

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2022**
2. SEC Identification Number **CS202006725**
3. BIR Tax Identification No. **010-510-144-000**
4. Exact name of issuer as specified in its charter **VISTAREIT, INC.**
5. **Philippines**
Province, Country or other jurisdiction of incorporation
6. Industry Classification Code (SEC Use Only)
7. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City**
Address of principal office **1750**
Postal Code
8. **(02) 8994-4377**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common stock	7,500,000,000 shares

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

Yes [] No []

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

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and SRC Rule 17.1 and Sections 25 and 177 of the Revised Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No []

13. Aggregate market value of voting stocks held by non-affiliates:

₹ 4.37 Billion as of December 31, 2022

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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PART I – BUSINESS

Item 1. Business

Overview

VistaREIT, Inc. formerly “**Vista One, Inc.**” (the Company or VREIT) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kinds, including buildings, apartments and other structures, and to grant loans and/or assume or undertake or guarantee or secure, whether as solidary obligor, surety, guarantor or any other capacity either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, the whole or any part of the liabilities and obligations of its parent company, subsidiaries or investee companies or affiliates, without engaging in the business of a financing company or lending investor.

On March 14, 2022, the SEC approved the increase in VREIT’s authorized capital stock from ₱2,000,000,000 divided into 2,000,000,000 shares with par value of ₱1.00 each to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the Company subsequently issued 7,500,000,000 common shares to its shareholders.

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

MC and MAPI are 99.85% and 100% owned subsidiaries, respectively, of Vistamalls, Inc. (VMI), a publicly listed holding company in the Philippine Stock Exchange (PSE). VMI is 88.34% owned by Vista Land & Lifescapes, Inc. (VLLI) and the rest by the public while VRI, CPI and CAPI are wholly owned subsidiaries by VLLI. VLLI is a publicly listed investment holding company which is 65.00% owned by Fine Properties, Inc. (the Ultimate Parent Company) and 35.00% owned by the public.

VREIT’s registered office and principal place of business is located at Lower Ground Floor, Building B, Evia Lifestyle Center, DaangHari, Almanza Dos, Las Piñas City.

Amendment of the Articles of Incorporation

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

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

On March 16, 2022, at least a majority of the Board of Directors and the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of VREIT approved various amendments to the Articles of Incorporation of the VREIT including, among others, the following: (a) change in the corporate name to “VISTAREIT, INC.”; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law; (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of the VREIT as a REIT entity. Such amendments were filed with SEC and is still waiting for approval.

Execution of Property-for-Share Swap Agreement

On February 7, 2022, the Company also entered into various Deeds of Assignment and Subscription Agreements with each of Manuela Corporation (MC), Masterpiece Asia Properties, Inc. (MAPI), Vista Residences Inc. (VRI), Crown Asia Properties, Inc. (CAPI) and Communities Pampanga Inc. (CPI), collectively referred as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to the Company of 10 (ten) community malls, one (1) office building, and 10 commercial and office units with 214 parking slots, excluding the land wherein the malls, office building, and office units are situated, with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) in exchange for the issuance by the Company to the Sponsors out of the increase in authorized capital stock described hereinabove of an aggregate of Six Billion Nine Hundred Ninety Million (6,990,000,000) common shares at an issue price of One Peso and Fifty Centavos (₱1.50) per share, or an aggregate issue or subscription price of Ten Billion Four Hundred Eighty Five Million Pesos (₱10,485,000,000) (the Property-for-Share Swap). The difference between the issue price and the par value of ₱3,495,000,000 is accounted for as additional paid-in capital (APIC).

Accordingly, the Assigned Properties have a total fair value of Thirty-Five Billion Nine Hundred Fifty-Two Million Nine Hundred Ninety-Two Thousand Seven Hundred Thirty Pesos (₱35,952,992,730). The difference between the said fair value of the Assigned Properties and the issue price thereof to the Company (i.e., the issue price of the shares issued to the Sponsors in the Property for Share Swap) amounting to Twenty-Five Billion Four Hundred Sixty-Seven Million Nine Hundred Ninety-Two Thousand Seven Hundred Thirty Pesos (₱25,467,992,730) is accounted for as APIC.

The above transactions resulted to a total APIC of Twenty-Eight Billion Nine Hundred Sixty-Two Million Nine Hundred Ninety-Two Thousand and Seven Hundred Thirty Pesos (₱28,962,992,730).

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

The foregoing amendments to VREIT Articles of Incorporation and the Property-for-Share Swap were approved by the SEC on April 18, 2022.

On March 28, 2022, the Company filed its application with the Philippine Stock Exchange (PSE) for the listing of its 7,500,000,000 existing common shares, which includes the Secondary Offer Shares of 2,500,000,000 common shares with an Overallotment Option of up to 250,000,000 common shares to be offered and sold by the Sponsors to the public, under the Main Board of the PSE. The PSE approved the listing application of the Company on May 12, 2022.

Also on March 24, 2022, the Company filed a Registration Statement covering the registration of 7,500,000,000 existing common shares, in accordance with the requirements of the SEC's Securities Regulation Code. The Registration Statement was rendered effective on May 26, 2022.

Recent Developments

On June 15, 2022, the Company was listed as a REIT company under the Main Board of the PSE, and the Secondary Offer Shares of 2,500,000,000 common shares held by the Sponsors were sold to the public at a price of ₱1.75 per share.

Description of the Business of the Registrant and its Sponsors

The Company and its sponsors are incorporated in the Philippines. MAPI and MC are both in the commercial property development and operations.

Products

VistaREIT owns a portfolio of 10 community malls and two (2) office buildings with an aggregate GLA of 256,403.95 sqm. The Company's community malls are located in Las Piñas City, Bacoor City, General Trias City, Imus City, Municipality of Tanza, Antipolo City, City of San Jose Del Monte, San Fernando City, and Talisay City. The Company's office buildings are located in Taguig City and Bacoor City.


Distribution Methods of Products

The Company's Property Manager, VProperty Management, Inc., shall have the overall responsibility for the day-to-day facilities management of the Properties, marketing of the office and retail spaces therein, management of client accounts, lease administration, operations management, and handling of tenant relations. Specifically, the Property Manager will oversee negotiation and execution of lease contracts, enforcement of lease terms and conditions, and awarding, extension, and termination of leases; supervision of billing and collection of rentals and other payments from tenants, as well as monitoring of past due accounts and receivables; and, building management operations relating to security, utilities, repairs, and maintenance, emergency management, including engagement of contractors for such purpose.

The Company's Fund Manager, VFund Management, Inc., manages the assets and liabilities of the Company for the benefit of its Shareholders, with a focus on investment yields and profitability margins.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held

The Company has the pending application for the registration of the following mark with the Philippine Intellectual Property Office ("IPO") the trademarks "VistaREIT".

Brand Name/Mark	Nice Classification No.	Registration Number	Application Serial Number	Filing Date	Registration Date	Expiration Date
 VistaREIT	Not yet available	Not yet available	420 225 047 27	February 28, 2022	Not yet available	Not yet available

Bankruptcy, Receivership or Similar Proceeding

As of December 31, 2022, there is no bankruptcy, receivership or similar proceedings involving the Company.

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

On February 7, 2022, the Company also entered into various Deeds of Assignment and Subscription Agreements with each of Manuela Corporation (MC), Masterpiece Asia Properties, Inc. (MAPI), Vista Residences Inc. (VRI), Crown Asia Properties, Inc. (CAPI) and Communities Pampanga Inc. (CPI), collectively referred as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to the Company of 10 (ten) community malls, one (1) office building, and 10 commercial and office units with 214 parking slots, excluding the land wherein the malls, office building, and office units are situated, with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) in exchange for the issuance by the Company to the Sponsors out of the increase in authorized capital stock described hereinabove of an aggregate of Six Billion Nine Hundred Ninety Million (6,990,000,000) common shares at an issue price of One Peso and Fifty Centavos (₱1.50) per share, or an aggregate issue or subscription price of Ten Billion Four Hundred Eighty Five Million Pesos (₱10,485,000,000) (the Property-for-Share Swap). The difference between the issue price and the par value of ₱3,495,000,000 is accounted for as additional paid-in capital (APIC).

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The above transactions resulted to a total APIC of Twenty-Eight Billion Nine Hundred Sixty-Two Million Nine Hundred Ninety-Two Thousand and Seven Hundred Thirty Pesos (₱28,962,992,730).

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

As of December 31, 2022, there is no diversification/new product lines introduced by the Company during the last three years.

Competition

The Company believes that competition for mall space is primarily based on location, tenant mix and overall attractiveness of the property. For most of its Mall Properties, major competitors include SM Prime Holdings, Inc. and Robinsons Land Corporation.

Competition for office space is principally on the basis of location, quality and reliability of the project's design and equipment, reputation of the developer, supply of comparable space, changing needs of business users, and PEZA registration. The Company's primary competitors are Ayala Land, Inc. and its REIT Subsidiary, Megaworld Corporation and its REIT Subsidiary, Robinsons Land Corporation and its REIT Subsidiary, Filinvest Land Inc. and its REIT Subsidiary.

The Company competes on the basis of the strategic locations of its buildings, including their proximity to the existing communities and accessibility to public transportation. The Company is committed to providing an elevated customer experience and satisfaction by offering and maintaining mall and office projects of high quality and reliability, meeting the evolving needs of our customers.

Suppliers

Site development and construction work is contracted out to various qualified and accredited independent contractors. For larger projects, such as major repair or construction work, contracts are awarded on the basis of competitive bidding. For operational repairs and maintenance projects, we hire contractors without a competitive process based on our previous experience with the contractor. In all cases, our 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. We maintain relationships with various accredited independent contractors and deal with each of them on an arm's length basis. We are not and do not expect to be dependent upon one or a limited number of suppliers or contractors.

Dependence on a Few Major Customers

The target customer segment of the commercial leasing business consists of broad C retail consumers. We believe that our shopping malls address the needs and aspirations of our target customers through our wide selection of retail outlets, supermarkets and department stores, together with other attractions, such as food courts, cinemas and other entertainment facilities. We attract local chains and franchises, to satisfy the preferences of our target customers.

The management team also took a proactive approach towards managing the tenant mix at its existing assets to ensure optimal alignment with the needs of its target market, including removing and replacing delinquent tenants with tenants that provide more suitable retail concepts and offerings and reorganizing mall layouts to address customers' needs as well as increasing the efficiency of available leasable area.

The remaining house and lot business is not dependent on repeat business from customers. MC has a marketing agreement with Crown Asia Properties, Inc., a subsidiary of VLL, which has a broad market base including local and foreign buyers.

Transactions with related parties

The Company, in its ordinary course of business, engage in significant commercial transactions with certain companies controlled by the Villar Family, including the Villar Family Companies and their respective subsidiaries. We have signed a memorandum of agreement with certain subsidiaries of Vista Land under which we have been granted a right of first refusal and right of first offer in respect of certain commercial properties by such VLL subsidiaries.

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

Government approvals

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

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

Effect of Existing or Probable Governmental Regulations

By the nature of its business, the Company's subsidiaries are subject to governmental regulations on its land development and marketing activities, which includes, among others, zoning and environmental laws, development permit and license to sell regulations. The Company's subsidiaries comply with the said regulations in the regular conduct of its business operations.

As of December 31, 2022, the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company's business operations.

Compliance with Environmental Laws

Prior to any land development activity, the Company secure the requisite environmental permits, including environmental compliance certificate and drainage permit for the sewage treatment plants, from the appropriate government agencies.

Costs and Effects of Compliance with Environmental Laws

The Company pay such amount as may be imposed by the appropriate government agencies for the procurement of all necessary environmental permits prior to commencement of any development project. The costs are generally minimal and vary from time to time.

Unless pertinent environmental laws are complied with, and requisite permits are secured, the Company cannot and do not proceed with its projects.

Research and Development Costs

Research and development activities, such as market research, training and contractor's development programs, are treated as normal operating expense. For 2022, the amount that the Company spent for research and development is minimal and does not constitute a significant percentage of the Company's revenues.

Employees

The executive officers of the Company are seconded from other companies in the Vista Land Group. The employees of the Property Manager are responsible for supervising, managing, leasing, operating and maintaining the Properties pursuant to the terms of the Property Management Agreement. The employees of the Fund Manager are responsible for implementing the Company's investment strategies and managing its assets. As such, the Company did not directly hire its own employees. In addition, certain administrative functions such as IT, legal and accounting support are provided by the Vista Land Group. The Company, the Property Manager, and the Fund Manager are in compliance with all minimum compensation and benefit

standards, as well as applicable labor and employment regulations. There is no existing labor union nor any collective bargaining agreement.

Risks related to the Companies Business

Each of the businesses of the Company would inevitably involve some risks factors such as:

- Competition;
- Socio-economic conditions of the country;
- Effect of the changes in global economy;
- Foreign exchange devaluation;
- Changes in the country's political and economic situation;
- Inflation of prices affecting the cost and expenses;
- Reforms in the applicable rules and regulations affecting the Philippine Real Estate industry; and
- Changes in Philippine and International interest rates, with respect to the Company's borrowings.

To mitigate the aforementioned risks, the Company shall continue to adopt prudence in financial management and discipline in the area of operational controls, policies and procedures. With respect to competitive pressures among the industry players, the Company shall continue to compete through project concept, quality, affordability, and location of projects.

Item 2. Properties

Details of the Company's properties as of December 31, 2022 are set out in the table below:

BUILDING AND IMPROVEMENTS

Location	Owner	Use
Las Piñas City	VREIT	Mall
San Jose del Monte, Bulacan	VREIT	Mall
Bacoor, Cavite	VREIT	Mall / Office Building
BGC, Taguig City	VREIT	Office Building
Talisay, Cebu	VREIT	Mall
Imus, Cavite	VREIT	Mall
General Trias, Cavite	VREIT	Mall
Tanza, Cavite	VREIT	Mall
San Agustin, San Fernando	VREIT	Mall
Mille Luce, San Roque, Antipolo	VREIT	Mall

See Annex A for more details.

Item 3. Legal Proceedings

None of VistaREIT, Inc., the Fund Manager, the Property Manager and/or its Properties is currently involved in any material litigation nor, to the best of their knowledge, is any material litigation currently contemplated or threatened against the Company, the Fund Manager or the Property Manager or involving any of the Properties.

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

Except for matters taken up during the Annual Stockholders Meeting, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company’s common shares are being traded at the Philippine Stock Exchange. The high and low sales prices for each quarter within the last three fiscal years as traded on the Philippine Stock Exchange are as follows:

Quarter	2023			2022			2021			2020		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1 st	1.72	1.59	1.60	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2 nd				1.75	1.71	1.74	n/a	n/a	n/a	n/a	n/a	n/a
3 rd				1.76	1.60	1.60	n/a	n/a	n/a	n/a	n/a	n/a
4 th				1.65	1.48	1.65	n/a	n/a	n/a	n/a	n/a	n/a

The market capitalization of VREIT as of December 31, 2022, based on the closing price of ₱1.65 per share, was approximately ₱12.38 billion.

As of March 31, 2023, VREIT’s market capitalization stood at ₱12.00 billion based on the ₱1.60 per share closing price.

Price Information as of the Latest Practicable Trading Date

<u>Trading Date</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
24 April 2023	1.65	1.65	1.64

Stockholders

There are approximately 16 holders of common equity security of the Company as of December 31, 2022 (based on the number of accounts registered with the Stock Transfer Agent).

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

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)
1.	PCD Nominee Corporation (Filipino)	2,629,515,000	35.13%
2.	Masterpiece Asia Properties, Inc.	2,472,009,663	32.96%
3.	Vista Residence, Inc.	1,305,247,888	17.40%
4.	Manuela Corporation	444,235,220	5.92%
5.	Communities Pampanga, Inc.	364,301,277	4.86%
6.	Crown Asia Properties, Inc.	261,865,952	3.49%
7.	PCD Nominee Corporation (Foreign)	17,107,000	0.23%
8.	Manuel Paolo A. Villar ¹	4,500,000	0.06%
9.	Jerylle Luz C. Quismundo ²	500,000	0.01%
10.	Brian N. Edang ³	250,000	0.00%
11.	Myra P. Villanueva	121,000	0.00%
12.	Raul Juan N. Esteban	62,500	0.00%

¹ Shares are under PCD Nominee Corporation (Filipino)

² Shares are under PCD Nominee Corporation (Filipino)

³ Shares are under PCD Nominee Corporation (Filipino)

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)
13.	Justina F. Callangan	62,500	0.00%
14.	Leticia A. Moreno	62,500	0.00%
15.	Melissa Camille Z. Domingo	62,500	0.00%
16.	Myrna P. Villanueva	60,000	0.00%
17.	Milagros P. Villanueva	30,000	0.00%
18.	Marietta V. Cabreza	5,000	0.00%
19.	Jennifer T. Ramos	2,000	0.00%
	Total issued and outstanding common shares as of December 31, 2022	7,500,000,000	100.00%

Dividends

₱0.03860 per share Regular Cash Dividend

Declaration Date: April 19, 2023

Record date: May 08, 2023

Payment date: May 29, 2023

₱0.03610 per share Regular Cash Dividend

Declaration Date: November 11, 2022

Record date: November 28, 2022

Payment date: December 19, 2022

₱0.02100 per share Regular with Special Cash Dividend

Declaration Date: August 15, 2022

Record date: August 30, 2022

Payment date: September 20, 2022

₱0.00196 per share Regular Cash Dividend

Declaration Date: March 31, 2022

Record date: March 01, 2022

Payment date: March 31, 2022

Recent Sale of Unregistered Securities

There have been no sales of unregistered securities in the past three years.

Stock Options

None

Item 6. Management's Discussion and Analysis

REVIEW OF YEAR END 2022 VS YEAR END 2021

RESULTS OF OPERATIONS

Revenues

Revenues increased to ₱2,100 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021. The 100% increase in the account was primarily attributable to the non-operation in 2021 and the transfer of the assets to the Company in March 2022 as well as the following:

- Rental income increased by 100% from nil for the year ended December 31, 2021 to ₱1,958 million for the year ended December 31, 2022. The increase was due to the increase in occupancy and escalation rates. As of December 31, 2022, the occupancy rate is at 97%.

- Parking fees increased by 100% to ₱33 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 primarily driven by the increase in numbers of vehicles parked in the malls.
- Other operating income increased from nil for the year ended December 31, 2021 to ₱109 million for the year ended December 31, 2022. The 100% increase was due to the increase in administrative fees and other fees charged to tenants.

Fair value changes in investment properties

Fair value changes in investment properties recorded a loss ₱11,200 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 attributable to the following:

- Decrease in fair value of investment properties increased by 100% to ₱10,658 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 due to the recognition of the changes in fair value of the investment properties transferred to the company in 2022. There was a decline in the FV of properties as a result of the changes in the discount rate and cap rate as interest rates are on an increasing trend.
- Straight line adjustments increased by 100% to ₱529 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 due rental escalation of lease contracts recognized on a straight line basis for the year.
- Lease commissions increased by 100% to ₱12 million for the year ended December 31, 2022 from nil for the year ended December 30, 2021 due increase in the lease commission charged for the year.

Costs and Expenses

Cost and expenses increased from nil for the year ended December 31, 2021 to ₱477 million for the year ended December 31, 2022. The 100% increase in the account was primarily attributable to the following:

- Light and power expenses increased by 100% to ₱112 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 due to the increase in activities for the year as foot traffic increase in the malls of the company.
- Outside services increased by 100% to ₱96 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 due to the additional security and maintenance personnel as increased activities in the community malls of the company.
- Advertising and promotion increased by 100% to ₱14 million for the year ended December 31, 2022 from nil for the year ended December 30, 2021 due to the increase in advertising and promotion activities for the year as we are going back to normalcy.

Other Income

Interest income increased from nil for the year ended December 31, 2021 to ₱2 million for the year ended December 31, 2022. The 100% increase resulted from the interest earned from the increase in cash in banks of the company for the year offset by the bank charges recorded for the year.

Benefit from Income Tax

Benefit from income for the year ended December 31, 2022 was ₱43 million, an increase of 100% from nil for the year ended December 31, 2021. This was due primarily to the increase of loss before tax for the year.

Net Loss

As a result of the foregoing, net loss increased by 100% to ₱9,618 million in the year ended December 31, 2022 from nil in the year ended December 31, 2021. If we exclude the fair value adjustment for the period,

the company would have recorded a core net income of ₱1,569 million for the year ended December 31, 2022.

For the year ended December 31, 2022, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

FINANCIAL CONDITION

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

As a result of the transfer of assets from Sponsors to the Company through property-for-shares swap, the Company's financial condition resulted into recognition and increased of almost all of its assets, liabilities and equity in the year ended December 31, 2022 from the pro-forma ended December 31, 2021.

Total assets as of December 31, 2022 are ₱27,519 million compared to ₱510 million as of December 31, 2021, or a 5,295% increase. This was due to the following:

- Cash decreased by 83% from ₱510 million as of December 31, 2021 to ₱89 million as of December 31, 2022 due primarily to cash dividends paid for the year.
- Receivables increased by 100.0% from nil as of December 31, 2021 to ₱1,238 million as of December 31, 2022 due to the increase in receivables from tenants and accrued rent receivables.
- Due from related parties increased by 100.0% from nil as of December 31, 2021 to ₱1,177 million as of December 31, 2022 this resulted from the asset injection to the Company by the Sponsors.
- Other assets increased significantly from ₱1 thousand as of December 31, 2021 to ₱160 million as of December 31, 2022 due to the increase in input vat and prepaid expenses.
- Property and equipment increased by 100.0% from nil as of December 31, 2021 to ₱18 million as of December 31, 2022 due to the transfer of properties and equipment.
- Investment Properties increased by 100.0% from nil as of December 31, 2021 to ₱24,837 million as of December 31, 2022 due to the transfer of the commercial buildings this is net of fair loss recorded for the year.

