrease in US Dollar rate**	**Effect on Other Comprehensive Income**
Assets			
Cash and cash equivalents	**US$10,547,818**	**+2.16%**	**₱11,537,456**
	(US$10,547,818)	**-2.16%**	**(11,537,456)**
Investments at amortized costs	**US$667,368,798**	**+2.16%**	**729,984,008**
	(US$667,368,798)	**-2.16%**	**(729,984,008)**
Liabilities			
Notes payable	**(US$705,106,892)**	**+2.16%**	**(₱771,262,841)**
	US$705,106,892	**-2.16%**	**771,262,841**

	December 31, 2018		
	Amount	Increase/Decrease in US Dollar rate	Effect on Other Comprehensive Income
Assets			
Cash and cash equivalents	US$141,576,074	+1.34%	₱99,750,538
	(US$141,576,074)	-1.34%	(99,750,538)
Investments at amortized costs	US$522,690,958	+1.34%	368,273,414
	(US$522,690,958)	-1.34%	(368,273,414)
Liabilities			
Notes payable	(US$701,012,207)	+1.34%	(₱493,913,573)
	US$701,012,207	-1.34%	493,913,573

In translating the foreign currency- denominated monetary assets and liabilities in peso amounts, the Philippine Peso - US dollar exchange rates as at December 31, 2019 and 2018 used were ₱50.64 to US$1.00 and ₱52.58 to US$1.00, respectively.

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the management's forecast of the currently observable market environment, showing no material movements as in prior years.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily installment contracts receivables and receivables from tenants) and from its investing activities, including deposits with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Receivables are regularly monitored.

For installment contracts receivable, exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed.

The Group evaluates the concentration of risk with respect to non-related party trade receivables as low, as its customers are located in several jurisdictions and various income brackets, and operate in largely independent markets.

The Group evaluates the concentration of risk with respect to receivable from related parties (refer to Note 29). This is discussed in Note 6. The related parties have a strong capacity to meet their contractual cash flows and/or guaranteed by Fine Properties, Inc., ultimate parent company.

Credit risk arising from receivable from tenants - third parties is primarily managed through a screening of tenants based on credit history and financial information submitted. Tenants are required to pay security deposits equivalent to 3-months lease payment to cover any defaulting amounts and advance rentals also equivalent to 3-month rent.

Credit risk arising from receivable from tenants - related parties, aside from the same terms of security deposit and advance rental, is minimal due to the guarantee provided by Fine Properties, Inc., ultimate parent company.

Credit risk arising from receivables from related parties is minimal as they have a low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

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

The Group's maximum exposure to credit risk as of December 31, 2019 and 2018 is equal to the carrying values of its financial assets.

Applying the expected credit risk model resulted to recognition of impairment loss of ₱52.63 million for all financial assets in 2019 (nil in 2018).

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same in 2019 and 2018.

Maturity Profile Financial Liabilities
The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2019 and 2018 based on undiscounted contractual payments, including interest payable.

December 31, 2019

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	**₱–**	**₱2,696,452,150**	**₱5,482,656,060**	**₱43,709,673,143**	**₱51,888,781,353**
Loans payable	**461,997,319**	**1,305,643,219**	**1,363,802,543**	**373,044,915**	**3,504,487,996**
Liabilities for purchased land	**489,728,695**	**865,032,512**	**1,485,013,264**	**1,378,699,319**	**4,218,473,790**
Accounts payable and other payables*	**7,609,093,848**	**607,481,589**	**1,643,346,875**	**1,086,856,296**	**10,946,778,608**
Dividends payable	**68,872,166**	–	–	–	**68,872,166**
Notes payable	–	**1,270,218,892**	**7,202,654,578**	**112,701,911,965**	**121,174,785,435**
Lease liabilities	–	**65,779,876**	**197,339,629**	**7,607,906,818**	**7,871,026,323**
Total undiscounted financial liabilities	**₱8,629,692,028**	**₱6,810,608,238**	**₱17,374,812,949**	**₱166,858,092,456**	**₱199,673,205,671**

**excluding statutory payables and including noncurrent portion of retention payable*

December 31, 2018

	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	**₱–**	₱1,373,932,071	₱4,004,702,874	₱43,002,742,342	₱48,381,377,287
Loans payable	35,509,536	39,591,194	261,625,610	2,447,444,225	2,784,170,565
Liabilities for purchased land	739,726,481	2,154,363,011	2,068,885,052	340,743,267	5,303,717,811
Accounts payable and other payables*	7,341,670,365	593,282,437	1,604,935,616	853,308,728	10,393,197,146
Dividends payable	33,368,139	–	–	–	33,368,139
Notes payable	–	684,022,026	9,209,296,290	92,046,641,566	101,939,959,882
Total undiscounted financial liabilities	₱8,150,274,521	₱4,845,190,739	₱17,149,445,442	₱138,690,880,128	₱168,835,790,830

**excluding statutory payables and including noncurrent portion of retention payable*

33. Notes to Consolidated Statements of Cash Flows

Details of the movement in cash flows from financing activities follow:

			Non-cash Change					
	January 1, 2019	**Cash flows**	**Lease liabilities**	**Debt issue cost**	**Interest and other financing charges (including capitalized borrowing cost)**	**Foreign exchange movement**	**Dividends declared**	**December 31, 2019**
Notes payable	**₱74,286,995,523**	**₱20,215,394,599**	**₱–**	**(₱250,985,401)**	**₱306,949,630**	**(₱1,368,196,466)**	**₱–**	**₱93,190,157,885**
Bank loans	**44,476,052,515**	**2,643,064,899**	**–**	**(25,000,000)**	**81,027,751**	**–**	**–**	**47,175,145,165**
Loans payable	**2,784,170,565**	**620,810,255**	**–**	**–**	**–**	**–**	**–**	**3,404,980,820**
Lease liabilities	**2,757,504,156**	**(212,813,304)**	**300,329,736**	**–**	**268,913,564**	**–**	**–**	**3,113,934,152**
Dividends payable	**33,368,139**	**(3,181,453,513)**	**–**	**–**	**–**	**–**	**3,216,957,540**	**68,872,166**
Accrued interest expense	**545,978,645**	**(8,883,071,125)**	**–**	**275,985,401**	**8,823,101,906**	**–**	**–**	**761,994,827**
Treasury shares	**–**	**(632,462,984)**	**–**	**–**	**–**	**–**	**–**	**–**
Total liabilities from financing activities	**₱124,884,069,543**	**₱10,569,468,827**	**₱300,329,736**	**₱–**	**₱9,479,992,851**	**(₱1,368,196,466)**	**₱3,216,957,540**	**₱147,715,085,015**

			Non-cash Change				
	January 1, 2018	Cash flows	Debt issue cost	Interest and other financing charges (including capitalized borrowing cost)	Foreign exchange movement	Dividends declared	December 31, 2018
Loans payable	₱3,760,465,983	(₱976,295,418)	₱–	₱–	₱–	₱–	₱2,784,170,565
Bank loans	35,799,812,028	8,676,240,487	–	–	–	–	44,476,052,515
Notes payable	54,501,042,238	17,876,742,235	–	–	1,909,211,050	–	74,286,995,523
Dividends payable	28,959,615	(2,762,878,873)	–	–	–	2,767,287,397	33,368,139
Accrued interest expense	386,940,966	(6,882,568,034)	–	7,041,605,713	–	–	545,978,645
Treasury shares	–	(127,506,826)	–	–	–	–	–
Total liabilities from financing activities	₱94,477,220,830	₱15,803,733,571	₱–	₱7,041,605,713	₱1,909,211,050	₱2,767,287,397	₱122,126,565,387