Total liabilities as of December 31, 2022 are ₱1,355 million compared to ₱10 million as of December 31, 2021, or a 13,779% increase. This was due to the following:

- Accounts and other payables increased by 4,651% from ₱5 million as of December 31, 2021 to ₱246 million as of December 31, 2022 due to the increase in payable to suppliers of the commercial malls and withholding tax payable.
- Security deposits and advance rent increased by 100.0% from nil as of December 31, 2021 to ₱589 million as of December 31, 2022 due to the assignment/transfer of tenants from the sponsors to the Company.
- Payable to related parties increased by 5,893% from ₱5 million as of December 31, 2021 to ₱275 million as of December 31, 2022 due to the assignment/transfer of tenants from the sponsors to the Company.

- Dividends payable increased by 100.0% from nil as of December 31, 2021 to ₱175 million as of December 31, 2022 due to dividends declared for the year.
- Income tax payable increased by 100.0% from nil as of December 31, 2021 to ₱30 million as of December 31, 2022 to recognized taxable operations prior to REIT listing.
- Other noncurrent liabilities increased by 100.0% from nil as of December 31, 2021 to ₱40 million as of December 31, 2022 due to the increase in retention payable.

Total stockholder's equity increased by 5,129% from ₱500 million as of December 31, 2021 to ₱26,164 million as of December 31, 2022 due to the property per share swap with the Sponsors.

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

Key Performance Indicators	12/31/2022	12/31/2021
Current ratio ^(a)	1.64:1	52.24:1
Debt ratio ^(b)	0.00:1	0.00:1
Return on equity ^(c)	(0.37):1	0.00:1
Net Profit Margin ^(d)	(613%)	0.40%
EBITDA ^(e)	(9,567,069,379)	-

Notes:

(a) Current Ratio is computed by dividing the Current Assets of the Company by its Current liabilities.

(b) Debt Ratio is computed by dividing interest bearing debt by the total assets. Interest bearing debt includes current and noncurrent portion of Bank loans.

(c) Return on equity is computed by dividing annualized net income by the total annualized equity.

(d) Net Profit Margin is computed by dividing the net income by the total revenue.

(e) EBITDA is computed as net income before interest expense, provision for income taxes, depreciation and amortization.

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

Current ratio as of December 31, 2022 decreased from that of December 31, 2021 due to the significant increase in current assets.

Return on equity decreased due to the higher net loss for the year.

Net Profit Margin decreased due to the net loss for the year as a result of the recognition of unrealized loss in FV adjustment of the investment properties.

EBITDA increased due to the higher net loss for the year.

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

Cash decreased by 83% from ₱510 million as of December 31, 2021 to ₱89 million as of December 31, 2022 due primarily to cash dividends paid for the year.

Receivables increased by 100.0% from nil as of December 31, 2021 to ₱1,238 million as of December 31, 2022 due to the increase in receivables from tenants and accrued rent receivables.

Due from related parties increased by 100.0% from nil as of December 31, 2021 to ₱1,177 million as of December 31, 2022 this resulted from the asset injection to the Company by the Sponsors.

Other assets increased significantly from ₱1 thousand as of December 31, 2021 to ₱160 million as of December 31, 2022 due to the increase in input vat and prepaid expenses.

Property and equipment increased by 100.0% from nil as of December 31, 2021 to ₱18 million as of December 31, 2022 due to the transfer of properties and equipment.

Investment Properties increased by 100.0% from nil as of December 31, 2021 to ₱24,837 million as of December 31, 2022 due to the transfer of the commercial buildings this is net of fair loss recorded for the year.

Accounts and other payables increased by 4,651% from ₱5 million as of December 31, 2021 to ₱246 million as of December 31, 2022 due to the increase in payable to suppliers of the commercial malls and withholding tax payable.

Security deposits and advance rent increased by 100.0% from nil as of December 31, 2021 to ₱589 million as of December 31, 2022 due to the assignment/transfer of tenants from the sponsors to the Company.

Payable to related parties increased by 5,893% from ₱5 million as of December 31, 2021 to ₱275 million as of December 31, 2022 due to the assignment/transfer of tenants from the sponsors to the Company.

Dividends payable increased by 100.0% from nil as of December 31, 2021 to ₱175 million as of December 31, 2022 due to dividends declared for the year.

Income tax payable increased by 100.0% from nil as of December 31, 2021 to ₱30 million as of December 31, 2022 to recognized taxable operations prior to REIT listing.

Other noncurrent liabilities increased by 100.0% from nil as of December 31, 2021 to ₱40 million as of December 31, 2022 due to the increase in retention payable.

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

Rental income increased by 100% from nil for the year ended December 31, 2021 to ₱1,958 million for the year ended December 31, 2022. The increase was due to the increase in occupancy and escalation rates. As of December 31, 2022, the occupancy rate is at 97%.

Parking fees increased by 100% to ₱33 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 primarily driven by the increase in numbers of vehicles parked in the malls.

Other operating income increased from nil for the year ended December 31, 2021 to ₱109 million for the year ended December 31, 2022. The 100% increase was due to the increase in administrative fees and other fees charged to tenants.

Decrease in fair value of investment properties increased by 100% to ₱10,658 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 due to the recognition of the changes in fair value of the investment properties transferred to the company in 2022. There was a decline in the FV of properties as a result of the changes in the discount rate and cap rate as interest rates are on an increasing trend.

Straight line adjustments increased by 100% to ₱529 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 due rental escalation of lease contracts recognized on a straight line basis for the year.

Lease commissions increased by 100% to ₱12 million for the year ended December 31, 2022 from nil for the year ended December 30, 2021 due increase in the lease commission charged for the year.

Light and power expenses increased by 100% to ₱112 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 due to the increase in activities for the year as foot traffic increase in the malls of the company.

Outside services increased by 100% to ₱96 million for the year ended December 31, 2022 from nil for the year ended December 31, 2021 due to the additional security and maintenance personnel as increased activities in the community malls of the company.

Advertising and promotion increased by 100% to ₱14 million for the year ended December 31, 2022 from nil for the year ended December 30, 2021 due to the increase in advertising and promotion activities for the year as we are going back to normalcy.

Interest income increased from nil for the year ended December 31, 2021 to ₱2 million for the year ended December 31, 2022. The 100% increase resulted from the interest earned from the increase in cash in banks of the company for the year offset by the bank charges recorded for the year.

For the year ended December 31, 2022, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

The succeeding Management Discussion & Analysis for Years ended 2021 vs 2020 and 2020 vs 2019 was prepared based on the Combined Carved-out Financial Statements of the Company. The Combined Carved-out FS (for the years ended 2021, 2020 and 2019) were used in the initial public offering (IPO) of the Company to accurately present the financial performance of the REIT assets prior to their infusion into the Company. Thus, for better understanding of the shareholders in respect of the Company's assets and business operations as a REIT company, and for consistency with the financial information used in the IPO, the financial information presented in this Definitive Information Statement are based on the said Combined Carved-out FS.

REVIEW OF YEAR END 2021 VS YEAR END 2020

RESULTS OF OPERATIONS

Revenues

Revenues increased to ₱2,306 million for the year ended December 31, 2021 from ₱1,977 million for the year ended December 31, 2020. The 16.7% increase in the account was primarily attributable to the opening of the economy as well as the following:

- Rental income increased by 15.1% from ₱1,912 million for the year ended December 31, 2020 to ₱2,200 million for the year ended December 31, 2021. The increase was due to the increase in occupancy and escalation rates.
- Parking fees increased by 13.7% to ₱24 million for the year ended December 31, 2021 from ₱21 million for the year ended December 31, 2020 primarily driven by the higher number of vehicles using parking space compared to the same period of 2020.
- Other operating income increased from ₱44 million for the year ended December 31, 2020 to ₱82 million for the year ended December 31, 2021. The 84.1% increase was due to the increase in administrative fees and other fees charged to tenants.

Costs and Expenses

Cost and expenses increased from ₱1,053 million for the year ended December 31, 2020 to ₱1,092 million for the year ended December 31, 2021. The 3.7% increase in the account was primarily attributable to the following:

- Marketing expenses decreased by 34.1% to ₱9 million for the year ended December 31, 2021 from ₱14 million for the year ended December 31, 2020 due to the shift to digital marketing.

- Other operating expenses increased by 104.7% to ₱26 million for the year ended December 31, 2021 from ₱12 million for the year ended December 31, 2020 due to the increase in miscellaneous expenses and office supplies used for the year.

Other Income (Expense)

Interest income decreased from ₱11 million for the year ended December 31, 2020 to ₱7 million for the year ended December 31, 2021. The 33.0% decrease resulted from the lower interest earned from in cash in banks, investments, and receivables of the company for the year.

Interest expense and other financing charges decreased by 10.4% from ₱87 million in the year ended December 31, 2020 to ₱78 million in the year ended December 31, 2021. This is due to a lower balance of bank loans of the company for the year as principal payments were made during the year thus reducing interest charges.

Provision for Income Tax

Tax expense for the year ended December 31, 2021 was ₱212 million a decrease of 16.4% from the ₱254 million for the year ended December 31, 2020. This was due primarily to the lower tax rate for the year.

Net Income

As a result of the foregoing, net income increased by 56.9% to ₱930 million in the year ended December 31, 2021 from ₱593 million in the year ended December 31, 2020.

For the year ended December 31, 2021, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

FINANCIAL CONDITION

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

Total assets as of December 31, 2021 were ₱19,992 million compared to ₱19,664 million as of December 31, 2020, or a 1.7% increase. This was due to the following:

- Cash decreased by 8.5% from ₱21 million as of December 31, 2020 to ₱19 million as of December 31, 2021 due to cash usage for the period.
- Receivables, including noncurrent portion increased by 48.0% from ₱1,710 million as of December 31, 2020 to ₱2,531 million as of December 31, 2021 due to the increase in receivables from tenants and accrued rent receivables.
- Property and equipment decreased by 22.0% from ₱35 million as of December 31, 2020 to ₱27 million as of December 31, 2021 due to the depreciation recognized for the year.
- Investment Properties – net decreased by 3.1% from ₱16.5 million as of December 31, 2020 to ₱15.9 million as of December 31, 2021 due primarily to the depreciation recognized for the year.

Total liabilities as of December 31, 2021 were ₱2,506 million compared to ₱2,535 million as of December 31, 2020, or a 1.2% increase. This was due to the following:

- Accounts and other payables increased by 20.3% from ₱464 million as of December 31, 2020 to ₱558 million as of December 31, 2021 due to the increase in deferred output VAT.
- Security deposits and advance rent increased by 35.2% from ₱301 million as of December 31, 2020 to ₱407 million as of December 31, 2021 due to additional deposits from new lessees as well as top up of security deposits and advance rent based on escalation.
- Income tax payable decreased by 4.8% from ₱103 million as of December 31, 2020 to ₱98 million as of December 31, 2021 due to settlements made during the year.
- Bank loans, including noncurrent portion decreased by 24.9% from ₱569 million as of December 31, 2020 to ₱427 million as of December 31, 2021 due to settlements made during the year.
- Pension liability increased by 12.2% from ₱7 million as of December 31, 2020 to ₱8 million as of December 31, 2021 due to changes in actuarial assumptions.
- Deferred tax liabilities – net posted an increase of 21.6% from ₱368 million as of December 31, 2020 to ₱448 million as of December 31, 2021 due to increase in temporary differences for the period that will eventually result to future tax liability.
- Other noncurrent liabilities decreased by 41.0% from ₱273 million as of December 31, 2020 to ₱161 million as of December 31, 2021 due to the decrease in construction bond.

Total stockholder's equity increased by 1.7% from ₱17,158 million as of December 31, 2020 to ₱17,457 million as of December 31, 2021 to due to the equity transactions with VLL Group recorded for the year.

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

Key Performance Indicators	12/31/2021	12/31/2020
Current ratio ^(a)	1.06:1	0.88:1
Debt ratio ^(b)	0.02:1	0.03:1
Return on equity ^(c)	0.05:1	0.03:1
Net Profit Margin ^(d)	0.40%	0.30%
EBITDA ^(e)	1,807.72	1,524.67

Notes:

(a) Current Ratio is computed by dividing the Current Assets of the Company by its Current liabilities.

(b) Debt Ratio is computed by dividing interest bearing debt by the total assets. Interest bearing debt includes current and noncurrent portion of Bank loans.

(c) Return on equity is computed by dividing net income by the total equity.

(d) Net Profit Margin is computed by dividing the net income by the total revenue.

(e) EBITDA is computed as net income before interest expense, provision for income taxes, depreciation and amortization.

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

Current ratio as of December 31, 2021 increased from that of December 31, 2020 due to the increase in current assets.

The decrease in debt ratio was due to the increase in total asset compared to the decrease in interest bearing debt.

Return on equity increased due to the higher net income for the year.

Net Profit Margin increased due to the higher revenue and net income for the year.

EBITDA increased due to the higher net income for the year.

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

Cash decreased by 8.5% from ₱21 million as of December 31, 2020 to ₱19 million as of December 31, 2021 due to cash usage for the period.

Receivables, including noncurrent portion increased by 48.0% from ₱1,710 million as of December 31, 2020 to ₱2,531 million as of December 31, 2021 due to the increase in receivables from tenants and accrued rent receivables.

Property and equipment decreased by 22.0% from ₱35 million as of December 31, 2020 to ₱27 million as of December 31, 2021 due to the depreciation recognized for the year.

Accounts and other payables increased by 20.3% from ₱464 million as of December 31, 2020 to ₱558 million as of December 31, 2021 due to the increase in deferred output VAT.

Security deposits and advance rent increased by 35.2% from ₱301 million as of December 31, 2020 to ₱407 million as of December 31, 2021 due to additional deposits from new lessees as well as top up of security deposits and advance rent based on escalation.

Bank loans, including noncurrent portion decreased by 24.9% from ₱569 million as of December 31, 2020 to ₱427 million as of December 31, 2021 due to settlements made during the year.

Pension liability increased by 12.2% from ₱7 million as of December 31, 2020 to ₱8 million as of December 31, 2021 due to changes in actuarial assumptions.

Deferred tax liabilities – net posted an increase of 21.6% from ₱368 million as of December 31, 2020 to ₱448 million as of December 31, 2021 due to increase in temporary differences for the period that will eventually result to future tax liability.

Other noncurrent liabilities decreased by 41.0% from ₱273 million as of December 31, 2020 to ₱161 million as of December 31, 2021 due to the decrease in construction bond.

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

Rental income increased by 15.1% from ₱1,912 million for the year ended December 31, 2020 to ₱2,200 million for the year ended December 31, 2021. The increase was due to the increase in occupancy and escalation rates.

Parking fees increased by 13.7% to ₱24 million for the year ended December 31, 2021 from ₱21 million for the year ended December 31, 2020 primarily driven by the higher number of vehicles using parking space compared to the same period of 2020.

Other operating income increased from ₱44 million for the year ended December 31, 2020 to ₱82 million for the year ended December 31, 2021. The 84.1% increase was due to the increase in administrative fees and other fees charged to tenants.

Marketing expenses decreased by 34.1% to ₱9 million for the year ended December 31, 2021 from ₱14 million for the year ended December 31, 2020 due to the shift to digital marketing.

Other operating expenses increased by 104.7% to ₱26 million for the year ended December 31, 2021 from ₱12 million for the year ended December 31, 2020 due to the increase in miscellaneous expenses and office supplies used for the year.

Interest income decreased from ₱11 million for the year ended December 31, 2020 to ₱7 million for the year ended December 31, 2021. The 33.0% decrease resulted from the lower interest earned from in cash in banks, investments, and receivables of the company for the year.

Interest expense and other financing charges decreased by 10.4% from ₱87 million in the year ended December 31, 2020 to ₱78 million in the year ended December 31, 2021. This is due to a lower balance of bank loans of the company for the year as principal payments were made during the year thus reducing interest charges.

Tax expense for the year ended December 31, 2021 was ₱212 million a decrease of 16.4% from the ₱254 million for the year ended December 31, 2020. This was due primarily to the lower tax rate for the year.

For the year ended December 31, 2021, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

Revenues

Revenues slightly decreased by 1.5% to ₱1,977 million for the year ended December 31, 2020 from ₱2,006 million for the year ended December 31, 2019.

The 1.5% decrease in the account was primarily attributable to the decrease in foot traffic in the malls as a result of the lockdowns imposed during the year, as well as the following:

- Rental income increased by 4.0% from ₱1,838 million for the year ended December 31, 2019 to ₱1,912 million for the year ended December 31, 2020. The increase was due to the annual escalation of lease rates. Our malls were resilient even at the height of the pandemic mainly due to our tenant mix being essential and they are mostly community malls.
- Parking fees decreased by 1.9% to ₱20.8 million for the year ended December 31, 2020 from ₱21.1 million for the year ended December 31, 2020 primarily driven by the lower number of vehicles using parking space compared to the same period of 2019 due to the lockdown.
- Other operating income decreased from ₱147 million for the year ended December 31, 2019 to ₱44 million for the year ended December 31, 2020. The 69.9% decrease was due to the decrease in administrative fees and other fees charged to tenants such as billboards and other collaterals classified as other operating income due to the lockdown.

Costs and Expenses

Cost and expenses decreased from ₱1,239 million for the year ended December 31, 2019 to ₱1,053 million for the year ended December 31, 2020. The 15.0% decrease in the account was primarily attributable to the following:

- General and administrative expenses decreased by 12.7% to ₱1,027 million for the year ended December 31, 2020 from ₱1,177 million for the year ended December 31, 2019. Primarily, the decrease was due to the decrease in demand for light and power and outside services since there is less foot traffic in 2020 compared to the previous year.
- Marketing expenses decreased by 59.2% to ₱14 million for the year ended December 31, 2020 from ₱33 million for the year ended December 31, 2019 due to the shift to digital marketing.

- Other operating expenses decreased by 56.8% to ₱12 million for the year ended December 31, 2020 from ₱29 million for the year ended December 31, 2019 due to the decrease in miscellaneous expenses and office supplies used for the year.

Other Income and Expenses

Interest income increased from ₱7 million for the year ended December 31, 2019 to ₱11 million for the year ended December 31, 2020. The 56.9% increase resulted from the higher interest earned from deposits for the year.

Interest expense and other financing charges decreased by 5.5% from ₱92 million in the year ended December 31, 2019 to ₱87 million in the year ended December 31, 2020. This was due to a lower balance of bank loans of the company for the year as principal payments were made during the year thus reducing interest charges.

Provision for Income Tax

Tax expense for the year ended December 31, 2020 was ₱254 million an increase of 24.2% from ₱205 million for the year ended December 31, 2019. This was due primarily to the higher taxable income recorded for the year.

Net Income

As a result of the foregoing, net income increased by 24.2% to ₱593 million in the year ended December 31, 2020 from ₱477 million in the year ended December 31, 2019.

For the year ended December 31, 2020, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

FINANCIAL CONDITION

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

Total assets as of December 31, 2020 were ₱19,664 million compared to ₱19,851 million as of December 31, 2019, or a 0.9% decrease. This was due to the following:

- Cash decreased by 89.2% from ₱193 million as of December 31, 2019 to ₱21 million as of December 31, 2020 due to cash usage for the period. Cash usage represents net cash used in the investing at ₱119 million and net cash used in financing at ₱950.16 million.
- Receivables, including noncurrent portion increased by 38.1% from ₱1,238 million as of December 31, 2019 to ₱1,710 million as of December 31, 2020 due to the increase in receivables from tenants and accrued rent receivables.
- Property and equipment increased by 14.8% from ₱30 million as of December 31, 2019 to ₱35 million as of December 31, 2020 due to the acquisitions made during the year.
- Investment Properties – net decreased by 2.3% from ₱16.8 million as of December 31, 2019 to ₱16.5 million as of December 31, 2020 due primarily to the depreciation recognized for the year.

- Other assets, including noncurrent portion decreased by 6.5% from ₱1,550 million as of December 31, 2019 to ₱1,449 million as of December 31, 2020 due to the decrease in input vat and prepaid expenses.

Total liabilities as of December 31, 2020 were ₱2,506 million compared to ₱2,557 million as of December 31, 2019, or a 2.0% decrease. This was due to the following:

- Accounts and other payables increased by 21.3% from ₱382 million as of December 31, 2019 to ₱464 million as of December 31, 2020 due to the increase in accounts payable to contractors and accrued expenses.
- Security deposits and advance rent decreased by 31.5% from ₱439 million as of December 31, 2019 to ₱301 million as of December 31, 2020 due to the settlements of deposits and advances for the year.
- Income tax payable decreased by 12.3% from ₱117 million as of December 31, 2019 to ₱103 million as of December 31, 2020 due to the settlements made during the year.
- Bank loans, including noncurrent portion decreased by 19.9% from ₱711 million as of December 31, 2019 to ₱569 million as of December 31, 2020 due to settlements made during the year.
- Pension liability increased by 36.2% from ₱5 million as of December 31, 2019 to ₱7 million as of December 31, 2020 due to changes in actuarial assumptions.
- Deferred tax liabilities – net posted an increase of 43.0% from ₱258 million as of December 31, 2019 to ₱368 million as of December 31, 2020 due to increase in temporary differences for the period that will eventually result to future tax liability.
- Other noncurrent liabilities increased by 18.1% from ₱231 million as of December 31, 2019 to ₱273 million as of December 31, 2020 due to increase in advance rent and construction bond.