The Group's noncash investing and financing activities pertain to the following:

a) The Parent Company presented in the consolidated statements of cash flow the availments and payments, net of bank loans that were rolled over during the period (loans against deposit hold-outs) amounting to ₱5,995.23 million and ₱8,628.30 million in 2019 and 2018;
b) Unpaid acquisition costs of treasury shares amounting to ₱76.53 million in 2018, which is presented under "Accounts and other payables" line item in the statements of financial position, was paid in 2019;
c) Recognition of right-of-use asset and lease liability amounting to ₱2,387.97 million and ₱2,757.50 million, respectively, as at January 1, 2019 due to adoption of PFRS 16 (Note 3);
d) Unpaid additions to investment properties amounted to ₱1,241.10 million and ₱1,089.77 million in 2019 and 2018, respectively;
e) Unpaid additions to property and equipment amounted to ₱38.26 million and ₱77.62 million in 2019 and 2018, respectively;
f) In 2018, the Group acquired land from Fine Properties, Inc. amounting to ₱2,010.00 million which was offset against receivable from Fine Properties Inc.;
g) In 2019, there was a transfer of ₱8,846.78 million from real estate inventories to investment properties pertaining to land which the Group identified to be used for commercial projects; and
h) Liabilities for purchased land is comprised of unpaid additions to land improvements classified as:

	2019	2018
Real estate inventories	**₱3,550,879,359**	₱4,679,386,898
Investment properties	**658,628,203**	624,330,912
	₱4,209,507,562	₱5,303,717,810

34. Lease Commitments

The Group as Lessor

The Group has entered into non-cancellable property leases on its investment property portfolio, consisting of retail mall spaces and BPO commercial centers which generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2019 and 2018 follow:

	2019	2018
Within one year	**₱6,273,307,232**	₱4,584,963,785
After one year but not more than five years	**26,749,850,683**	15,293,680,078
More than five years	**58,355,251,522**	11,048,916,139
	₱91,378,409,437	₱30,927,560,002

Rental income included in the consolidated statements of comprehensive income for the years ended December 31, 2019, 2018 and 2017 amounted to ₱7,748.42 million, ₱6,464.74 million and ₱5,625.23 million, respectively.

Contingent rent included in rental income for the years ended December 31, 2019, 2018 and 2017 amounted to ₱2,179.51 million, ₱987.09 million and ₱663.81 million, respectively.

35. Commitments and Contingencies

The Group has entered into several contracts with contractors for the development of its real estate properties. As at December 31, 2019 and 2018, these contracts have an estimated aggregate cost of ₱9,112.84 million and ₱16,007.81 million, respectively. These contracts are due to be completed on various dates up to December 2020.

The progress billings are settled within one year from date of billings. These are unsecured obligations and carried at cost.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

36. Events After the Report Date

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. Enhanced community quarantine was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government unit. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. On May 16, 2020, the Enhanced Community Quarantine was downgraded to Modified Enhanced Community Quarantine in Metro Manila and to General Community Quarantine in most provinces which was further extended to May 31, 2020.

For its residential business, COVID-19 imposes an impact on sales due to the potential decline in confidence of buyers to commit to large purchases such as residential units as well as a possible decline in sales to Overseas Filipinos in countries that are hard-hit by the pandemic. For the commercial business, there is a significant decline in foot fall for its malls as well as a possible impact on the sales of its mall tenants with variable rental rates due to COVID-19, especially in Luzon, following the closure of malls due to the enhanced community quarantine.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its consolidated financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 consolidated financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its consolidated financial position, performance and cash flows. Nevertheless, the Group believes that its business model of catering to a wide range of

market segments and geographic presence across the country provided a cushion in the impact of the lockdown. Amidst the enhanced community quarantine, the Group implemented work from home arrangement for all its employees; thus, except for the construction, the Group continued to operate its marketing & sales, finance, accounting and administrative functions online. The Group will continue to monitor the situation and adapt accordingly.

37. **Approval of the Financial Statements**

The consolidated financial statements of the Group as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 were authorized for issue by the BOD on May 26, 2020.

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