Total stockholder's equity decreased by 0.8% from ₱17,294 million as of December 31, 2019 to ₱17,158 million as of December 31, 2020 due to the equity transactions recorded for the year.

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

Key Performance Indicators	12/31/2020	12/31/2019
Current ratio ^(a)	0.88:1	1.01:1
Debt ratio ^(b)	0.03:1	0.04:1
Return on equity ^(c)	0.03:1	0.03:1
Net Profit Margin ^(d)	0.30%	0.24%
EBITDA ^(e)	1,524.67	1,389.05

Notes:

(a) Current Ratio is computed by dividing the Current Assets of the Company by its Current liabilities.

(b) Debt Ratio is computed by dividing interest bearing debt by the total assets. Interest bearing debt includes current and noncurrent portion of Bank loans,

(c) Return on equity is computed by dividing net income by the total equity.

(d) Net Profit Margin is computed by dividing the net income by the total revenue.

(e) EBITDA is computed as net income before interest expense, provision for income taxes, depreciation and amortization.

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

Current ratio as of December 31, 2020 increased from that of December 31, 2019 due to the increase in current asset from receivables classified as current.

The decrease in debt ratio was due to the decrease in total asset and the decrease in interest bearing debt.

Return on equity remains the same for the year.

Net Profit Margin increased due to the higher net income for the year.

EBITDA increased due to the higher net income for the year.

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

Cash decreased by 89.2% from ₱193 million as of December 31, 2019 to ₱21 million as of December 31, 2020 due to cash usage for the period. Cash usage represents net cash used in the investing at ₱119 million and net cash used in financing at ₱950.16 million.

Receivables, including noncurrent portion increased by 38.1% from ₱1,238 million as of December 31, 2019 to ₱1,710 million as of December 31, 2020 due to the increase in receivables from tenants and accrued rent receivables.

Property and equipment increased by 14.8% from ₱30 million as of December 31, 2019 to ₱35 million as of December 31, 2020 due to the acquisitions made during the year.

Other assets, including noncurrent portion decreased by 6.5% from ₱1,550 million as of December 31, 2019 to ₱1,449 million as of December 31, 2020 due to the decrease in input vat and prepaid expenses.

Accounts and other payables increased by 21.3% from ₱382 million as of December 31, 2019 to ₱464 million as of December 31, 2020 due to the increase in accounts payable to contractors and accrued expenses.

Security deposits and advance rent decreased by 31.5% from ₱439 million as of December 31, 2019 to ₱301 million as of December 31, 2020 due to the settlements of deposits and advances for the year.

Income tax payable decreased by 12.3% from ₱117 million as of December 31, 2019 to ₱103 million as of December 31, 2020 due to the settlements made during the year.

Bank loans, including noncurrent portion decreased by 19.9% from ₱711 million as of December 31, 2019 to ₱569 million as of December 31, 2020 due to settlements made during the year.

Pension liability increased by 36.2% from ₱5 million as of December 31, 2019 to ₱7 million as of December 31, 2020 due to changes in actuarial assumptions.

Deferred tax liabilities – net posted an increase of 43.0% from ₱258 million as of December 31, 2019 to ₱368 million as of December 31, 2020 due to increase in temporary differences for the period that will eventually result to future tax liability.

Other noncurrent liabilities increased by 18.1% from ₱231 million as of December 31, 2019 to ₱273 million as of December 31, 2020 due to increase in advance rent and construction bond.

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

Other operating income decreased from ₱147 million for the year ended December 31, 2019 to ₱44 million for the year ended December 31, 2020. The 69.9% decrease was due to the decrease in administrative fees and other fees charged to tenants such as billboards and other collaterals classified as other operating income due to the lockdown.

General and administrative expenses decreased by 12.7% to ₱1,027 million for the year ended December 31, 2020 from ₱1,177 million for the year ended December 31, 2019. Primarily, the decrease was due to the decrease in demand for light and power and outside services since there is less foot traffic in 2020 compared to the previous year.

Marketing expenses decreased by 59.2% to ₱14 million for the year ended December 31, 2020 from ₱33 million for the year ended December 31, 2019 due to the shift to the digital marketing.

Other operating expenses decreased by 56.8% to ₱12 million for the year ended December 31, 2020 from ₱29 million for the year ended December 31, 2019 due to the decrease in miscellaneous expenses and office supplies used for the year.

Interest income increased from ₱7 million for the year ended December 31, 2019 to ₱11 million for the year ended December 31, 2020. The 56.9% increase resulted from the higher interest earned from deposits for the year.

Interest expense and other financing charges decreased by 5.5% from ₱92 million in the year ended December 31, 2019 to ₱87 million in the year ended December 31, 2020. This was due to a lower balance of bank loans of the company for the year as principal payments were made during the year thus reducing interest charges.

Tax expense for the year ended December 31, 2020 was ₱254 million an increase of 24.2% from ₱205 million for the year ended December 31, 2019. This was due primarily to the higher taxable income recorded for the year.

For the year ended December 31, 2020, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

Commitments and Contingencies

The Company is contingently liable with respect to guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate project.

The Philippines continues to experience economic difficulties relating to currency fluctuations, volatile stock markets and slowdown in growth. Management is of the opinion that losses, if any, from these events and conditions will not have material effects on the Company's financial statements.

Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The registrant shall indicate balance sheet conditions or an income or cash flow item that it believes may be indicators of its liquidity condition.

The Company sources its capital requirements through a mix of internally generated cash, bank borrowings and advances from parent company. The Company does not expect any material cash requirements beyond the normal course of the business.

Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

None, except for those items disclosed in the 2022 Audited Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 2022 Audited Financial Statements.

Item 7. Financial Statements

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

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountant

SGV & Co., independent certified public accountants, audited the Company's financial statements without qualification as of and for the years ended December 31, 2020, 2021 and 2022, included in this report. Cyril Jasmin B. Valencia is the current audit partner for the Company.

External Audit Fees and Services

External Audit Fees

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

	<u>2022</u>	<u>2021</u>
	<i>(In ₱ Millions with VAT)</i>	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 4.87	₱ 0.12
All other fees	-	-
Total	₱ 4.87	₱ 0.12

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

Tax Fees

Tax accounting, compliance, advice, planning and other form of tax services are not rendered by the appointed external auditor of the Company, but are secured from other entities.

All Other Fees

The appointed External Auditor of the Company does not render and/or provide product or service to the Company other than those provided under the caption "External Audit Fees".

Audit Committee's Approval Policies and Procedure for the Services of the External Auditor

The scope, extent and nature of the services to be referred to, and/or to be rendered by, the appointed External Auditor of the Company has to be unanimously approved by the Audit Committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred. In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has adopted some revisions and annual improvements to the PFRS (Philippine Financial Reporting Standards) that are relevant to the Group and effective for the financial statements beginning on or after January 1, 2018 as discussed in Note 3 of the Notes to Financial Statements for the years ended December 31, 2022, 2021 and 2020.

As such, the comparative amounts contained in the audited financial statements may differ from those previously presented in the financial statements for the year ended December 31, 2022, 2021 and 2020.

There are no disagreements with auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

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

<u>NAME</u>	<u>AGE</u>	<u>POSITION</u>	<u>CITIZENSHIP</u>
Jerylle Luz C. Quismundo	59	Chairman	Filipino
Manuel Paolo A. Villar	46	Director, President & Chief Executive Officer	Filipino
Brian N. Edang	44	Director	Filipino
Melissa Camille Z. Domingo	36	Director, Treasurer, Chief Financial Officer & Head, Investor Relations	Filipino
Justina F. Callangan	70	Independent Director	Filipino
Leticia A. Moreno	62	Independent Director	Filipino
Raul Juan N. Esteban	61	Independent Director	Filipino
Gemma M. Santos	61	Corporate Secretary	Filipino
Ma. Nalen SJ. Rosero	52	Assistance Corporate Secretary, Chief Legal Counsel, Compliance Officer & Chief Information Officer	Filipino
Marilyn S. Oblena	41	Chief Audit Executive	Filipino
Mayumi Mitzi L. Arao	44	Data Protection Officer	Filipino
Rowena B. Bandigan	45	Chief Accountant	Filipino

* Business Experience of the named directors and officers covers the past five (5) years.

Jerylle Luz C. Quismundo, *Chairman of the Board*. Ms. Quismundo, 59, graduated cum laude with a degree in Bachelor of Science in Business Economics from the University of the Philippines Diliman in 1983. She took her Master in Business Administration from the same university in 1989. She has held various positions under the M.B. Villar Group of Companies since 1989 and is the incumbent President of various Vista Land and Lifescapes, Inc. subsidiaries including Brittany Corporation, Camella Homes, Inc. Vista Residences, Inc., and Crown Asia Properties, Inc.

Manuel Paolo A. Villar, *Director and President & Chief Executive Officer*. Mr. Villar, 46, 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 Vista Land in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He was elected President, Chief Executive Officer, Director, and Vice Chairman of Vista Land and Lifescapes, Inc. (*listed company*) in July 2011 and President of Vistamalls, Inc. (*listed company*) 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., Powersource Phils Development Corp. and the Chairman of Vista Land subsidiaries Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. Mr. Villar also is the majority shareholder of Prime Asset Ventures, Inc., and a director of Fine Properties, Inc.

Brian N. Edang, *Director*. Mr. Edang, 44, is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head Investor Relations of Vista Land and Lifescapes, Inc. from 2007 up to present, and the Chief Financial Officer of Vista Land & Lifescapes, Inc. 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).

Melissa Camille Z. Domingo, *Chief Financial Officer, Treasurer, and Head, Investor Relations*. Ms. Domingo, 36, graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration & Accountancy in 2008. She is a Certified Public Accountant. In 2011, she took the Certified Internal Auditor examination and was part of the Top 50 successful examinees globally. Prior to joining Vista Land in 2013 as Senior Financial Analyst, she was with SGV & Co. (EY Philippines) as Associate Director. She was the Finance Head of Vista Land until she assumed the Chief Audit Executive position in June 2019, which she concurrently holds.

Justina F. Callangan, *Independent Director*. Atty. Callangan, 70, graduated cum laude with a degree in Bachelor of Arts in Political Science in the University of the East in 1973. She received her degree in Bachelor of Laws from San Sebastian College in 1980. She served as the Consultant in the Listings Department of the Philippine Stock Exchange from 2018 to 2019, and Director of the Corporate Governance and Finance Department of the Securities and Exchange Commission from 2012 to 2017. She currently works as a Consultant in Divina Law Office, ASA Philippines Foundation, Inc. and a Director of the Securities Investors Protection Fund, Inc. From November 2018 to December 2019, Atty. Callangan served as consultant in the Listings Department of the Philippine Stock Exchange. Ms. Callangan also serves as the Independent Director of ORIX Metro Leasing and Finance Corporation (*regulated company*) and Vista Land & Lifescapes, Inc. (*listed company*). She is also nominated as the Independent Director of the AIB Money Market Fund (*regulated company*).

Leticia A. Moreno, *Independent Director*. Ms. Moreno, 62, graduated with a degree in Bachelor of Science in Business Economics from the University of the Philippines Diliman in 1982. She also received her Master of Business Administration from the same university in 1990. She was with the Corporate Banking Center of the Union Bank of the Philippines as a relationship manager. Before retiring in 2020, Ms. Moreno held the position of First Vice President of the Union Bank of the Philippines.

Raul Juan N. Esteban, *Independent Director*. Mr. Esteban, 61, graduated from the Ateneo de Manila University with a degree of Bachelor of Science in Management Engineering. He became a brand manager of Unilever Philippine from 1983 to 1986. He was the Country Representative of PPF (A Subsidiary of Unilever) from 1986 to 1988. He was Founding Partner of AGB-Nielsen Philippines and was Chairman until 2012. He held various positions in the Advertising Board of the Philippines, Advertising Congress, MORES (Marketing & Opinion Research Society of the Philippines) and ESOMAR (World Association of Marketing, Social, and Opinion Research) from 2000 to present. Currently, he is the Managing Director of Philippine Survey and Research Center Inc. Mr. Esteban is currently an independent director of Vistamalls, Inc. (*listed company*) and AllDay Marts, Inc. (*listed company*).

Gemma M. Santos, *Corporate Secretary*. Atty. Santos, 61, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer, and was a Senior Partner at Picazo Buyco Tan Fider & Santos Law Offices until 2017. She currently serves as a Special Counsel at the same firm. She is also the Corporate Secretary of Vista Land & Lifescapes, Inc., Golden MV Holdings, Inc. and Fine Properties, Inc., and a director of Bulacan Water District, Philippine Associated Smelting and Refining Corporation (PASAR).

Ma. Nalen S.J. Rosero, *Assistant Corporate Secretary and Chief Compliance Officer*. Atty. Rosero, 52, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Corporate Secretary and a Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also a Director of Manuela Corporation and Masterpiece Properties, Inc., and the Corporate Secretary of Vistamalls, Inc. From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Relaga & Cruz (ACCRA) Law Offices. On September 11, 2013, Atty. Rosero was designated as Compliance Officer and Chief Information Officer of Vista Land and Lifescapes, Inc.

Marilyn S. Oblena, *Chief Audit Executive*. Ms. Oblena, 41, graduated with a degree in Bachelor of Science in Accountancy from the University of Santo Tomas in 2002. She is a Certified Public Accountant. Ms. Oblena previously served as the Controller for Property Company of Friends, Inc.

from 2010 to 2018. At present, she is the Accounting Head of Masterpiece Asia Properties, Inc. She is a member of the Philippine Institute of Certified Public Accountants and the Institute of Internal Auditors – Philippines.

Mayumi Mitzi L. Arao, *Data Protection Officer*. Atty. Arao, 44, earned her Bachelor of Arts in English Language Studies from the University of the Philippines in 1999 and graduated from the Arellano University School of Law in 2015. She served as a Court Attorney VI in the Supreme Court of the Philippines from 2006 to 2013. Atty. Arao is a practicing lawyer at Rosero Sabillo Lazaro Carino Law Offices. She is also a member of the Integrated Bar of the Philippines.

ROWENA B. BANDIGAN, *Chief Accountant*. Ms. Bandigan, 45, is a Certified Public Accountant. She took and passed her certification exam in 1999 shortly after graduating with a degree of Bachelor of Science in Accountancy at PLM (Pamantasan ng Lungsod ng Maynila). She worked as Senior Auditor at Deloitte Philippines until 2005. Thereafter, she worked in Singapore as Senior Auditor at Foo Kon Tan Grant Thornton, a member of Grant Thornton International from 2005 to 2009 and as Audit Manager at Moore Stephens LLP in 2009-2010. She joined Vistamalls, Inc. and its subsidiaries as Chief Accountant in 2010.

Resignation of Directors

Due to the resignation of Ms. Jo Marie C. Lazaro-Lim as Director and Corporate Secretary and Ms. Rowena B. Bandigan as Director effective 16 March 2022, Ms. Melissa Camille Z. Domingo and Ms. Justina F. Callangan were elected as Directors on the same date. Ms. Callangan was elected as Independent Director.

Due to the resignation of Mr. Manuel Paolo A. Villar as Chairman of the Board and Ms. Jerylle Luz C. Quismundo as President effective 16 March 2022, the board thereafter elected Ms. Jerylle Luz C. Quismundo as the Chairman of the Board and Mr. Manuel Paolo A. Villar as the President and Chief Executive Officer of the Corporation.

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

Family relationships

None of the Company's Director or Executive Officer is related to the others by consanguinity or affinity within the fourth civil degree.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the Directors and Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

None of them has been involved in any bankruptcy petition.

None of them has been convicted by final judgment in a criminal proceeding or being subject to any pending criminal proceeding, both domestic and foreign.

None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (both domestic and foreign) permanently or temporarily enjoining, barring, suspending or likewise limiting their involvement in any type of business, securities, commodities or banking activities.

None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), by the Commission or comparable body, or by a domestic or foreign exchange or organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

Our key officers, namely: Ms. Jerylle Luz C. Quismundo, Mr. Manuel Paolo A. Villar, Mr. Brian N. Edang, Ms. Melissa Camille Z. Domingo and Ms. Marilyn S. Oblena, are also serving as officers of Vista Land. They

do not receive any compensation from our Company. The compensation of these officers is paid by Vista Land.

There are no other executive officers other than aforementioned.

Standard arrangements

Other than payment of reasonable per diem ₱50,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company's subsidiaries, for any services provided as a director for 2021 and 2022.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company's subsidiaries, during 2021 and 2022 for any service provided as a director.

Employment Contracts and Termination of Employment and Change in Control Arrangements

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

Warrants and options held by the executive officers and directors

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

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

<u>Title of Class of Securities</u>	<u>Name/Address of Record Owners and Relationship with Us</u>	<u>Name of Beneficial Owner /Relationship with Record Owner</u>	<u>Citizenship</u>	<u>No. of Shares Held</u>	<u>% of Ownership¹</u>
Common Shares	Masterpiece Asia Properties, Inc. 3rd Floor, Starmall, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	2,472,009,663	32.9601%
Common Shares	Vista Residences Inc. LGF Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	1,305,247,888	17.4033%
Common Shares	Manuela Corporation 3rd Floor, Starmall, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	444,235,220	5.9231%

¹Based on the total issued and outstanding common shares of 7,500,000,000 as of December 31, 2022

Security Ownership of Management

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

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Manuel Paolo A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	4,500,000 - Indirect ⁴	Filipino	.06%
Common Shares	Jerylle Luz C. Quismundo #15 Garnet Ext., Doña Juana, Rosario, Pasig City	500,000 – Indirect ⁴	Filipino	.0067%
Common Shares	Brian N. Edang Blk 11 Lot 11 Pigeon St., Pacita 2, San Pedro, Laguna	250,000 – Indirect ⁴	Filipino	.0033%
Common Shares	Melissa Camille Z. Domingo 62A Labo St., Sta Mesa Heights, Quezon City	62,500 - Direct	Filipino	.0008%
Common Shares	Justina F. Callangan B164 L17 Castello St., Casa Milan Subd., Fairview, Quezon City	62,500 - Direct	Filipino	.0008%
Common Shares	Leticia A. Moreno 240 Lucerne, Pine Crest Condominiums, Aurora Blvd. corner Balete Drive, Quezon City	62,500 - Direct	Filipino	.0008%
Common Shares	Raul Juan N. Esteban 223B Alexandra Condo. 29 Meralco Avenue, Ortigas Center, Pasig City	62,500 - Direct	Filipino	.0008%
-	Gemma M. Santos #19 Matungao St., Bulacan, Bulacan	-	Filipino	-
-	Ma. Nalen SJ. Rosero Block 5 Lot 2A New Victorianne Row La Posada Subdivision, Sucat, Muntinlupa City	-	Filipino	-
-	Marilyn S. Oblena 56A Tinio St., Brgy Addition Hills, Mandaluyong City	-	Filipino	-
-	Mayumi Mitzi L. Arao	-	Filipino	-

⁴ held through PCD Nominee Corporation

	Unit 402, Union Square Condominium, 145 15th Ave., Cubao, Quezon City			
AGGREGATE SHAREHOLDINGS		5,500,000		0.0733%

Voting Trust Holders of 5.0% or More

As of December 31, 2022, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes In Control

As of December 31, 2022, there was no arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

As of December 31, 2022, Vista Land (through its subsidiaries) holds 64.64% of the total issued and outstanding common share capital of the Company. It enters into transactions with associates and related parties, in its regular course of business. These transactions to and from related parties are made on arm's length basis and at current market prices at the time of the transactions.

No transaction, without proper disclosure, was undertaken by the Company in which any Director or Executive Officer, nominee for election as Director, or any member of its immediate family was involved or had a direct or indirect material interest.

No single Director or Executive Officer, nominee for election as Director, or any member of their immediate family owns or holds more than 10% of the Company's voting shares.

Please refer to Notes on Related Party Transactions of the Notes to Financial Statements of the 2022 Audited Financial Statements, which is incorporated herein in the accompanying Index to Exhibits.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

To be disclosed separately.

PART V – EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17 A

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

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

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

Reports on SEC Form 17-C

The following current reports have been reported by VistaREIT, Inc. during the year 2022 through official disclosure letters dated:

June 16, 2022

Notice of Pendency of TDs and CCTs

June 17, 24, July 01, 08, 14, 2022

Price Stabilization Activity

June 21, 2022

Postponement of the 2022 Annual Stockholders' Meeting

July 14, 2022

Submission of Pending TDs and CCTs
Price Stabilization Activity - Final Week

July 18, 2022

First Quarterly Progress Report
Calling of the Annual Stockholders' Meeting

August 15, 2022

Declaration of Cash Dividends

August 16, 2022

Press Release for its Net Income for Q22022.

August 26, 2022

Cash Dividend Advisory

September 01, 2022

Submission of the Pending Tax Declaration for Vista Mall Tanza

September 15, 2022

Results of Annual Stockholders' Meeting
Results of Organizational Board Meeting

October 18, 2022

Second Quarterly Progress Report

November 11, 2022

Declaration of Cash Dividends
BOD Meeting Resolution 11/11/2022

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

August 15, 2022

Declaration of Cash Dividends

August 18, 2022

Calling of the Annual Stockholders' Meeting

October 18, 2022

Second Quarterly Progress Report

Sustainability Report

A copy of VREIT's 2022 Integrated Report, will be available on the link below on or before the date of its Annual Stockholders' Meeting on July 05, 2023

<https://vistareit.com.ph/disclosures>

Annex A

(a) Schedule of Properties as of 30 December 2022


Property and Location	Latest Appraisal ¹	Remaining Land Lease Term	Gross Leasable Area (GLA)	Leased Area	Occupancy Rate
	in Php millions	Years	in sqm	in sqm	%
Vistamall Las Piñas Main	2,180.47	24.25	20,605.02	20,562.08	100%
Starmall Las Pinas - Annex	581.61	24.25	6,227.53	6,145.38	99%
Starmall San Jose del Monte	4,576.21	24.25	35,664.93	34,221.20	96%
SOMO - A Vista Mall	3,231.26	24.25	31,849.91	30,354.40	95%
Vistahub Molino	2,304.66	24.25	15,631.08	15,631.08	100%
Starmall Talisay - Cebu	1,705.70	24.25	19,643.57	19,643.57	100%
Starmall - Imus	999.39	24.25	12,778.45	12,404.93	97%
Vistamall General Trias	1,677.88	19.75	26,638.45	25,589.39	96%
Vistamall Tanza	784.92	19.75	25,012.82	23,221.71	93%
Vistamall Pampanga	1,623.94	24.25	25,526.84	24,038.63	94%
Vistahub BGC	4,116.11	-	20,742.42	20,143.14	97%
Vistamall Antipolo	1,513.13	24.25	16,082.93	15,479.01	96%
TOTAL	25,295.30		256,403.95	247,434.52	97%

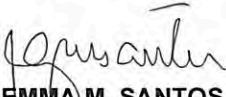
¹ December 31, 2022

SIGNATURES

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

By:


MANUEL PAOLO A. VILLAR
President and Chief Executive Officer


GEMMA M. SANTOS
Corporate Secretary

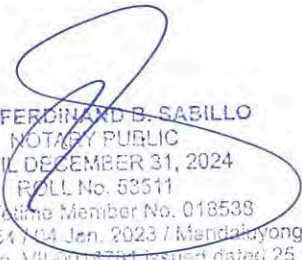

MELISSA CAMILLE Z. DOMINGO
Treasurer, Chief Financial Officer & Head IR


ROWENA B. BANDIGAN
Chief Accountant

APR 19 2023
MANDALUYONG CITY
SUBSCRIBED AND SWORN to before me this _____ at _____, affiants exhibiting to me their respective Passports, to wit:

<u>Name</u>	<u>Passport No.</u>	<u>Date & Place of Issue</u>
Manuel Paolo A. Villar	P4237701B	17 Dec 2019 / DFA Manila
Gemma M. Santos	P0067627C	14 Mar 2022 / DFA Malolos
Melissa Camille Z. Domingo	P7271420B	26 Jul 2021 / DFA Manila
Rowena B. Bandigan	P8621753A	04 Sep 2018 / DFA Manila

Doc. No. 337
Page No. 09
Book No. IV
Series of 2023.


ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 5110654 / 04 Jan. 2023 / Mandaluyong City
MCLE Compliance No. VII-0018761 issued dated 25 May 2022
Notarial Commission Appointment No. 0314-23
Vista Corporate Center, Upper Ground Floor
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Jan Pol Albert S. Belardo

From: Vista One, Inc.
Sent: Friday, April 28, 2023 6:47 PM
To: Jan Pol Albert S. Belardo
Cc: Weng Bandigan
Subject: FW: Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Friday, April 28, 2023 6:23 PM
To: Vista One, Inc. <vistaoneinc@starmalls.com.ph>
Cc: Accounting Dept - Starmalls <accountingdept@starmalls.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

Hi VISTA ONE, INC.,

Valid files

- EAFS010510144AFSTY122022.pdf
- EAFS010510144ITRTY122022.pdf
- EAFS010510144OTHTY122022.pdf
- EAFS010510144TCRTY122022-01.pdf
- EAFS010510144TCRTY122022-03.pdf

Invalid file

- EAFS010510144TCRTY122022-02.pdf

Warning: Please resubmit the invalid file in the expected PDF format.

Transaction Code: **AFS-0-4P422QM08F6K9JDFMX2MRPZW04TXXMQ3**

Submission Date/Time: **Apr 28, 2023 06:22 PM**

Company TIN: **010-510-144**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of VISTAREIT, INC. (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

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


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

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

Signed this April 19, 2023.


JERYLLE LUZ C. QUISMUNDO
Chairman


MANUEL PAOLO A. VILLAR
President & Chief Executive Officer

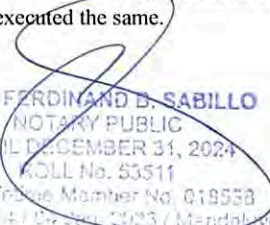

MELISSA CAMILLE Z. DOMINGO
Treasurer, Chief Financial Officer and
Head Investor Relations

SUBSCRIBED AND SWORN, to before me this APR 19 2023 at MANDALUYONG CITY,
affiants exhibiting to me their respective Passports, to wit:

Name	Passport No./Drivers' License	Date and Place of Issue
Jerylle Luz C. Quismundo	N03-92-123364	Valid Until: 19 NOV 2023
Manuel Paolo A. Villar	P4237701B	17 DEC 2019 / DFA MANILA
Melissa Camille Z. Domingo	P7271420B	26 JUL 2021 / DFA MANILA

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

Doc No. 334
Page No. 68
Book No. IV
Series of 2023.


ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 53511
ISP License Member No. 019558
DPS No. 0110504 / 04-201-2023 / Mandaluyong City
MCLE Compliance No. 90201079 issued dated 25 May 2022
National Government Appointment No. 0314-23
Vines Edgepointe Center, Upper Ground Floor
Wendover II, Alameda Center, Shaw Blvd., Mandaluyong City

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	2	0	0	6	7	2	5
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COMPANY NAME

V	I	S	T	A	R	E	I	T	,		I	N	C	.		(F	O	R	M	E	R	L	Y		V	I	S	T
A	O	N	E	,		I	N	C	.)																			

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

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

Form Type

A	A	C	F	S
---	---	---	---	---

Department requiring the report

S	E	C
---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address

vistaoneinc@starmalls.com.ph

Company's Telephone Number

8994-4377

Mobile Number

09998864216

No. of Stockholders

5,150

Annual Meeting (Month / Day)

5th of July

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Melissa Camille Z. Domingo

Email Address

melissa_domingo@vistaland.com.ph

Telephone Number/s

**3226-3552/
8874-5758**

Mobile Number

0999-887-3216

CONTACT PERSON'S ADDRESS

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

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

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



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
VistaREIT, Inc.
Lower Ground Floor, Building B, Evia Lifestyle Center
Daanghari, Almanza Dos, Las Piñas City

Opinion

We have audited the financial statements of VistaREIT, Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the 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 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 financial statements.



Provision for Expected Credit Losses

The Company applies simplified approach in calculating expected credit loss (ECL) of its receivable from tenants. Key areas of judgment include segmenting the Company's credit risk exposures; defining default; determining assumptions to be used in the calculation; and incorporating forward-looking information (called overlays) in calculating the ECL. The determination of provision for credit losses for receivables from tenants, specifically, the exposure at default includes consideration of the security deposits and advance rent, and financial support and credit enhancements extended by any related party of the tenants. No allowance and provision for credit losses were recognized as of and for the year ended December 31, 2022.

The disclosures related to credit losses are included in Note 7 to the financial statements.

Audit Response

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

We (a) assessed the Company's segmentation of its credit risk exposures based on credit risk characteristics, (b) assessed the methodology used in applying the ECL model by evaluating the key inputs, assumption and formula used, (c) compared the definition of default against historical analysis of accounts and the credit risk management policies and practices in place, (d) compared the security deposits and advance rent made by tenants against outstanding receivables to determine the exposure at default, (e) checked the impact of any financial support and credit enhancements extended by any party; and (f) checked the forward-looking information used for overlay through using publicly available information and our understanding of the Company's receivable portfolios and the related industry of tenants.

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

We performed recalculation of the ECL on a sample basis and evaluated the adequacy of disclosures made in the financial statements.

Valuation of Investment Properties

The Company owns and operates investment properties located in Luzon and Visayas which comprise 90.25% of its total assets as of December 31, 2022. The investment properties are accounted for under the fair value method and the valuations were carried out by the management and an external valuer.

We identified the valuation of investment properties account as a key audit matter because it is material to the financial statements and the determination of the fair values of these properties involves significant judgment and estimation by the management and external valuer. They apply key assumptions for discount rates, growth rates and free cash flows, which are influenced by the prevailing market rates and comparable information.

The Company's disclosures about investment properties are included in Note 8 to the financial statements.



Audit Response

We evaluated the reasonableness of the fair value computations, valuation methodology adopted and the underlying assumptions in connection with the valuations of investment properties of the Company as of December 31, 2022. These key assumptions include discount rates, growth rates and free cash flows. In addition, we assessed whether the discount rates used are within the acceptable range with the assistance from our internal valuation specialist and performed a certain sensitivity analysis. We evaluated the competence and independence of the external valuer engaged by the Company. We also assessed the sufficiency of disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.





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working world

- 5 -

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9566009, January 3, 2023, Makati City

April 19, 2023



VISTAREIT, INC. (Formerly Vista One, Inc.)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Notes 6, 18 and 19)	₱88,956,748	₱510,074,364
Receivables (Notes 7, 15, 18 and 19)	757,541,351	—
Receivable from related parties (Notes 15, 18 and 19)	1,176,934,525	—
Other current assets (Notes 1 and 9)	129,635,629	643
Total Current Assets	2,153,068,253	510,075,007
Noncurrent Assets		
Receivables - net of current portion (Notes 7, 15, 18 and 19)	480,511,726	—
Property and equipment (Note 1)	18,139,534	—
Investment properties (Notes 1 and 8)	24,836,894,248	—
Other noncurrent assets (Notes 1 and 9)	30,185,685	—
Total Noncurrent Assets	25,365,731,193	—
	₱27,518,799,446	₱510,075,007
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 10, 18 and 19)	₱246,172,088	₱5,181,000
Security deposits and advance rent (Notes 1 and 11)	589,301,412	—
Payable to related parties (Notes 1, 15, 18 and 19)	274,608,184	4,582,270
Dividends payable (Notes 12, 15, 18 and 19)	175,011,310	—
Income tax payable	30,137,710	—
Total Current Liabilities	1,315,230,704	9,763,270
Noncurrent Liabilities		
Security deposits and advance rent - net of current portion (Notes 1 and 11)	39,830,724	—
Total Liabilities	1,355,061,428	9,763,270
Equity (Notes 1 and 12)		
Capital stock	7,500,000,000	510,000,000
Additional paid-in capital	28,720,893,836	—
Deficit	(10,057,155,818)	(9,688,263)
Total Equity	26,163,738,018	500,311,737
	₱27,518,799,446	₱510,075,007

See accompanying Notes to Financial Statements.



VISTAREIT, INC. (Formerly Vista One, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE			
Rental income (Notes 8 and 17)	₱1,957,565,706	₱–	₱–
Parking fees	32,672,494	–	–
Other operating income (Note 13)	109,293,243	–	–
	<u>2,099,531,443</u>	<u>–</u>	<u>–</u>
FAIR VALUE CHANGES IN INVESTMENT PROPERTIES			
Decrease in fair value of investment properties (Note 8)	(10,657,696,205)	–	–
Straight-line adjustments	(529,498,625)	–	–
Lease commissions	(12,352,344)	–	–
	<u>(11,199,547,174)</u>	<u>–</u>	<u>–</u>
COSTS AND EXPENSES			
Light and power	112,444,020	–	–
Outside services	95,622,168	–	–
Taxes, licenses and other fees	83,582,218	25,800	182,060
Repairs and maintenance	51,478,065	–	–
Management fees (Note 15)	41,218,717	–	–
Land lease (Note 15)	19,318,511	–	–
Insurance	16,895,963	–	–
Advertising and promotions	14,229,276	–	–
Depreciation	8,361,038	–	–
Professional fees	5,951,255	100,000	80,000
Representation and entertainment	5,738,512	–	–
Other operating expenses	22,399,267	9,781	–
	<u>477,239,010</u>	<u>135,581</u>	<u>262,060</u>
OTHER INCOME (EXPENSE)			
Interest income (Note 13)	1,915,216	18,334	6,151
Bank charges	(90,892)	–	–
	<u>1,824,324</u>	<u>18,334</u>	<u>6,151</u>
LOSS BEFORE INCOME TAX	(9,575,430,417)	(117,247)	(255,909)
PROVISION FOR INCOME TAX (Note 14)	(42,787,138)	(3,667)	(1,230)
NET LOSS / TOTAL COMPREHENSIVE LOSS	(₱9,618,217,555)	(₱120,914)	(₱257,139)
Basic/Diluted Loss Per Share (Note 16)	(₱2.32)	(₱0.01)	(₱0.03)

See accompanying Notes to Financial Statements.



VISTAREIT, INC. (Formerly Vista One, Inc.)
STATEMENTS OF CHANGES IN EQUITY

	Common Stock (Note 12)	Additional Paid-In Capital (Note 12)	Retained Earnings (Deficit) (Note 12)	Total
Balances as at January 1, 2022	P510,000,000	P-	(P9,688,263)	P500,311,737
Issuance during the year (Notes 1 and 12)	6,990,000,000	28,962,992,730	-	35,952,992,730
Share issuance costs (Notes 1 and 12)	-	(242,098,894)	-	(242,098,894)
Total comprehensive loss for the year	-	-	(9,618,217,555)	(9,618,217,555)
Cash dividend declared	-	-	(429,250,000)	(429,250,000)
Balances as at December 31, 2022	P7,500,000,000	P28,720,893,836	(P10,057,155,818)	P26,163,738,018
Balances as at January 1, 2021	P10,000,000	P-	(P257,139)	P9,742,861
Issuance during the year	500,000,000	-	-	500,000,000
Share issuance costs	-	-	(9,310,210)	(9,310,210)
Total comprehensive loss for the year	-	-	(120,914)	(120,914)
Balances as at December 31, 2021	P510,000,000	P-	(P9,688,263)	P500,311,737
Balances as at August 24, 2020	P-	P-	P-	P-
Issuance during the year	10,000,000	-	-	P10,000,000
Total comprehensive loss for the year	-	-	(257,139)	(257,139)
Balances as at December 31, 2020	P10,000,000	P-	(P257,139)	P9,742,861



VISTAREIT, INC. (Formerly Vista One, Inc.)**STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(₱9,575,430,417)	(₱117,247)	(₱255,909)
Adjustment for fair value changes in investment properties (Note 8)	11,187,194,830	–	–
Depreciation	8,361,038	–	–
Interest income (Note 13)	(1,915,216)	(18,334)	(6,151)
Operating income (loss) before working capital changes	1,618,210,235	(135,581)	(262,060)
Increase in:			
Receivables	(1,236,158,300)	–	–
Other assets	(159,820,671)	(643)	–
Receivables from related parties	(1,176,934,525)	–	–
Increase in:			
Accounts and other payables	240,991,088	5,101,000	80,000
Security deposits and advance rent	629,132,136	–	–
Net cash flows (used in) generated from operations	(84,580,037)	4,964,776	(182,060)
Income taxes paid	(12,649,428)	(3,667)	(1,230)
Interest received from cash in bank	20,439	18,334	6,151
Net cash flows (used in) provided by operating activities	(97,209,026)	4,979,443	(177,139)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment	(26,500,572)	–	–
Investment property (Note 8)	(71,096,348)	–	–
Net cash flows used in investing activities	(97,596,920)	–	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in payable to related parties	270,025,914	4,400,210	182,060
Payment of dividends	(254,238,690)	–	–
Payment of share issuance costs	(242,098,894)	(9,310,210)	–
Proceeds from issuance of shares	–	500,000,000	10,000,000
Net cash flows (used in) provided by financing activities	(226,311,670)	495,090,000	10,182,060
NET (DECREASE) INCREASE IN CASH	(421,117,616)	500,069,443	10,004,921
CASH AT BEGINNING OF YEAR	510,074,364	10,004,921	–
CASH AT END OF YEAR (Note 6)	₱88,956,748	₱510,074,364	₱10,004,921

See accompanying Notes to Financial Statements.



VISTAREIT, INC. (Formerly Vista One, Inc.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

VistaREIT, Inc. (the Company or VREIT), formerly Vista One, Inc. (VOI), was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kinds, including buildings, apartments and other structures, and to grant loans and/or assume or undertake or guarantee or secure, whether as solidary obligor, surety, guarantor or any other capacity either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, the whole or any part of the liabilities and obligations of its parent company, subsidiaries or investee companies or affiliates, without engaging in the business of a financing company or lending investor.

On December 29, 2021, the SEC approved the increase in VOI's authorized capital stock from ₱40,000,000 divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000,000,000 divided into 2,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the Company subsequently issued 500,000,000 common shares to its shareholders (see Note 12).

As of December 31, 2021, VOI is owned by the following: (1) Manuela Corporation (MC) (20.50%); (2) Masterpiece Asia Properties, Inc. (MAPI) (19.61%); (3) Vista Residences, Inc (VRI) (19.61%); (4) Communities Pampanga, Inc. (CPI) (19.61%); and (5) Crown Asia Properties, Inc. (CAPI) (19.61%) and the rest by individual shareholders.

MC and MAPI are 99.85% and 100% owned subsidiaries, respectively, of Vistamalls, Inc. (VMI), a publicly listed holding company in the Philippine Stock Exchange (PSE). VMI is 88.34% owned by Vista Land & Lifescapes, Inc. (VLLI) and the rest by the public while VRI, CPI and CAPI are wholly owned subsidiaries of VLLI. VLLI is a publicly listed investment holding company which is 65.84% and 65.17% owned by Fine Properties, Inc., (Ultimate Parent Company), as of December 31, 2022 and 2021, respectively, and the rest by the public.

VOI's registered office and principal place of business is located at LGF, Building B, EVIA Lifestyle Center, Daanghari, Almanza II, Las Piñas City.

REIT Transaction

On August 7, 2020, the Board of Directors (BOD) of VLLI approved the incorporation of VOI, to be the vehicle for the Vista Group's Real Estate Investment Trust (REIT) registration under Republic Act No. 9856 (The REIT Act of 2009). VOI was later renamed as Vista REIT, Inc. (VREIT).

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

Amendment of the Articles of Incorporation

On February 7, 2022, at least a majority of the Board of Directors (BOD) and the stockholders owning at least two-thirds (2/3) of the outstanding capital stock of VREIT approved to increase the authorized capital stock of VREIT to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share (see Note 12).



The increase in VREIT's authorized capital stock from ₱2,000,000,000 divided into 2,000,000,000 shares of the par value of ₱1.00 per share to ₱15,000,000,000 pesos in lawful money of the Philippines, divided into 15,000,000,000 shares with the par value of ₱1.00 per share was approved by the SEC on March 14, 2022 (see Note 12).

On March 16, 2022, at least a majority of the BOD and the stockholders owning at least two-thirds (2/3) of the outstanding capital stock of VREIT approved various amendments to the Articles of Incorporation of the Company including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law; (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of VREIT as a REIT entity. Such amendments were approved by the SEC on April 18, 2022.

Execution of Property-for-Share Swap Agreement

On February 7, 2022, the Company also entered into various Deeds of Assignment and Subscription Agreements with each of MC, MAPI, VRI, CAPI and CPI (collectively, the Sponsors), for the assignment, transfer, and conveyance by the Sponsors to the Company of 10 (ten) community malls and two office buildings with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) in exchange for the issuance by the Company to the Sponsors out of the increase in authorized capital stock described hereinabove of an aggregate of Six Billion Nine Hundred Ninety Million (6,990,000,000) common shares at an issue price of One Peso and Fifty Centavos (₱1.50) per share, or an aggregate issue or subscription price of Ten Billion Four Hundred Eighty Five Million Pesos (₱10,485,000,000) (the Property-for-Share Swap). The difference between the issue price and the par value of ₱3,495,000,000 is accounted for as additional paid-in capital (APIC).

Accordingly, the Assigned Properties have a total fair value of Thirty-Five Billion Nine Hundred Fifty-Two Million Nine Hundred Ninety-Two Thousand Seven Hundred Thirty Pesos (₱35,952,992,730). The difference between the said fair value of the Assigned Properties and the issue price thereof to the Company (i.e., the issue price of the shares issued to the Sponsors in the Property-for-Share Swap) amounting to Twenty-Five Billion Four Hundred Sixty-Seven Million Nine Hundred Ninety-Two Thousand Seven Hundred Thirty Pesos (₱25,467,992,730) is accounted for as APIC.

The above transactions resulted to a total APIC of Twenty-Eight Billion Nine Hundred Sixty-Two Million Nine Hundred Ninety-Two Thousand and Seven Hundred Thirty Pesos (₱28,962,992,730).

The Assigned Properties consists of the following:

<u>Sponsor (Transferor)</u>	<u>Properties</u>	<u>Classification</u>	<u>Location</u>
Manuela Corporation	Vista Mall Las Piñas (Main)	Building	Las Piñas City
Manuela Corporation	Vista Mall Las Piñas (Annex)	Building	Las Piñas City
Masterpiece Asia Properties, Inc.	Starmall SJDM	Building	San Jose del Monte, Bulacan
Masterpiece Asia Properties, Inc.	SOMO - A Vista Mall	Building	Bacoor, Cavite

(Forward)



Sponsor (Transferor)	Properties	Classification	Location
Masterpiece Asia Properties, Inc.	Vista Mall General Trias	Building	General Trias City, Cavite
Masterpiece Asia Properties, Inc.	Vista Mall Tanza	Building	Tanza, Cavite
Masterpiece Asia Properties, Inc.	Vista Mall Imus	Building	Imus, Cavite
Masterpiece Asia Properties, Inc.	Starmall Azienda	Building	Talisay City, Cebu
Masterpiece Asia Properties, Inc.	Vista Hub Molino	Building	Bacoor, Cavite
Crown Asia Properties, Inc.	Vista Mall Antipolo	Building	Antipolo City, Rizal
Communities Pampanga, Inc.	Vista Mall Pampanga	Building	San Fernando, Pampanga
Vista Residences, Inc.	Vista Hub BGC	Condominium units and parking spaces	Bonifacio Global City

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

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

Accordingly, upon the SEC's confirmation of the Property-for- Share Swap and the execution of the Deed of Assignment of Leases, VREIT recorded the following:

- a.) Increase in 'Investment properties' of ₱35,952.99 million;
- b.) Increase in 'Security deposits and advance rent' of ₱169.27 million;
- c.) Increase in 'Property and equipment' of ₱27.18 million;
- d.) Increase in 'Other current assets' of ₱ 128.09 million;
- e.) Increase in 'Other noncurrent assets' of ₱ 128.04 million;
- f.) Increase in 'Due to related parties' of ₱114.05 million;
- g.) Increase in 'Capital stock' of ₱6,990.00 million for the issuance of 6,990.00 million common shares at ₱1.00 par value; and
- h.) Increase in 'Additional paid-in capital of ₱28,720.89 million, the excess of fair value of the Assigned Properties over shares issued and net of share issuance costs of ₱242.10 million.

Initial public offering of the Company

As of December 31, 2022, VREIT is 32.96% owned by MAPI, 17.40% owned by VRI, 5.92% owned by MC, 4.86% by CPAM, 3.49% owned by CAPI and 35.37% public after it was listed in the Philippine Stock Exchange on June 15, 2022. VLLI's effective ownership in VREIT as of December 31, 2022 is now at 60.09% from 98.94% as of December 31, 2021 as a result of the initial public offering.



2. Basis of Preparation

Basis of Preparation

The financial statements have been prepared on historical cost basis, except for investment properties which are measured at fair value, and are presented in Philippine Peso (₱), the Company's functional currency. All amounts are rounded off to the nearest peso unless otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

3. Changes in Accounting Policies

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have significant impact on the financial statements of the Company.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.



- *Annual Improvements to PFRSs 2018-2020 Cycle*

- *Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent company's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- *Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- *Amendments to PAS 41, Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

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

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

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

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.



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

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

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

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

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

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

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

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

The amendments clarify:

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

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

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

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



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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



4. Summary of Significant Accounting Policies

Current and Noncurrent Classification

The Company presents assets and liabilities in 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 Company classifies all other liabilities as noncurrent.

Deferred liabilities are classified as noncurrent liabilities.

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 Company.

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

A fair value measurement of a 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

Cash

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing interest rate.

Financial Instruments

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

Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company'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 Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

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

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

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

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

The Company's financial assets at amortized cost includes cash, receivables (except for advances to contractors) and receivables from related parties.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company 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 statement of comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Impairment of Financial Assets

The Company 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.

The Company uses simplified approach method in calculating its ECL for receivables from tenants. Under the simplified approach, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors (i.e., inflation, GDP growth rate) specific to the debtors and the economic environment.

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

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

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

For cash in banks, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company'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 Company uses the ratings from the external credit rating agencies to determine whether the instrument has significantly increased in credit risk and to estimate ECLs.

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 Company's financial liabilities include accounts and other payables (except for deferred output VAT and other statutory payables), payable to related parties, dividends payable and retention payable.

Subsequent measurement

Loans and borrowings

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

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

This category generally applies to accounts and other payables (except for deferred output VAT and other statutory payables), payable to related parties, liabilities for purchased land, retention payable, bank loans and lease liabilities presented in the statements of financial position.

Derecognition of Financial Assets and Financial Liabilities

Financial asset

A financial asset (or, where applicable, a part of a group of financial assets) is derecognized when, and only when: (a) the right to receive cash flows from the assets expires; (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Company 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 Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Modification of financial assets

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

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



Financial liability

A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the 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.

Advances to Contractors and Suppliers

Advances to contractors are advance payments in relation to the Company's construction activities and are recouped through reduction against progress billings as the construction progresses. Recoupments occur within one to five years from the date the advances were made.

Value-Added Tax

Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Company 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 Company 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 statements 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 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 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.

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.

Refundable Deposits

Refundable deposits are measured at amortized cost. These pertain to deposits on utility subscriptions, rental deposits and security deposits which shall be applied against unpaid utility expenses and rent expenses upon termination of the contracts.



Investment Properties

Investment properties consist of properties that are held to earn rental and that are not occupied by the Company. Investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property. The fair value of investment properties is determined using income approach by the management and an external valuer. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise, including the corresponding tax effect, if any. The fair value reported in the financial statements is reduced by the application of the straight-line method of recognizing rental income and lease commissions.

The Company's investment properties consist mainly of retail malls and office buildings.

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 period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. 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 sell.

For transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property become an investment property, the Company accounts for such property in accordance with the property and equipment policy up to the date of change in use.

Impairment of Nonfinancial Assets

The Company assesses at each 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 Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or 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 agreement from lessees. These can be recovered upon termination of the lease agreement through refund or application to unpaid rent and/or other 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 be applied to future billings.

Equity

Capital stock and additional paid-in capital (APIC)

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 APIC. Direct costs incurred related to equity issuance are chargeable to APIC account. If APIC is not sufficient, the excess is charged against retained earnings. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Share issuance costs

Share issuance costs are incremental costs directly attributable to the issuance or subscription of new shares which are shown in equity as deduction, net of tax, from the proceeds. Costs that relate to the new stock market listing, or otherwise are not incremental costs directly attributable to issuing new share, are recorded as expense in the statement of comprehensive income.

Retained earnings (Deficit)

Retained earnings (Deficit) represent accumulated earnings (losses) of the Company less dividends declared.

Revenue Recognition

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 Company expects to be entitled in exchange for those goods or services. The Company 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.



Rental Income

The Company 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 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 Company 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' under 'Receivables' in the 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.

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

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

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

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Company. The Company 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 Company arranges for third parties to provide certain of these services to its tenants. The Company 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 Company 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.



Parking fees and other operating income

Parking fees and other operating income are recognized when earned.

Cost and Expenses

Cost and expenses pertain to expenses incurred in relation to rental of investment properties and administering the business. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

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 Company 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 Company assesses whether or not it is probable that those income tax positions will be accepted by the tax authorities, where if not, the Company 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 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.

Incentive Under REIT Law

The Company is granted an exemption under the REIT Law provided that it meets certain conditions (e.g., distribution of minimum required earning equivalent to at least 90% of distributable income).

Under the tax incentive scheme, the Company can choose to operate within one or two tax regimes (a “full tax” regime or a “no tax” regime) depending on whether profits are retained or distributed.

The Company availed of the tax-fee incentive and no deferred taxes have been recognized on temporary differences.

Leases

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

Company as Lessee

The Company applies a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Company’s long term lease requires variable lease payments and thereby does not qualify for recognition of lease liability and right-of-use asset (see Note 15).

Short-term Leases and Leases of Low-value Assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company applies the low-value assets recognition exemption to leases of underlying assets with a value of ₱0.25 million and below when new. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a Lessor

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).



A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Pretermination is defined as termination of lease contract by the lessee or lessor before the end of the lease term. In the case of pretermination of an operating lease, a lessor derecognizes the accrued rental receivable which is the effect of straight-line calculation of rental income and is charged against rental income in the statement of comprehensive income.

Basic and Diluted Earnings (Loss) Per Share (EPS)

Basic EPS is computed by dividing net income attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding during the year. Diluted EPS is computed by dividing net income (loss) attributable to the equity holders of the Company by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2022, 2021 and 2020, the Company has no potential dilutive common shares (see Note 16).

Segment Reporting

The Company's lease operation is its reportable segment. Financial information on business segment is presented in Note 17 to the financial statements.

Provisions

Provisions are recognized when the Company 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 Company 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 instatement of comprehensive income net of any reimbursement.

Contingencies

Contingent liabilities are not recognized in the 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 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 Company's position at the reporting date (adjusting events) are reflected in the financial statements. Any post year-end events that are not adjusting events are disclosed in the financial statements when material.



5. Significant Accounting Judgments and Estimates

The preparation of accompanying financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the 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 Company'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 financial statements:

Assessment of the Company being effectively a 'tax-free' entity

There are entities which are specifically exempt from income tax under the tax rules, and accordingly are not within the scope of PAS 12, *Income Taxes*. For REIT entities, while not formally designated as 'tax-free' under the tax rules, are nevertheless "income tax-free" provided that they meet certain conditions (i.e., listing status, dividend payments, etc.). A REIT entity is required to distribute at least 90% of its annual income as a dividend to its investors and is allowed to treat the dividend as a deduction for tax purposes making it effectively an "income tax-free" entity.

The Company abides with the provisions of the REIT law and complies with the 90% dividend distribution. The Company has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it is effectively an "income tax-free" entity. Accordingly, the Company did not recognize deferred taxes after its listing as a REIT entity (see Note 14).

Principal versus agent considerations

The contract for the commercial spaces leased out by the Company 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 Company determined that it is acting as an agent because the promise of the Company 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 primarily responsible for the provisioning of the utilities while the Company, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Company 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 Company acts as a principal. This is because it is the Company 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 Company has the discretion on how to price the CUSA and air conditioning charges.



Property lease classification - the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company 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

Determination of the lease term

The Company 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 Company enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Company determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Company 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 Company does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Company has a lease contract for the land where investment properties are situated that includes an extension and a termination option. The Company 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 Company 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).

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 Company's cash in banks are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company 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 Company 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. The Company has not recognized any allowance on its financial assets.

Evaluation whether the acquired asset of assets constitute a business

The Company acquired portfolio of investment properties via asset-for-share swap and elected to apply the optional concentration test to determine whether the acquired assets or group of assets constitute a business. The Company has determined that the acquisition is a purchase of asset as the acquisition passed the concentration test due to: (a) the building is considered a single identifiable asset and (b) substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset.



See Note 7 for details of the acquired properties in 2022 from the Sponsors.

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.

Provision for expected credit losses of financial assets

Cash in banks:

The Company recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Company uses external credit rating approach to calculate ECL for cash in banks. 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.

Receivables:

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

For related party receivables from tenants, including the accrued rental receivable, the Company considers the ability to pay of the related party and considers factors whether the related party is a listed company or not, its current results of operations and the projected cash flows from operations given the expected continuing recovery from the COVID-19 pandemic. The assessment also includes the assumption of the liability of the related parties' parent company and future plans of payments for remaining uncollected receivables such as entering into property exchange or joint venture arrangements wherein land properties will be received as form of settlement, which are to be used in the Company's planned expansion activities. The collectability assessment also includes the continuing commitment to provide financial support to these related parties and common control entities by Fine Properties, Inc. and the assessment of the latter's capacity to provide such financial support.

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

The carrying value of the Company's receivables amounted to ₱690.81 million and nil as of December 31, 2022 and 2021, respectively. There are no provision for credit losses recognized as of December 31, 2022 and 2021.

Further details are provided in Note 7.



Incorporation of forward-looking information

The Company considers a range of relevant forward-looking macro-economic assumptions (i.e., inflation rate and GDP growth rate) for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Company 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 Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Company 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.

Evaluation of impairment of nonfinancial assets

The Company regularly reviews its nonfinancial assets carried at cost for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant industry or economic trends, considering the expected continuing recovery from the impact of COVID-19 pandemic.

The Company 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 Company is required to make estimates and assumptions that may affect property and equipment and other nonfinancial assets.

Further details are provided in Note 9.

Determining the fair value of investment properties

The Company measures its investment properties using fair value method. The Company engages an independent valuation specialists to assess fair value as at reporting date. The fair value of investment properties is determined by independent real estate valuation experts based on the income approach which are based on the assets' discounted future cash flows.

The fair value of investment properties amounted to ₱24,765.80 million and nil as of December 31, 2022 and 2021, respectively. Fair value changes resulting to a loss recognized in 2022 amounted to ₱11,187.19 million (see Note 8).



Useful lives of property and equipment and investment properties

The Company 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 Company leases, the Company also considers the non-cancellable term of the lease in determining the useful lives of the leasehold improvements.

6. Cash

This account consists of:

	2022	2021
Cash on hand	₱45,000	₱-
Cash in banks (Notes 18 and 19)	88,911,748	510,074,364
	₱88,956,748	₱510,074,364

Cash in banks earns interest at the prevailing bank deposit rates. Interest rate ranges from 0.06% to 0.13%, 0.0014% to 0.01%, and 0.01% in 2022, 2021 and 2020, respectively.

Interest earned from cash in banks for the years ended December 31, 2022, 2021 and 2020 amounted to ₱0.02 million, ₱0.02 million, and ₱0.01 million, respectively (see Note 13).

7. Receivables

This account consists of (nil as of December 31, 2021):

	2022
Accounts receivable from tenants (Note 15)	₱685,497,099
Accrued rental receivable (Note 15)	529,498,625
Advances to contractors	17,744,739
Other receivables	5,312,614
	1,238,053,077
Less noncurrent portion	480,511,726
	₱757,541,351

Accounts receivable from tenants

Accounts receivables from tenants represent the outstanding receivables arising from the lease of commercial centers relating to the Company's mall and offices and are collectible within 30 days from billing date. Except for lease contracts with related parties, these are covered by security deposit of tenants' equivalent to two to four-month rental and two to four-month advance rental paid by the lessees. This includes both the fixed and contingent portion of lease.

Accrued rental receivable

Accrued rental receivable pertains to the effect of straight-line calculation of rental income. The noncurrent portion of accrued rental receivable pertains to future billings beyond 12 months from reporting date.



Advances to contractors

Advances to contractors are advance payments in relation to the Company's construction activities and are recouped through reduction against progress billings as the construction progresses. Recoupment occurs within one to five years from the date the advances were made.

Provision for impairment losses

In 2022, the Company has not recognized specifically impaired receivables. No credit risk exposure was identified using a provision matrix on the Company's receivables on third and related parties.

Rental agreements

The Company 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 is recognized when services are rendered. Except for related party tenants, the following arrangements are applicable to the rental arrangement of the Company: (a) 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; and (b) the lease arrangement would typically require a tenant to pay advance rental equivalent to two to four months rental and security deposit equivalent to two to four months rental to cover any breakages after the rental period, with the excess, if any, is returned to the tenant.

As a result of the execution of the Property-for-Share Swap and Deed of Assignment of Leases, the Sponsors effectively terminated the lease contracts assigned to VREIT and in turn, VREIT, as the new lessor, accounted for these assigned leases as new lease contracts accounted for as operating lease (see Note 1).

8. Investment Properties

The rollforward analysis of this account follows:

	December 31, 2022		
	Building and Building Improvements	Construction in Progress	Total
Fair Value:			
Balances at beginning of year	P-	P-	P-
Property-for-share swap transaction	35,952,992,730	-	35,952,992,730
Additions	40,133,969	30,962,379	71,096,348
Fair value change	(11,187,194,830)	-	(11,187,194,830)
Balances at end of year	P24,805,931,869	P30,962,379	P24,836,894,248

As discussed in Note 1, VREIT entered into various Deeds of Assignment and Subscription Agreements with the Sponsors for the assignment, transfer, and conveyance by the Sponsors to VREIT of 10 community malls and two office buildings excluding the land where the malls and office buildings are situated with fair value of P35,952.99 million in exchange for the issuance by VREIT to the Sponsors of common shares (the Property-for-Share Swap).

Investment properties consist mainly of commercial centers that are held to earn rentals. The commercial centers include retail malls and offices that are located in key cities and municipalities in the Philippines.



The following table provides the fair value hierarchy of the Company's investment properties as of December 31, 2022:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment properties	December 31, 2022	₱24,765,797,900	₱-	₱-	₱24,765,797,900

The fair values of the investment properties were measured through income approach using the discounted cash flow analysis by independent professionally qualified appraiser. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject properties.

The key assumptions used to determine the fair value of the investment properties held for leasing are the estimated rental value per sqm per year, rental growth rate per annum, inflation rate, and discount rate. The discount rate used in the valuation is 9.70% in 2022. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long-term vacancy rate.

Rental income earned from investment properties, including straight-line adjustments, amounted to ₱1,957.57 million in 2022. Repairs and maintenance costs and costs of property operations arising from the investment properties amounted to ₱443.15 million and nil in 2022 and 2021, respectively. For the terms and conditions on the lease, refer to Note 20.

There are no investment properties as of December 31, 2022 that are pledged as security to liabilities. The Company has no restrictions on the realizability of its investment properties. Except for contracts awarded, there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

9. Other Assets

This account consists of:

	2022	2021
Refundable deposits	₱106,071,622	₱-
Input value-added tax (VAT)	30,013,287	643
Prepaid expenses	22,661,862	-
Others	1,074,543	-
	159,821,314	643
Less noncurrent portion of refundable deposits	30,185,685	-
	₱129,635,629	₱643

Refundable deposits pertain to deposits on utility subscriptions and security deposits. These deposits shall be applied against unpaid utility expenses. These deposits are necessary for the continuing construction and development of the Company's commercial centers.

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.



Prepaid expenses mainly include advertising and marketing fees, taxes and licenses and insurance paid in advance. These are to be fully amortized within one year.

As a result of the execution of the Property-for-Share Swap and Deed of Assignment of Leases, the Sponsors effectively terminated the lease contracts assigned to VREIT and in turn, VREIT, as the new lessor, accounted for these assigned leases as new lease contracts. Accordingly, the Sponsors also transferred the related refundable deposits on the assigned leases amounting to ₱128.09 million (see Note 1).

10. Accounts and Other Payables

This account consists of:

	2022	2021
Accounts payable:		
Supplier	₱170,963,518	₱-
Contractors	22,292,288	-
Deferred output VAT	25,441,852	-
Accrued expenses	20,496,642	180,000
Retention payable	2,743,205	-
Other payables	4,234,583	5,001,000
	₱246,172,088	₱5,181,000

Accounts payable - suppliers

Accounts payable - suppliers represent agency fees, construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not yet due. These are expected to be settled within the year.

Accounts payable - contractors

Accounts payable - contractors pertain to contractors' billings for construction services related to the development of various projects of the Company. These are expected to be settled within the year.

Deferred output VAT

Deferred output VAT pertains to the output VAT on receivables from the Company's leasing operations. This amount is presented as output VAT upon collection of the receivables.

Accrued expenses

Details of accrued expenses as follow:

	2022	2021
Agency services	₱4,971,875	₱-
Janitorial services	4,922,984	-
Repairs and maintenance	4,517,630	-
Utilities	2,315,716	-
Security services	2,185,073	-
Advertising	746,608	-
Rental	176,854	-
Professional fees	53,199	180,000
Others	606,703	-
	₱20,496,642	₱180,000



Retention payable

Retention payable pertains to 10.00% retention from the contractors' progress billings which will be released after the completion of contractors' project. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.

Other payables

Other payables include dues from remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, withholding taxes and various payables. These are noninterest-bearing and are normally settled within one year.

11. Security Deposits and Advance Rent

This account consists of (nil as of December 31, 2021):

	2022
Security deposits	₱359,758,838
Advance rent	269,373,298
	629,132,136
Less noncurrent portion:	
Security deposits	(24,180,197)
Advance rent	(15,650,527)
	(39,830,724)
	₱589,301,412

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. Current portion are those to be applied within one year from financial reporting date.

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 be applied to future billings. Current portion are those to be applied within one year from financial reporting date.

As a result of the execution of the Property-for-Share Swap and Deed of Assignment of Leases, the Sponsors effectively terminated the lease contracts assigned to VREIT and in turn, VREIT, as the new lessor, accounted for these assigned leases as new lease contracts. Accordingly, the Sponsors also transferred the related security deposits and advance rent on the assigned leases (see Note 1).



12. Equity

The details of the Company's common shares as of December 31, 2022 and 2021 follow:

	2022		2021	
	Shares	Amount	Shares	Amount
Authorized - at P1 par value				
Balances at beginning of year	2,000,000,000	₱2,000,000,000	40,000,000	₱40,000,000
Increase in authorized capital stock (Note 1)	13,000,000,000	13,000,000,000	1,960,000,000	1,960,000,000
Balances at end of year	15,000,000,000	₱15,000,000,000	2,000,000,000	₱2,000,000,000
Issued and outstanding				
Balances at beginning of year	510,000,000	₱510,000,000	10,000,000	₱10,000,000
Issuance of new shares (Note 1)	6,990,000,000	6,990,000,000	500,000,000	500,000,000
Balances at end of year	7,500,000,000	₱7,500,000,000	510,000,000	₱510,000,000

Initial Public Offering (IPO) of VREIT

On May 5, 2022, the SEC rendered effective the Company's REIT Plan and the registration of its 7,500.00 million common shares.

On June 15, 2022, the PSE approved the application of the Company for the initial listing of its 7,500.00 million common shares under the Main Board of the PSE, to cover the Company's IPO.

The Company was listed on the Main Board of the PSE on June 15, 2022 at an initial listing price of ₱1.50 per share (see Note 1).

Additional Paid-In Capital (APIC)

The Company recorded APIC amounting to ₱28,720.89 million, net of share issuance costs. The Company incurred transactions costs incidental to the IPO that are directly attributable to the issuance or subscription of new shares amounting to ₱242.10 million (see Note 1).

Dividend Declaration

The BOD of the Company approved the declaration of regular cash dividend amounting to ₱1.00 million or ₱0.0020 per share, ₱157.50 million or ₱0.0210 per share and ₱270.75 million or ₱0.0361 per share in March, August, and November 2022, respectively. The dividend declarations are in favor of all stockholders of record as of March 31, August 30 and November 28, 2022 which were paid on September 20 and December 19, 2022, respectively. As of December 31, 2022, unpaid dividends payable amounted to ₱175.01 million.

Registration Track Record

On May 12, 2022, the PSE approved the listing of the Company's common shares totaling to 7,500.00 million shares. The shares were initially issued at an offer price of ₱1.50 per share.

Below is the summary of the Company's track record of registration of securities with the SEC as at December 31, 2022:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2020	10,000,000	6
Add/(deduct) movement	500,000,000	4
December 31, 2021	510,000,000	10
Add/(deduct) movement	6,990,000,000	5,140
December 31, 2022	7,500,000,000	5,150



Capital Management

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

The Company's source of capital includes all the components of equity totaling ₱26,163.74 million and ₱500.31 million as of December 31, 2022 and 2021, respectively.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.

The Company is subject to external capital requirement as a REIT to have a minimum paid-up capital of ₱300.00 million in compliance with Republic Act No. 9856 and implementing rules and regulations of REIT Act of 2009.

Financial Risk Assessment

The Company's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

13. Other Operating Income

This account consists of (nil in 2021 and 2020):

	2022
Administrative fees	₱72,902,497
Advertising fees	21,148,024
Mall maintenance and security fees	15,014,910
Penalties and surcharges	125,090
Miscellaneous	102,722
	₱109,293,243

Interest income in 2022 is composed of interest income from cash in banks and from tenants amounting to ₱0.02 million and ₱1.90 million, respectively.

14. Income Tax

Provision for income tax consists of:

	2022	2021	2020
Current:			
RCIT	₱42,782,928	₱-	₱-
Final	4,210	3,667	1,230
	₱42,787,138	₱3,667	₱1,230

The Company's current tax arising from RCIT pertains to the income tax due on the taxable results of operations of the Company before its listing date on June 15, 2022.



The Company, being a REIT entity, is required to distribute at least 90% of its distributable income as a dividend to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an “income tax-free” entity. As such, the Company did not recognize deferred taxes after its listing as a REIT entity (see Note 5).

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Year incurred	Amount	Expired	Applied	Balance	Expiry Year
2020	₱262,060	₱-	₱262,060	₱-	2025
2021	9,445,791	-	9,445,791	-	2026
	₱9,707,851	₱-	₱9,707,851	₱-	

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2022	2021	2020
Provision for income tax at statutory income tax rate	25.00%	25.00%	(6,241.71%)
Tax effects of:			
Income already subjected to final tax	0.00%	0.78%	(50.00%)
Share issuance costs	0.63%	1,985.17%	0.00%
Deductible dividends	1.72%	0.00%	0.00%
Straight-line adjustment	1.38%	0.00%	0.00%
Change in unrecognized deferred tax assets	0.03%	(2,014.08%)	6,391.71%
Loss on fair value changes	(29.21%)	-	-
Provision for income tax	(0.45%)	(3.13%)	100.00%

Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE”

On March 16, 2021, President Rodrigo Duterte signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.



As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 16, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the period August 24 to December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company is subjected to lower regular corporate income tax rate of either 25% or 20% effective July 1, 2020. The rate applicable to the Company is 25%.

The reduction in RCIT rate has no impact on the Company's provision for current income tax and provision for deferred tax for the year ended December 31, 2021 and period August 24 to December 31, 2020 and income tax payable deferred tax asset / liability as of December 31, 2021 and 2020.

15. 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 Company but are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities.

The Company has 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 Securities Regulation Code Rule 68 and SEC Memorandum Circular 10, series 2019.

The 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 Company's total assets based on its latest audited financial statements. The Company in its 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 Company in its 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 statements of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable (payable) with related parties as of December 31, 2022 and 2021:



2022

	Nature of Transaction	Volume	Receivable (Payable)	Terms	Conditions
Receivables from tenants and accrued (Note 9)					
Sponsor Entities	a) Rental of office spaces	(₱1,179,739)	₱1,520,244	Noninterest-bearing	Unsecured; no impairment
Other related parties	a) Rental of office spaces	(1,458,449,408)	1,200,239,596	Noninterest-bearing	With guarantee from Fine Properties Inc., no impairment
			₱1,201,759,840		
Receivables from related parties					
Entities under common control	b) Advances	₱1,176,934,525	₱1,176,934,525	Due and demandable; noninterest-bearing	Unsecured; no impairment
Payable to related parties					
Parent company	b) Advances	(₱174,752,881)	(₱179,335,152)	Due and demandable; noninterest-bearing	Unsecured; no impairment
Sponsor entities	b) Advances and land lease	(54,054,316)	(54,054,316)	Due and demandable; noninterest-bearing	Unsecured; no impairment
Entities under common control	b) Advances	4,582,270	—		
Fund manager	c) Management fees	(19,380,911)	(19,380,911)	Due and demandable; noninterest-bearing	Unsecured; no impairment
Property manager	c) Management fees	(₱21,837,805)	(₱21,837,805)	Due and demandable; noninterest-bearing	Unsecured; no impairment
			(₱274,608,184)		
Dividends payable					
Sponsor entities	d) Dividend	(₱277,447,741)	(₱175,011,310)	Due and demandable; noninterest-bearing	Unsecured

2021

	Nature of Transaction	Volume	Receivable (Payable)	Terms	Conditions
Entities under common control	b) Advances	P-	P4,582,270	Due and demandable; noninterest-bearing	Unsecured; no impairment

The significant transactions with related parties follow:

- a) The Company has operating lease agreements with entities under common control for the leases of commercial centers. The lease agreements are renewable and contain escalation clauses. Rental income and receivables including the effect of straight-line calculation from related parties amounted to ₱1,459.63 million and ₱1,201.76 million, respectively, as of December 31, 2022, and nil as of December 31, 2021. These receivables from related parties which are recognized as ‘Accounts receivable from tenants’ and ‘Accrued rental receivable’ under ‘Receivables’ are not impaired (see Note 7).

Included in the related party tenants are the AllValue Holdings Corp. Group of Companies (AllValue Group), an anchor tenant, which is comprised of AllHome Corp., AllDay Marts, Inc., All Day Retail Concepts, Inc., Family Shoppers Unlimited, Inc., CM Star Management, Inc., and The Village Server. Inc. AllValue Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings. The lease agreements are renewable and contains escalation clauses.



Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱1,364.21 million and ₱1,108.29 million, respectively, as of December 31, 2022 and nil as of December 31, 2021. These receivables from All Value Group which are recognized as 'Accounts receivable from tenants' and 'Accrued rental receivable' under 'Receivables' are not impaired (see Note 7).

Rental income and receivables from All Value Group without the effect of future escalation amounted to ₱856.12 million and ₱600.19 million, respectively, as of December 31, 2022 and nil as of December 31, 2021. These receivables from All Value Group are recognized as 'Accounts receivable from tenants' under 'Receivables' (see Note 7). These receivables are due and demandable.

b) *Advances*

The Company in its regular conduct of business has entered into transactions with ultimate parent company, parent company and other related parties control principally consisting of noninterest bearing advances for working capital requirements and capital expenditures which are due and demandable. The Company's policy is to settle its intercompany receivables and payables on a net basis.

Land Lease

Several investment properties transferred through property-for-swap are situated on land owned by its Sponsors or other related parties of the Parent Company. While the Company owns the ten (10) retail malls and two (2) office buildings, it leases the underlying land pursuant to separate lease agreements for each of the buildings. Pursuant to the deed of assignment and subscription, the Company and the Sponsors entered into lease agreements for the long-term lease of the land where the Properties are located with terms ranging from 15 to 25 years while rent is a percentage of the rental income for each property with rental rates ranging from 0.07% to 1.00%. Lease payments are purely based on variable rates. As such, right-of-use asset is not recognized.

c) *Management fees*

Management fees pertain to the amounts billed by VFund Management, Inc. (VFund) (formerly Communities Palawan, Inc.) and VProp Management, Inc. (VProp) (formerly LET Ventures, Inc.), entities both under common control of the Parent Company, pursuant to the agreements entered into by the Company. These are the fund manager and property management of the Company, respectively.

VFund's main responsibility is to manage our Company's assets and liabilities for the benefit of our Shareholders, with a focus on investment yields and profitability margins. It has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a 5-year, renewable agreement defining the relationship between the Company and the VFund.

VProp has the overall responsibility for the day-to-day facilities management of the Properties, marketing of the office and retail spaces therein, management of client accounts, lease administration, operations management, and handling of tenant relations. Specifically, VProp will oversee negotiation and execution of lease contracts, enforcement of lease terms and conditions, and awarding, extension, and termination of leases; supervision of billing and collection of rentals and other payments from tenants, as well as monitoring of past due accounts and receivables; and, building management operations relating to security, utilities, repairs, and maintenance, emergency management, including engagement of contractors for such purpose.



d) Details of dividends declared are discussed in Note 12.

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. These accounts are noninterest-bearing and are unsecured. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash.

Compensation of Key Management Personnel

The Company's accounting and administrative functions are handled by its Property and Fund managers, as well as the compensation of its key management personnel. Hence, disclosure of compensation for key management personnel, as required by PAS 24, *Related Party Disclosures*, is included in the financial statements of its property and fund managers.

16. Loss Per Share (LPS)

Loss Per Share

The following table presents information necessary to compute the LPS:

	2022	2021	2020
Net loss attributable to equity holder	(P9,618,217,555)	(P120,194)	(P257,139)
Weighted average common shares	4,145,833,333	14,166,667	10,000,000
Basic/Diluted EPS	(P2.32)	(P0.01)	(P0.03)

The basic and dilutive earnings per share are the same due to the absence of potentially dilutive common shares for the years ended December 31, 2022, 2021 and 2020.

17. Segment Reporting

The Company has determined that it is currently operating as one operating segment. Based on management's assessment, no part or component of the business of the Company meets the qualifications of an operating segment as defined by PFRS 8, *Operating Segments*.

The Company's 12-building lease operation is its only income-generating activity, and such is the measure used by management in allocating resources.

Rental income amounting to P1,414.78 million or 72% of the Company's revenue was generated from anchor tenants as defined in Note 15 for the year ended December 31, 2022.

There is no cyclicality in the Company's operations.



18. Fair Value Determination

The Company 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 in banks, accounts receivable from tenants, other receivables, receivables from related parties, accounts and other payables (except for deferred output VAT and other statutory payables), payable to related parties, dividends payable and security deposits: Due to the short-term nature of the accounts, the fair values approximate the carrying amounts in the statements of financial position.

In 2022 and 2021, there were no transfers between Levels of fair value measurements.

19. Financial Assets and Liabilities

Financial Risk Management Objectives and Policies

Financial risk

The Company's principal financial liabilities comprise of accounts and other payables (except for deferred output VAT and other statutory payables) and payable to related parties. The main purpose of the Company's financial liabilities is to raise financing for the Company's operations. The Company has various financial assets such as cash, receivables (except for advances to contractors) and receivables from related parties which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Company 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 Company's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Company'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 Company's exposure to market risk for changes in interest rates relates primarily to its financial assets (i.e., cash in banks) that are interest-bearing.

The Company's policy is to manage its interest cost by entering into fixed rate debts, as needed.



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

	December 31, 2022		December 31, 2021	
	Effective Interest Rate	Amount	Effective Interest Rate	Amount
Financial assets				
<i>Fixed rate</i>				
Cash in banks (Note 6)	0.01% to 1.25%	P88,911,748	0.03% to 0.50%	P510,074,364
		P88,911,748		P510,074,364

As of December 31, 2022 and 2021, the Company’s leasing income and operating cash flows are substantially independent of changes in market interest rates.

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 Company is exposed to credit risk from its operating activities primarily from receivables from tenants and from its investing activities primarily from short-term cash investments with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Company’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.

With respect to credit risk arising from the other financial assets of the Company, which are comprised of cash in banks, trade receivables and receivable from related parties, the Company’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company manages its cash by maintaining deposit accounts with banks which have demonstrated financial soundness for several years.

The Company evaluates the concentration of risk with respect to receivables from third party tenants as low, as its customers are located in several jurisdictions and various income brackets and operate in largely independent markets.

The Company evaluates the concentration of risk with respect to receivable from related parties (refer to Notes 15 and 17). The related parties have a strong capacity to meet their contractual cash flows and/or provided with financial support by Fine Properties, Inc., the ultimate parent company.

Credit risk arising from receivable from third party tenants 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 related party tenants, aside from the same terms of security deposits and advance rent, is minimal due to the guarantee provided by Fine Properties, Inc., the 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 Company's treasury department in accordance with the Company'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 Company's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Company'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.

As of December 31, 2022 (nil as of 2021), the credit quality per class of financial assets is as follows:

	Neither Past Due nor Impaired			Past due but not Impaired	Impaired	Total
	High Grade	Standard	Substandard Grade			
Cash in banks	₱88,911,748	₱-	₱-	₱-	₱-	₱88,911,748
Receivables from tenants and accrued rental receivable	793,744,546	-	-	421,251,178	-	1,214,995,724
Other receivables	5,312,614	-	-	-	-	5,312,614
Receivable from related parties	1,176,934,525	-	-	-	-	1,176,934,525
	₱2,064,903,433	₱-	₱-	₱421,251,178	₱-	₱2,486,154,611

The Company's basis in grading its receivables is as follow:

High-grade - pertain to receivables from related parties which based on experience are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. High-grade receivables from tenants and accrued rent receivable are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables are readily enforceable).

Standard - pertain to active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard - pertain to receivables that can be collected provided the Company makes persistent effort to collect them.

Cash in banks and deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single Company, resource-wide, of financial institutions in the country the Company is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

As of December 31, 2022 (nil as of 2021), the aging analyses of the Company's receivables are as follows:

	Current	Past due but not impaired				Impaired	Total
		1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days		
Accrued rent receivable	₱529,498,625	₱-	₱-	₱-	₱-	₱-	₱529,498,625
Receivables from tenants	264,245,921	43,440,624	-	154,821,615	222,988,939	-	685,497,099
Other receivables	5,312,614	-	-	-	-	-	5,312,614
Receivables from related parties	1,176,934,525	-	-	-	-	-	1,176,934,525



Current receivables include billed lease receivables and accrued rent receivables which are not yet contractually collectible. Past due but not impaired include lease receivables which are aged 31 to over 90 days but collection is still probable. Impaired receivables are lease receivables from terminated tenants which are less likely to be collected.

The Company has collaterals in the form of security deposits and advance rent with respect to billed lease receivables that have been identified as past due but not impaired.

Applying the expected credit risk model resulted to no recognition of impairment loss in 2022 and 2021.

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 extent and nature of exposures to liquidity risk and how they arise as well as the Company's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2022 and 2021.

Maturity Profile of Financial Liabilities

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2022 and 2021 based on undiscounted contractual payments, including interest payable.

	December 31, 2022				Total
	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	
Financial Liabilities					
<i>Financial liabilities at amortized cost</i>					
Accounts and other payables*	P-	₱213,752,448	₱338,321,846	₱24,180,197	₱576,254,491
Payable to related parties	274,608,184	-	-	-	274,608,184
Dividends payable (Note 12)	175,011,310	-	-	-	175,011,310
	₱449,619,494	₱213,752,448	₱338,321,846	₱24,180,197	₱1,025,873,985

*Excluding deferred output VAT and other payables and including security deposit.

	December 31, 2021				Total
	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	
Financial Liabilities					
<i>Financial liabilities at amortized cost</i>					
Accounts and other payables*	P-	₱180,000	P-	P-	₱180,000
Payable to related parties	4,582,270	-	-	-	4,582,270
	₱4,582,270	₱180,000	P-	P-	₱4,762,270

*Excluding deferred output VAT and other payables and including security deposit.

20. Leases

The Company as a Lessor

The Company has entered into non-cancellable property leases on its investment property portfolio, consisting of retail mall spaces and office buildings 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 rental receivables under non-cancellable operating leases as of December 31, 2022 (nil as of 2021) follow:

Within one year	₱868,101,214
More than 1 year to 2 years	972,424,835
More than 2 years to 3 years	1,083,479,883
More than 3 years to 4 years	1,186,190,804
More than 4 years to 5 years	1,275,580,461
More than five years	21,326,710,647
	₱26,712,487,844

Rental income, including straight-line adjustments, included in the statement of comprehensive income for the year ended December 31, 2022 amounted to ₱1,957.57 million (nil in 2021 and 2020).

Contingent rent included in the statement of comprehensive income for the year ended December 31, 2022 amounted to ₱1.88 million (nil in 2021 and 2020).

21. Notes to Statements of Cash Flows

Details of the movement in cash flows from financing activities follow:

	January 1, 2022	Cash Flows	Non-cash Changes	December 31, 2022
Payables to related parties (Note 20)	₱4,582,270	₱270,025,914	₱-	₱274,608,184
Dividends payable	-	(254,238,690)	429,250,000	175,011,310
APIC	-	(242,098,894)	28,962,992,730	28,720,893,836
Total liabilities from financing activities	₱4,582,270	(₱226,311,670)	₱29,392,242,730	₱29,170,513,330

	January 1, 2021	Cash Flows	Non-cash Changes	December 31, 2021
Payables to related parties (Note 20)	₱182,060	₱4,400,210	₱-	₱4,582,270
Share issuance costs	-	(9,310,210)	-	(9,310,210)
Proceeds from issuance of shares	10,000,000	500,000,000	-	510,000,000
Total liabilities from financing activities	₱10,182,060	₱495,090,000	₱-	₱505,272,060

The Company's noncash investing and financing activities pertain to the following:

- Transfer of investment properties as a result of the Property-for-Share Swap executed between the Sponsors Companies and VREIT amounting to ₱35,952.99 million; and
- Issuance of share of stock of ₱6,990.00 million as a result of the Property-for-Share Swap which resulted to increase in additional paid-in capital of ₱28,720.89 million net of share issuance costs of ₱242.10 million.

22. Subsequent Events

Dividend Declaration

On April 19, 2023, the BOD of the Company approved the declaration of regular cash dividends amounting to ₱289.50 million or ₱0.0386 per share. The dividend declarations are in favor of all stockholders of record as of May 8, 2023 and are expected to be paid on May 29, 2023.



23. Approval of the Financial Statements

The financial statements of the Company as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were authorized for issue by the BOD on April 19, 2023.



INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
VistaREIT, Inc.
Lower Ground Floor, Building B, Evia Lifestyle Center
Daanghari, Almanza Dos, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of VistaREIT, Inc. (the Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 19, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules, are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9566009, January 3, 2023, Makati City

April 19, 2023





Building a better
working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
VistaREIT, Inc
Lower Ground Floor, Building B, Evia Lifestyle Center
Daanghari, Almanza Dos, Las Piñas City

We have audited the accompanying parent company financial statements of VistaREIT, Inc. as at and for the year December 31, 2022, on which we have rendered the attached report dated April 19, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Parent Company has 5,144 stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9566009, January 3, 2023, Makati City

April 19, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
VistaREIT, Inc
Lower Ground Floor, Building B, Evia Lifestyle Center
Daanghari, Almanza Dos, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of VistaREIT, Inc. (the Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 19, 2023. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9566009, January 3, 2023, Makati City

April 19, 2023



VISTAREIT, INC. (Formerly Vista One, Inc.)

INDEX TO SUPPLEMENTARY SCHEDULES

Report of Independent Auditors on Supplementary Schedules

- I. Schedule of Financial Soundness Indicators (Part 1, Annex 68-E)
- II. Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, Annex 68-D)
- III. Supplementary schedules required by Annex 68-J
 1. Financial Assets (Current Marketable Equity and Debt Securities and Other Short-Term Cash Investments)
 2. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 3. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
 4. Long-term Debt
 5. Indebtedness to Related Parties
 6. Guarantees of Securities of Other Issuers
 7. Capital Stock
- IV. Map of the relationships of the Company within the Group
- V. Computation of Distributable Income

VISTAREIT, INC. (Formerly Vista One, Inc.)**SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022**

Below are the financial ratios that are relevant to the Company for the year ended December 31, 2022 and 2021.

		<u>2022</u>	<u>2021</u>
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.64	52.24
Acid test ratio	$\frac{\text{Quick asset}^1}{\text{Current liabilities}}$	1.54	52.24
Solvency ratio	$\frac{\text{Net income} + \text{Depreciation}}{\text{Total liabilities}}$	-	-
Debt ratio	$\frac{\text{Interest bearing debt}}{\text{Total assets}}$	-	-
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.05	1.02
Interest service coverage ratio	$\frac{\text{EBITDA}^2}{\text{Total interest paid}}$	-	-
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	(0.37)	(0.00)
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}^3}$	(0.69)	(0.00)
Net profit margin	$\frac{\text{Net income}}{\text{Net revenue}}$	(4.58)	-

¹Includes cash in banks, current portion of receivables and receivable from related parties

²Earnings before provision for income tax and depreciation

³Average of total assets as at current year and preceding year

VISTAREIT, INC. (Formerly Vista One, Inc.)**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS****AVAILABLE FOR DIVIDEND DECLARATION****DECEMBER 31, 2022**

Unappropriated Retained Earnings (Deficit), as adjusted to available for dividend distribution, beginning	(P9,688,263)
Add: Net loss actually earned/realized during the period	
Net loss during the period closed to retained earnings	(9,618,217,555)
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	—
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	—
Unrealized actuarial gain	—
Fair value adjustment (M2M gains)	—
Fair value adjustment of Investment Property resulting to gain	—
Adjustment due to deviation from PFRS/GAAP-gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS/GAAP-loss	—
Fair value change in investment properties	11,199,547,174
Net income actually earned during the period	1,581,329,619
Add (Less):	
Dividend declarations during the period	(429,250,000)
Appropriations of retained earnings during the period	—
Reversals of appropriations	—
Effects of prior period adjustments	—
Treasury shares	—
TOTAL RETAINED EARNINGS, END	
AVAILABLE FOR DIVIDEND DECLARATION	P1,142,391,356

SCHEDULE A

VISTAREIT, INC. (Formerly Vista One, Inc.)

SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

DECEMBER 31, 2022

The Company does not have financial assets classified under available-for-sale, fair value through profit or loss and held to maturity as at December 31, 2022.

SCHEDULE B

VISTAREIT, INC. (Formerly Vista One, Inc.)

**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022**

The Company does not have amounts receivable from directors, officers, employees, and principal stockholders (other than related parties) as at December 31, 2022 except for receivables from employees amounting to ₱1.25 million.

SCHEDULE C

VISTAREIT, INC. (Formerly Vista One, Inc.)

**SUPPLEMENTARY SCHEDULE OF AMOUNT RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021**

	Receivable Balance	Payable Balance	Current Portion
Total Eliminated Receivables/Payables	N/A	N/A	N/A

SCHEDULE D

VISTAREIT, INC. (Formerly Vista One, Inc.)

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

DECEMBER 31, 2022

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Maturity date
N/A	N/A	N/A	N/A	N/A

SCHEDULE E

VISTAREIT, INC. (Formerly Vista One, Inc.)

**SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT INDEBTEDNESS TO
RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2022**

Indebtedness to Related Parties (Long-term Loans from Related Companies)

<u>Name of related party</u>	<u>Balance at beginning of period</u>	<u>Balance at end of period</u>
N/A	N/A	N/A

SCHEDULE F

VISTAREIT, INC. (Formerly Vista One, Inc.)

**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF
OTHER ISSUERS
DECEMBER 31, 2022**

Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

SCHEDULE G

VISTAREIT, INC. (Formerly Vista One, Inc.)

SUPPLEMENTARY SCHEDULE OF CONTRIBUTED CAPITAL

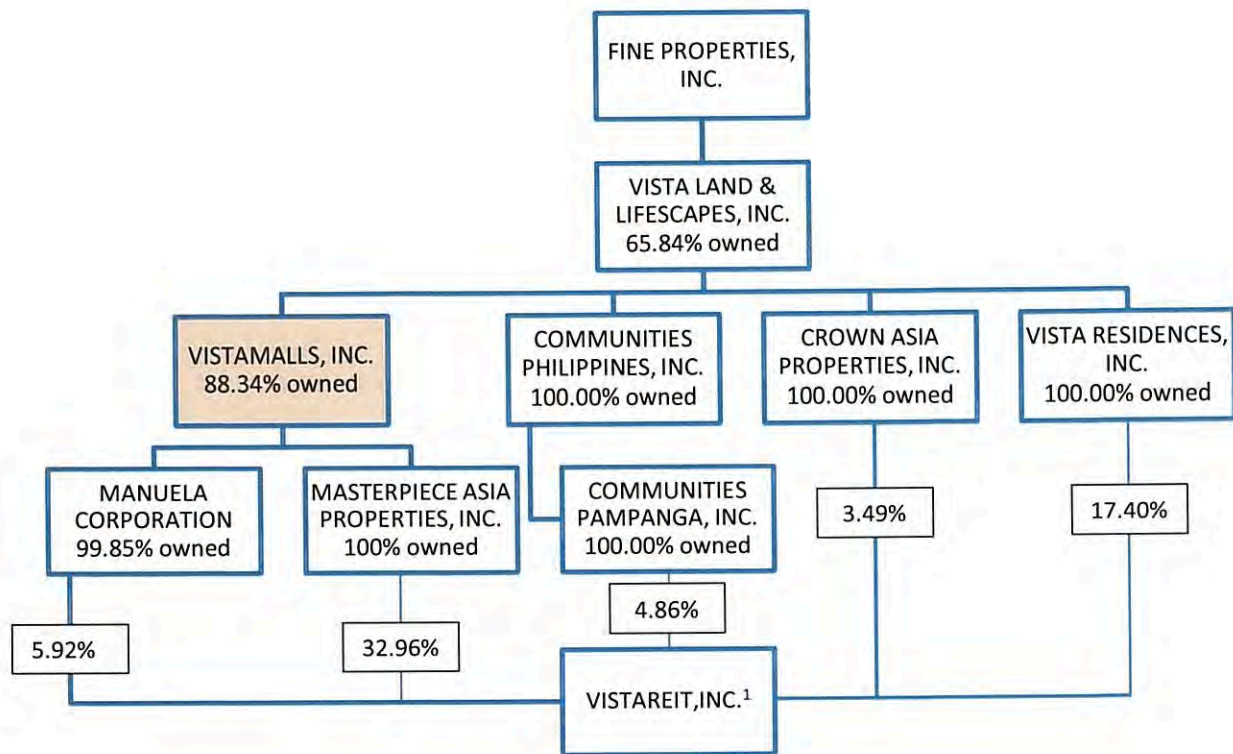
DECEMBER 31, 2022

Contributed Capital						
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock, \$1 par value	15,000,000,000	7,500,000,000	—	7,494,282,000	5,718,000	—

VISTAREIT, INC. (Formerly Vista One, Inc.)

COMPANY STRUCTURE

DECEMBER 31, 2022



¹Remaining 35.29% are owned by the public and the remaining by individual shareholders.

VISTAREIT, INC. (Formerly Vista One, Inc.)

COMPUTATION OF DISTRIBUTABLE INCOME

DECEMBER 31, 2022

Net loss		(P9,618,217,555)
Add: Fair value change in investment properties		11,199,547,174
Less: Straight-line adjustments		(529,498,625)
Net income attributable to non-REIT period		(380,163,930)
Distributable income		671,667,064
Dividends distributed		
Dividends paid on September 30, 2022	45,000,000	
Dividends paid on December 19, 2022	270,750,000	
Dividends declared on April 19, 2023	289,500,000	605,250,000
Dividend Payout Ratio, as % of distributable income		90.11%

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **January 27, 2023**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **CS202006725**
3. BIR Tax Identification No. **010-510-144-000**
4. **VISTAREIT, INC.**
Exact name of issuer as specified in its charter
5. **Philippines**
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **Lower Ground Floor, Building B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City**
Address of principal office **1750**
Postal Code
8. **(02)89944377**
Issuer's telephone number, including area code
9. **N/A**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock	7,500,000,000

11. Indicate the item numbers reported herein:

Item No. 9 - Other Events

Please find attached the annual progress report of VISTAREIT, INC. on the application of proceeds from the Initial Public Offering ("IPO") of its 2,750,000,000 common shares via Secondary Offering.

Thank you.

SIGNATURES

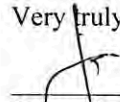
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VISTAREIT, INC.
Issuer

January 27, 2023
Date


MELISSA CAMILLE Z. DOMINGO
CFO & Head, Investor Relations

Very truly yours,



Brian N. Edang
The Sponsors
CFO/Treasurer



Melissa Camille Z. Domingo
VistaREIT, Inc.
CFO & Head, Investor Relations

Signature Page to the Summary of the Application of Proceeds from the Initial Public Offering
("IPO") of VistaREIT, Inc. via Secondary Offering

Annex A: Disbursements for the Year 2022

Project	Location	Amount Spent			Disbursing Entity
		Q2-2022	Q3-2022	Q4-2022	
Vista Estate	Bacoor, Cavite	3,541,346	9,720,514	648,747	Masterpiece Asia Properties, Inc.
Vista Estate	Dasmariñas, Cavite	19,821,982	5,843,616	11,543,413	Masterpiece Asia Properties, Inc.
Vista Estate	Caloocan City	2,258,700	-	-	Masterpiece Asia Properties, Inc.
Vista Estate	Imus, Cavite*	-	340,064	2,208,858	Masterpiece Asia Properties, Inc.
Vista Estate	San Jose Del Monte, Bulacan	5,724,732	18,398,036	645,000	Masterpiece Asia Properties, Inc.
Vista Estate	Silang, Cavite	1,934,357	2,046,429	6,998,929	Masterpiece Asia Properties, Inc.
Hawthorne Heights	Metro Manila	105,519,749	56,518,479	94,203,783	Vista Residences, Inc.
Vista Pointe	Metro Manila	71,802,242	74,659,035	36,714,550	Vista Residences, Inc.
Vista Recto	Metro Manila	22,750,905	20,454,071	17,354,026	Vista Residences, Inc.
Plumeria Heights	Metro Manila	102,268,666	145,908,391	170,265,179	Vista Residences, Inc.
Spectrum	Metro Manila	35,973,567	59,353,059	33,279,109	Crown Asia Properties, Inc.
Valenza Mansions	Laguna	277,040	-	4,084,385	Crown Asia Properties, Inc.
Hermosa	Metro Manila	49,954,089	37,580,636	55,385,948	Household Development Corporation
The Courtyard	Metro Manila	17,427,153	27,827,561	36,734,686	Household Development Corporation
Vista Estate	Cavite	67,900,019	60,911,939	11,663,409	Household Development Corporation
Vista Estate	Laguna	24,088,917	22,388,893	9,723,419	Household Development Corporation
TOTAL		₱531,243,464	₱541,950,723	₱491,453,441	

* Vista Estate - Imus, Cavite - Commercial Building - Community Mall – Total Planned Use for One Year amounting to Php. 59.64M

STRICTLY CONFIDENTIAL

AGREED-UPON PROCEDURES REPORT ON THE SUMMARY OF THE APPLICATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING VIA SECONDARY OFFERING

VistaREIT, Inc.

Lower Ground Floor, Building B,
Evia Lifestyle Center, Daang Hari, Almanza Dos

Attention: **Mr. Brian N. Edang**
Chief Financial Officer and Head of Investor Relations
Vista Land & Lifescapes, Inc.

Ms. Melissa Camille Z. Domingo
Chief Financial Officer and Head of Investor Relations
VistaREIT, Inc.

Dear Mr. Edang and Ms. Domingo:

Purpose of this Agreed-Upon Procedures

We have performed the procedures, which were agreed to by **VistaREIT, Inc.** (the “Company”) and enumerated below with respect to Summary of the Application of Proceeds from the Initial Public Offering (“IPO”) of the Company via Secondary Offering (“Subject Matter”) for the period covered **June 15, 2022 to December 31, 2022**. Our report is solely for the purpose of assisting the Company in complying with the requirements of the Philippine Stock Exchange (PSE) relating to the application of proceeds from the sale of shares of the Company via secondary offering, and this may not be suitable for another purpose.

Restrictions on Use

This Agreed-Upon Procedures Report (“AUP Report”) is intended solely for the information and use of the Company and the PSE and is not intended to be and should not be used by anyone else.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the Subject Matter on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagement (PSRS 4400 Revised)*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We are not required to be independent for the purpose of this engagement. We are the independent auditor of the Company and therefore we also complied with the independence requirements of the Code of Ethics that apply in context of the financial statements audit.

Our firm applies Philippine Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in terms of engagement dated December 26, 2022, on the Subject Matter.

We report our findings below:

1. Obtained the Summary of the Application of Proceeds from the Initial Public Offering of the Company via Secondary Offering for the period covered June 15, 2022 to December 31, 2022 (the "Schedule") and checked the mathematical accuracy of the Schedule. We did not note any difference.
2. We compared the disbursements in the Schedule with the schedule of application of proceeds for the period covered June 15, 2022 to December 31, 2022. We did not note any difference.
3. Selected at least 75% of the total amount of disbursements based on highest to lowest value of transactions. The samples selected were traced to the supporting documents such as progress billings, bank statements, invoices and official receipts, and agreed the amount to the accounting records. We noted that the total disbursements amounted to ₱1,564,647,628 for the period covered June 15, 2022 to December 31, 2022. We did not note any exceptions.

4. Selected at least 75% of the total amount of disbursements based on highest to lowest value of transactions. Compared the nature of these samples as indicated in the Summary Report to the nature of disbursements provided in the schedule of planned use of proceeds from the Secondary Offering. We did not note any exceptions.

Explanatory Paragraph

The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures.

Furthermore, we have not performed any procedures with respect to the preparation of any of the source documents.

This AUP report relates only to the Summary Report for the period covered June 15, 2022 to December 31, 2022, as specified above and do not extend to the financial statements of the Company, taken as a whole.

We undertake no responsibility to update this AUP report for events and circumstances occurring after AUP report is issued.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9566009, January 3, 2023, Makati City

January 27, 2023

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.


BEFORE ME, a Notary Public for and in the City of MANDALUYONG CITY, Philippines on JAN 27 2023, personally appeared the following with their respective identification, to wit:

Name	PRC ID No.	Place of Issue and Valid Until
Cyril Jasmin B. Valencia	0090787	PRC valid until 21 Jan 2026

known to me and to me known to be the same persons who executed the foregoing agreement and who acknowledged to me that the same is their free will and voluntary act and deed that of the corporation they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.

Doc. No. 275 ;
Page No. 50 ;
Book No. 1 ;
Series of 2023.


ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 63511
ISPL Member No. 019533
PTR No. 6110691 / Office: Mandaluyong City
MCLE Compliance No. WHCPL/PT/2022/0001 dated 25 May 2022
Notarial Commission No. 12756-23
Vista Corporate Center, Upper Ground Floor
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

COVER SHEET

SEC Registration Number

C S 2 0 2 0 0 6 7 2 5

Company Name

V	I	S	T	A	R	E	I	T	,		I	N	C	.									

Principal Office (No./Street/Barangay/City/Town/Province)

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

COMPANY INFORMATION

Company's Email Address

ir@vistareit.com.ph

Company's Telephone Number/s

(02) 8994-4377

Company's Facsimile Number/s

-

CONTACT PERSON INFORMATION

Name of Contact Person Number/s

Melissa Camille Z. Domingo

Email Address

melissa_domingo@vistaland.com.ph

Telephone Number/s Facsimile

0999 887 3219

-

FORM TYPE

1 7 - C

Department requiring report

Secondary License Type, If Applicable

(To be accomplished by SEC personnel)

File No.

_____ LCU

Document

I.D. _____ CASHIER

Remarks:

Please use BLACK ink for scanning purposes

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **January 18, 2023**
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS202006725
3. BIR Tax Identification No. 010-510-144-000
4. **VISTAREIT, INC.**
Exact name of issuer as specified in its charter
5. Philippines
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. Lower Ground Floor, Building B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City
Address of principal office 1750
Postal Code
8. (02)89944377
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock	7,500,000,000

11. Indicate the item numbers reported herein:

Item No. 9 - Other Events

Please find attached the 3rd quarterly progress report of VISTAREIT, INC. on the application of proceeds from the Initial Public Offering ("IPO") of its 2,750,000,000 common shares via Secondary Offering.

Thank you.

SIGNATURES

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

VISTAREIT, INC.
Issuer

January 18, 2023
Date


MELISSA CAMILLE Z. DOMINGO
CFO & Head, Investor Relations

January 18, 2023

THE PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **Ms. Alexandra D. Tom Wong**
OIC, Disclosure Department

Subject: **Third Quarterly Progress Report on the Application of Proceeds
from the Initial Public Offering (“IPO”) of VistaREIT, Inc.
via Secondary Offering**

Dear Ms. Tom Wong,

In compliance with the disclosure requirements of the Philippine Stock Exchange, we submit herewith our second quarterly progress report on the application of proceeds received from the sale of shares owned by the subsidiaries of Vista Land & Lifescapes, Inc. (*Manuela Corporation, Masterpiece Asia Properties, Inc., Crown Asia Properties, Inc., Vista Residences, Inc., and Communities Pampanga, Inc., collectively as “the Sponsors”*) in VistaREIT, Inc. via secondary offering for the period covering October 01 to December 31, 2022. Further attached is the report of VLLI’s external auditor.

As of December 31, 2022, the remaining balance of the proceeds from the secondary offering amounts to Two Billion Eight Hundred Seven-Six Million Three Hundred Fifty-Four Thousand Three Hundred Twenty-Nine Pesos (**₱2,876,354,329**).


The details are as follows:

Net Balance of IPO proceeds as of September 30, 2022	₱3,367,807,770
Less: Disbursement for Reinvestment Plan (Annex A)	(491,453,441)
Net Balance of IPO proceeds as of December 31, 2022	₱2,876,354,329


Thank you!

(Signature page follows)

Very truly yours,



Brian N. Edang
The Sponsors
CFO/Treasurer



Melissa Camille Z. Domingo
VistaREIT, Inc.
CFO & Head, Investor Relations

Signature Page to the 3rd Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering (“IPO”) of VistaREIT, Inc. via Secondary Offering

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.


BEFORE ME, a Notary Public for and in the City of MANDALUYONG CITY, Philippines on JAN 18 2023, personally appeared the following with their respective identification, to wit:

Name	Passport ID No.	Date and Place of Issue
The Sponsors <i>Represented by:</i> Brian N. Edang	P9937644A	14 Dec 18 at DFA NCR East
VistaREIT, Inc. <i>Represented by:</i> Melissa Camille Z. Domingo	P7271420B	26 Jul 21 at DFA Manila

known to me and to me known to be the same persons who executed the foregoing agreement and who acknowledged to me that the same is their free will and voluntary act and deed that of the corporation they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.

Doc. No. 112 ;
Page No. 24 ;
Book No. 1 ;
Series of 2023.


ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 51511
JRRP No. 018538
PTR No. 018538
Manduluyong City
MORR dated 25 May 2022
No. 0314-23
Ground Floor
Worldwide
Manduluyong City

Annex A: Disbursements for the period 4th Quarter 2022

Project	Amount Spent	Disbursing Entiy
Vista Estate	₱648,747	Masterpiece Asia Properties, Inc.
Vista Estate	11,543,413	Masterpiece Asia Properties, Inc.
Vista Estate	2,208,858	Masterpiece Asia Properties, Inc.
Vista Estate	645,000	Masterpiece Asia Properties, Inc.
Vista Estate	6,998,929	Masterpiece Asia Properties, Inc.
Hawthorne Heights	94,203,783	Vista Residences, Inc.
Vista Pointe	36,714,550	Vista Residences, Inc.
Vista Recto	17,354,026	Vista Residences, Inc.
Plumeria Heights	170,265,179	Vista Residences, Inc.
Spectrum	33,279,109	Crown Asia Properties, Inc.
Valenza Mansions	4,084,385	Crown Asia Properties, Inc.
Hermosa	55,385,948	Household Development Corporation
The Courtyard	36,734,686	Household Development Corporation
Vista Estate	11,663,409	Household Development Corporation
Vista Estate	9,723,419	Household Development Corporation
TOTAL	₱491,453,441	

STRICTLY CONFIDENTIAL

**AGREED-UPON PROCEDURES REPORT ON THE THIRD QUARTERLY PROGRESS
REPORT ON THE APPLICATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING
VIA SECONDARY OFFERING**

VistaREIT, INC.

Lower Ground Floor, Building B,
Evia Lifestyle Center, Daang Hari, Almanza Dos

Attention: **Mr. Brian N. Edang**
Chief Financial Officer and Head of Investor Relations
Vista Land & Lifescapes, Inc.

Ms. Melissa Camille Z. Domingo
Chief Financial Officer and Head of Investor Relations
VistaREIT, Inc.

Dear Mr. Edang and Ms. Domingo:

Purpose of this Agreed-Upon Procedures

We have performed the procedures, which were agreed to by **VistaREIT, Inc.** (the “Company”) and enumerated below with respect to Third Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering (“IPO”) of the Company via Secondary Offering (“Subject Matter”) for the three months ended December 31, 2022. Our report is solely for the purpose of assisting the Company in complying with the requirements of the Philippine Stock Exchange (PSE) relating to the application of proceeds from the sale of shares of the Company via secondary offering, and this may not be suitable for another purpose.

Restrictions on Use

This Agreed-Upon Procedures Report (“AUP Report”) is intended solely for the information and use of the Company and the PSE and is not intended to be and should not be used by anyone else.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the Subject Matter on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagement (PSRS 4400 Revised)*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We are not required to be independent for the purpose of this engagement. We are the independent auditor of the Company and therefore we also complied with the independence requirements of the Code of Ethics that apply in context of the financial statements audit.

Our firm applies Philippine Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in terms of engagement dated December 26, 2022, on the Subject Matter.

We report our findings below:

1. Obtained the Third Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering of the Company via Secondary Offering for the three months ended December 31, 2022 (the "Schedule") and checked the mathematical accuracy of the Schedule. We did not note any difference.
2. We compared the disbursements in the Schedule with the schedule of application of proceeds for the three months ended December 31, 2022. We did not note any difference.
3. Selected at least 72% of the total amount of disbursements based on highest to lowest value of transactions. The samples selected were traced to the supporting documents such as progress billings, bank statements, invoices and official receipts, and agreed the amount to the accounting records. We noted that the total disbursements amounted to ₱491,453,441 for the three-month period from October 1, 2022 up to December 31, 2022. We did not note any exceptions.

4. Selected at least 72% of the total amount of disbursements based on highest to lowest value of transactions. Compared the nature of these samples as indicated in the Third Quarterly Progress Report to the nature of disbursements provided in the schedule of planned use of proceeds from the Secondary Offering. We did not note any exceptions.

Explanatory Paragraph

The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures.

Furthermore, we have not performed any procedures with respect to the preparation of any of the source documents.

This AUP report relates only to the Third Quarterly Progress Report for the three months ended December 31, 2022, as specified above and do not extend to the financial statements of the Company, taken as a whole.

We undertake no responsibility to update this AUP report for events and circumstances occurring after AUP report is issued.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854378, January 3, 2022, Makati City

January 18, 2023

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
 CITY OF MANDALUYONG) S.S.

BEFORE ME, a Notary Public for and in the City of MANDALUYONG CITY, Philippines on JAN 18 2023, personally appeared the following with their respective identification, to wit:

Name	PRC ID No.	Place of Issue and Valid Until
Cyril Jasmin B. Valencia	0090787	PRC valid until 21 Jan 2023

known to me and to me known to be the same persons who executed the foregoing agreement and who acknowledged to me that the same is their free will and voluntary act and deed that of the corporation they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.)

Doc. No. 113 ;
 Page No. 24 ;
 Book No. 1 ;
 Series of 2023.

COVER SHEET

SEC Registration Number

C	S	2	0	2	0	0	6	7	2	5
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Company Name

V	I	S	T	A	R	E	I	T	,		I	N	C	.															

Principal Office (No./Street/Barangay/City/Town/Province)

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

COMPANY INFORMATION

Company's Email Address <u>ir@vistareit.com.ph</u>	Company's Telephone Number/s <u>(02) 8994-4377</u>	Company's Facsimile Number/s <u>-</u>
---	---	--

CONTACT PERSON INFORMATION

Name of Contact Person Number/s <u>Melissa Camille Z. Domingo</u>	Email Address <u>melissa_domingo@vistaland.com.ph</u>	Telephone Number/s <u>0999 887 3219</u>	Facsimile <u>-</u>
---	--	--	-----------------------

FORM TYPE

1	7	-	C
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Department requiring report

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Secondary License Type, If Applicable

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(To be accomplished by SEC personnel)

File No. _____ LCU

Document I.D. _____ CASHIER

Remarks:
Please use BLACK ink for scanning purposes

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **October 17, 2022**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **CS202006725**
3. BIR Tax Identification No. **010-510-144-000**
4. **VISTAREIT, INC.**
Exact name of issuer as specified in its charter
5. **Philippines**
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **Lower Ground Floor, Building B, Evia Lifestyle Center, Daang Hari,
Almanza Dos, Las Piñas City**
Address of principal office **1750**
Postal Code
8. **(02)89944377**
Issuer's telephone number, including area code
9. **N/A**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock	7,500,000,000

11. Indicate the item numbers reported herein:

Item No. 9 - Other Events

Please find attached the 2nd quarterly progress report of VISTAREIT, INC. on the application of proceeds from the Initial Public Offering ("IPO") of its 2,750,000,000 common shares via Secondary Offering.

Thank you.

SIGNATURES

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

VISTAREIT, INC.
Issuer

October 17, 2022
Date



MELISSA CAMILLE Z. DOMINGO
CFO & Head, Investor Relations

October 17, 2022

THE PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **Ms. Alexandra D. Tom Wong**
OIC, Disclosure Department

Subject: **Second Quarterly Progress Report on the Application of Proceeds
from the Initial Public Offering (“IPO”) of VistaREIT, Inc.
via Secondary Offering**

Dear Ms. Tom Wong,

In compliance with the disclosure requirements of the Philippine Stock Exchange, we submit herewith our second quarterly progress report on the application of proceeds received from the sale of shares owned by the subsidiaries of Vista Land & Lifescapes, Inc. (*Manuela Corporation, Masterpiece Asia Properties, Inc., Crown Asia Properties, Inc., Vista Residences, Inc., and Communities Pampanga, Inc., collectively as “the Sponsors”*) in VistaREIT, Inc. via secondary offering for the period covering July 01 to September 30, 2022. Further attached is the report of VLLI’s external auditor.

As of September 30, 2022, the remaining balance of the proceeds from the secondary offering amounts to Three Billion Three Hundred Sixty-Seven Million Eight Hundred Seven Thousand Seven Hundred Seventy Pesos (**₱3,367,807,770**).

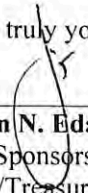
The details are as follows:

Net Balance of IPO proceeds as of June 30, 2022	₱3,649,441,448
Add: Unutilized Stabilization Funds	260,317,045
Less: Disbursement for Reinvestment Plan (Annex A)	(541,950,723)
Net Balance of IPO proceeds as of September 30, 2022	₱3,367,807,770


Thank you!

(Signature page follows)

Very truly yours,



Brian N. Edang
The Sponsors
CFO/Treasurer



Melissa Camille Z. Domingo
VistaREIT, Inc.
CFO & Head, Investor Relations

Signature Page to the 2nd Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering (“IPO”) of VistaREIT, Inc. via Secondary Offering

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.

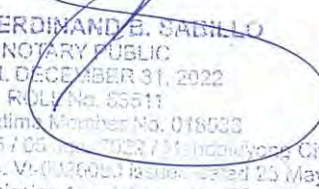
BEFORE ME, a Notary Public for and in the City of MANDALUYONG CITY, Philippines on OCT 17 2022, personally appeared the following with their respective identification, to wit:

Name	Passport ID No.	Date and Place of Issue
The Sponsors <i>Represented by:</i> Brian N. Edang	P9937644A	14 Dec 18 at DFA NCR East
VistaREIT, Inc. <i>Represented by:</i> Melissa Camille Z. Domingo	P7271420B	26 Jul 21 at DFA Manila

known to me and to me known to be the same persons who executed the foregoing agreement and who acknowledged to me that the same is their free will and voluntary act and deed that of the corporation they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.

Doc. No. 67 ;
Page No. 15 ;
Book No. XIV ;
Series of 2022.


ATTY. FERDINAND E. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 55511
IBP Lifetime Member No. 018033
PTR No. 487106 / 05 / 0000 / 0102 / 01 Mandaluyong City
MCLE Compliance No. V-0126053 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Annex A: Disbursements for the period 3rd Quarter 2022

Project	Amount Spent	Disbursing Entiy
Vista Estate	₱ 9,720,514	Masterpiece Asia Properties, Inc.
Vista Estate	5,843,616	Masterpiece Asia Properties, Inc.
Vista Estate	340,064	Masterpiece Asia Properties, Inc.
Vista Estate	18,398,036	Masterpiece Asia Properties, Inc.
Vista Estate	2,046,429	Masterpiece Asia Properties, Inc.
Hawthorne Heights	56,518,479	Vista Residences, Inc.
Vista Pointe	74,659,035	Vista Residences, Inc.
Vista Recto	20,454,071	Vista Residences, Inc.
Plumeria Heights	145,908,391	Vista Residences, Inc.
Spectrum	59,353,059	Crown Asia Properties, Inc.
Hermosa	37,580,636	Household Development Corporation
The Courtyard	27,827,561	Household Development Corporation
Vista Estate	60,911,939	Household Development Corporation
Vista Estate	22,388,893	Household Development Corporation
TOTAL	₱541,950,723	

STRICTLY CONFIDENTIAL

**AGREED-UPON PROCEDURES REPORT ON THE SECOND QUARTERLY PROGRESS
REPORT ON THE APPLICATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING
VIA SECONDARY OFFERING**

VistaREIT, INC.

Lower Ground Floor, Building B,
Evia Lifestyle Center, Daang Hari, Almanza Dos

Attention: **Mr. Brian N. Edang**
Chief Financial Officer and Head of Investor Relations
Vista Land & Lifescapes, Inc.

Ms. Melissa Camille Z. Domingo
Chief Financial Officer and Head of Investor Relations
VistaREIT, Inc.

Dear Mr. Edang and Ms. Domingo:

Purpose of this Agreed-Upon Procedures

We have performed the procedures, which were agreed to by **VistaREIT, Inc.** (the “Company”) and enumerated below with respect to Second Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering (“IPO”) of the Company via Secondary Offering (“Subject Matter”) for the three months ended September 30, 2022. Our report is solely for the purpose of assisting the Company in complying with the requirements of the Philippine Stock Exchange (PSE) relating to the application of proceeds from the sale of shares of the Company via secondary offering, and this may not be suitable for another purpose.

Restrictions on Use

This Agreed-Upon Procedures Report (“AUP Report”) is intended solely for the information and use of the Company and the PSE and is not intended to be and should not be used by anyone else.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the Subject Matter on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagement (PSRS 4400 Revised)*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We are not required to be independent for the purpose of this engagement. We are the independent auditor of the Company and therefore we also complied with the independence requirements of the Code of Ethics that apply in context of the financial statements audit.

Our firm applies Philippine Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in terms of engagement dated September 26, 2022, on the Subject Matter.

We report our findings below:

1. Obtained the Second Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering of the Company via Secondary Offering for the three months ended September 30, 2022 (the "Schedule") and checked the mathematical accuracy of the Schedule. We did not note any difference.
2. We compared the disbursements in the Schedule with the schedule of application of proceeds for the three months ended September 30, 2022. We did not note any difference.
3. Selected at least 75% of the total amount of disbursements based on highest to lowest value of transactions. The samples selected were traced to the supporting documents such as progress billings, bank statements, invoices and official receipts, and agreed the amount to the accounting records. We noted that the total disbursements amounted to ₱541,950,723 for the three-month period from July 1, 2022 up to September 30, 2022. We did not note any exceptions.

4. Selected at least 75% of the total amount of disbursements based on highest to lowest value of transactions. Compared the nature of these samples as indicated in the Second Quarterly Progress Report to the nature of disbursements provided in the schedule of planned use of proceeds from the Secondary Offering. We did not note any exceptions.

Explanatory Paragraph

The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures.

Furthermore, we have not performed any procedures with respect to the preparation of any of the source documents.

This AUP report relates only to the Second Quarterly Progress Report for the three months ended September 30, 2022, as specified above and do not extend to the financial statements of the Company, taken as a whole.

We undertake no responsibility to update this AUP report for events and circumstances occurring after AUP report is issued.

SYCIP GORRES VELAYO & CO.



Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854378, January 3, 2022, Makati City

October 17, 2022

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.

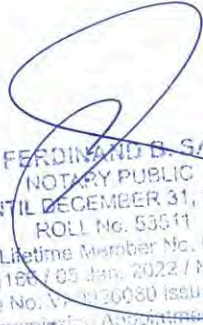
BEFORE ME, a Notary Public for and in the City of _____, Philippines on OCT 17 2022, personally appeared the following with their respective identification, to wit:

Name	PRC ID No.	Place of Issue and Valid Until
Cyril Jasmin B. Valencia	0090787	PRC valid until 21 Jan 2023

known to me and to me known to be the same persons who executed the foregoing agreement and who acknowledged to me that the same is their free will and voluntary act and deed that of the corporation they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.

Doc. No. 71 ;
Page No. 16 ;
Book No. XIV ;
Series of 2022.


ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53811
IBP Lifetime Member No. 018538
PTR No. 4871160 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. V. 0026080 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

COVER SHEET

SEC Registration Number

C	S	2	0	2	0	0	6	7	2	5
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Company Name

V	I	S	T	A	R	E	I	T	,		I	N	C	.																		

Principal Office (No./Street/Barangay/City/Town/Province)

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

COMPANY INFORMATION

Company's Email Address <input type="text" value="ir@vistareit.com.ph"/>	Company's Telephone Number/s <input type="text" value="(02) 8994-4377"/>	Company's Facsimile Number/s <input type="text" value="-"/>
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CONTACT PERSON INFORMATION

Name of Contact Person Number/s <input type="text" value="Melissa Camille Z. Domingo"/>	Email Address <input type="text" value="melissa_domingo@vistaland.com.ph"/>	Telephone Number/s <input type="text" value="0999 887 3219"/>	Facsimile <input type="text" value="-"/>
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FORM TYPE

1	7	-	C
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Department requiring report

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Secondary License Type, if Applicable

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(To be accomplished by SEC personnel)

File No.	<input type="text"/>	<input type="text"/>
		LCU
Document	<input type="text"/>	I.D. <input type="text"/>
		CASHIER

Remarks:
Please use BLACK ink for scanning purposes

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

- 1. **July 15, 2022**
Date of Report (Date of earliest event reported)
- 2. SEC Identification Number CS202006725
- 3. BIR Tax Identification No. 010-510-144-000
- 4. **VISTAREIT, INC.**
Exact name of issuer as specified in its charter
- 5. Philippines Province, country or other jurisdiction of incorporation
- 6. (SEC Use Only) Industry Classification Code:
- 7. Lower Ground Floor, Building B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City Address of principal office 1750 Postal Code
- 8. (02)89944377 Issuer's telephone number, including area code
- 9. N/A Former name or former address, if changed since last report
- 10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock	7,500,000,000

11. Indicate the item numbers reported herein:

Item No. 9 - Other Events

Please find attached the 1st quarterly progress report of VISTAREIT, INC. on the application of proceeds from the Initial Public Offering ("IPO") of its 2,750,000,000 common shares via Secondary Offering.

Thank you.

SIGNATURES

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

VISTAREIT, INC.
Issuer

July 15, 2022
Date


MELISSA CAMILLE Z. DOMINGO
CFO & Head, Investor Relations

July 15, 2022

THE PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **Ms. Alexandra D. Tom Wong**
OIC, Disclosure Department

Subject: **First Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering (“IPO”) of VistaREIT, Inc. via Secondary Offering**

Dear Ms. Tom Wong,

In compliance with the disclosure requirements of the Philippine Stock Exchange, we submit herewith our first quarterly progress report on the application of proceeds received from the sale of shares owned by the subsidiaries of Vista Land & Lifescapes, Inc. (*Manuela Corporation, Masterpiece Asia Properties, Inc., Crown Asia Properties, Inc., Vista Residences, Inc., and Communities Pampanga, Inc., collectively as “the Sponsors”*) in VistaREIT, Inc. via secondary offering for the period covering June 15 to June 30, 2022. Further attached is the report of VLLI’s external auditor.

As of June 30, 2022, the remaining balance of the proceeds from the secondary offering amounts to Three Billion Six Hundred Forty-Nine Million Four Hundred Forty-One Thousand Four Hundred Forty-Eight Pesos (**₱3,649,441,448**).

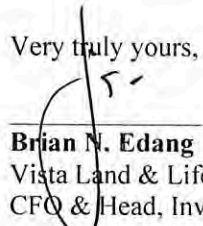
The details are as follows:

Gross Proceeds as of June 15, 2022	₱4,812,500,000
Less: Stabilization fund	(437,500,000)
Underwriters and IPO related fees	(157,426,159)
Disbursements for transaction costs	(36,888,929)
Net proceeds	₱4,180,684,912
Less: Disbursement for Reinvestment Plan (Annex A)	(531,243,464)
Net Balance of IPO proceeds as of June 30, 2022	₱3,649,441,448

Thank you!

(Signature page follows)

Very truly yours,



Brian N. Edang
Vista Land & Lifescapes, Inc.
CFO & Head, Investor Relations



Melissa Camille Z. Domingo
VistaREIT, Inc.
CFO & Head, Investor Relations

Signature Page to the 1st Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering (“IPO”) of VistaREIT, Inc. via Secondary Offering

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.

BEFORE ME, a Notary Public for and in the City of MANDALUYONG Philippines on JUL 15 2022 personally appeared the following with their respective identification, to wit:

Name	Passport ID No.	Date and Place of Issue
Vista Land & Lifescapes, Inc. <i>Represented by:</i> Brian N. Edang	P9937644A	14 Dec 18 at DFA NCR East
VistaREIT, Inc. <i>Represented by:</i> Melissa Camille Z. Domingo	P7271420B	26 Jul 21 at DFA Manila

known to me and to me known to be the same persons who executed the foregoing agreement and who acknowledged to me that the same is their free will and voluntary act and deed that of the corporation they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.

Doc. No. 184 ;
Page No. 38 ;
Book No. XXIII ;
Series of 2022.

(Signature)
ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNITED STATES OF AMERICA 2022
FTR No. 11437
MCLE Compliance No. 11437
Notarial Commission No. 0388-21
Vista Corporate Center 5, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Annex A: Disbursements for the period 2nd Quarter 2022

Project	Amount Spent	Disbursing Entiy
Vista Estate	₱3,541,346	Masterpiece Asia Properties, Inc.
Vista Estate	19,821,982	Masterpiece Asia Properties, Inc.
Vista Estate	2,258,700	Masterpiece Asia Properties, Inc.
Vista Estate	5,724,732	Masterpiece Asia Properties, Inc.
Vista Estate	1,934,357	Masterpiece Asia Properties, Inc.
Hawthorne Heights	105,519,749	Vista Residences, Inc.
Vista Pointe	71,802,242	Vista Residences, Inc.
Vista Recto	22,750,905	Vista Residences, Inc.
Plumeria Heights	102,268,666	Vista Residences, Inc.
Spectrum	35,973,567	Crown Asia Properties, Inc.
Valenza Mansions	277,040	Crown Asia Properties, Inc.
Hermosa	49,954,089	Household Development Corporation
The Courtyard	17,427,153	Household Development Corporation
Vista Estate	67,900,019	Household Development Corporation
Vista Estate	24,088,917	Household Development Corporation
TOTAL	₱531,243,464	

STRICTLY CONFIDENTIAL

REPORT OF FACTUAL FINDINGS

VistaREIT, INC.

Lower Ground Floor, Building B,
Evia Lifestyle Center, Daang Hari, Almanza Dos

Attention: Mr. Brian N. Edang
Chief Financial Officer and Head of Investor Relations
Vista Land & Lifescapes, Inc.

Ms. Melissa Camille Z. Domingo
Chief Financial Officer and Head of Investor Relations
VistaREIT, Inc.

Dear Mr. Edang and Ms. Domingo:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **June 30, 2022** covering periods from **June 15, 2022** to **June 30, 2022** on the application of proceeds from the Initial Public Offering (“IPO”) of VistaREIT, Inc. (the “Company”) via secondary offering on **June 15, 2022**. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange Inc.’s (PSE) requirement to submit an external auditor’s certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtain the Quarterly Progress on Application of Proceeds from the Initial Public Offering (“IPO”) of VistaREIT, Inc. via Secondary Offering (the “Schedule”) and perform the following:
 - Check the mathematical accuracy of the Schedule;
 - Compare the net proceeds received in the Schedule to the bank statement noting the date received and amount recorded;

- 2 -

- Compare the additions and disbursements in the Schedule with the schedule of application of proceeds;
- On a sample basis, trace additions and disbursements to the supporting documents such as progress billings, bank statements, invoices and official receipts, and agree the amount to the accounting records; and
- On a sample basis, inquire into and identify the nature of the additions and disbursements. Check if the disbursements were classified consistently according to its nature based on the schedule of planned use of proceeds from the secondary offering.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule. No exceptions noted.
2. We compared the net proceeds received in the Schedule to the bank statement noting the date received and amount recorded. No exceptions noted.
3. We compared the additions and disbursements in the Schedule with the schedule of application of proceeds. No exceptions noted.
4. On a sample basis, we traced additions and disbursements to the supporting documents such as progress billings, bank statements, invoices and official receipts, and agreed the amount to the accounting records. We noted that the Company disbursed a total of ₱531,243,464 for the periods from June 15, 2022 up to June 30, 2022. No exceptions noted.
5. On a sample basis, we inquired into and identified the nature of the additions and disbursements. We checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of proceeds from the secondary offering. No exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) of the Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report is related only to the report of the Company's use of proceeds from the offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854378, January 3, 2022, Makati City

July 15, 2022

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.


BEFORE ME, a Notary Public for and in the City of MANDALUYONG CITY, Philippines on JUL 15 2022, personally appeared the following with their respective identification, to wit:

Name	PRC ID No.	Place of Issue and Valid Until
Cyril Jasmin B. Valencia	0090787	PRC valid until 21 Jan 2023

known to me and to me known to be the same persons who executed the foregoing agreement and who acknowledged to me that the same is their free will and voluntary act and deed that of the corporation they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.

Doc. No. 197 ;
Page No. 41 ;
Book No. XXIII ;
Series of 2022.


ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57148
IBP Lifetime Member No. 012537
PTR No. 4871170106 Jan. 2022 Mandaluyong City
MCLE Compliance No. M-C-008511 Issued dated 11 April 2019
Notarial Commission Appointment No. 0385-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City