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	Company's Telephone Number/s	Company's Facsimile Number/s
ir@vistareit.com.ph	(02) 8994-4377	-

CONTACT PERSON INFORMATION

Name of Contact Person	Email Address	Telephone Number/s	Facsimile Number/s
Melissa Camille Z. Domingo	melissa_domingo@vistaland.com.ph	0999 887 3219	-

FORM TYPE	Department requiring report	Secondary License Type, If Applicable
20-IS Definitive Information Statement		

(To be accomplished by SEC personnel)

File No. __________ LCU

Document __________ I.D. CASHIER

Remarks:
Please use BLACK ink for scanning purposes

STAMPS

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of stockholders of **VISTAREIT, INC.** (the "Company" or "VREIT") for the year 2022 will be held online on **September 15, 2022**, **Thursday** at **10:00 a.m.** with the proceedings livestreamed and voting conducted in absentia through the Company's secure voting online facility which may be accessed through the following URL address: https://vistareit.com.ph/asm.

The Chairman will conduct the online meeting from the Las Piñas City, Metro Manila, which is the city where the principal office of the Company is located.

The following shall be the agenda of the meeting:

1. Call to order
2. Certification of service of notice and presence of quorum
3. Approval of the minutes of the last Annual Meeting of Stockholders held on July 05, 2021
4. Presentation of the President's Report and Audited Financial Statements and Audited Combined Carved-out Financial Statements for the year 2021
5. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting
6. Election of the members of the Board of Directors, including the Independent Directors, for the year 2022
7. Appointment of External Auditors
8. Adjournment

Minutes of the 2021 Annual Meeting of Stockholders is available at the website of the Company (https://vistareit.com.ph/assets/disclosures/minutes/Vista-One-AGM-2021.pdf).

The Board of Directors has fixed 08 August 2022 as the record date for the determination of stockholders entitled to notice of, and to vote at, said Annual Stockholders' Meeting.

In light of the current circumstances, and to ensure the safety and welfare of the Company's stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and voting only *in absentia* or by appointing the Chairman of the meeting as their proxy.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote *in absentia* must notify the Corporate Secretary by registering at https://vistareit.com.ph/asm on or before September 09, 2022. All information submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders who intend to appoint the Chairman of the Meeting as their proxy should submit duly accomplished proxy forms on or before September 09, 2022 at the Office of the Corporate Secretary at Liberty Center – Picazo Law, 104 H.V. dela Costa St., Salcedo Village, 1227 Makati City and/or by email to gmsantos@picazolaw.com.

The procedures for participating in the meeting through remote communication and for casting of votes *in absentia* are set forth in the Information Statement.

Electronic copies of the Definitive Information Statement, the Audited Financial Statements and the Audited Combined Carved-out Financial Statements of the Company's REIT properties as of and for the year ended December 31, 2021, and the Interim Unaudited Financial Statements of the Company as of and for the quarter ended June 30, 2022, are available at its website at https://www.vistareit.com.ph and uploaded at the PSE's EDGE disclosure system.

A visual/audio recording of the meeting shall be made for future reference.

GEMMA M. SANTOS
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. Certification of Notice and Quorum

The Corporate Secretary, Atty. Gemma M. Santos, will certify that copies of the Notice of Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through https://vistareit.com.ph/asm (the "Website"). Stockholders may send their questions or comments prior to the meeting by e-mail at ir@vistareit.com.ph. The Website shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office within a reasonable period after the meeting.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.

(iv) Voting shall only be allowed for stockholders registered in the Company's Electronic Voting in Absentia System provided in the Company's website or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the total issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

2. Approval of the Minutes of the last Annual Meeting of Stockholders held on July 05, 2021

The minutes of the last Annual Meeting of Stockholders held on July 05, 2021 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

A copy of such minutes has been uploaded on the Company's website.

3. **<u>President's Report and Audited Financial Statements as of and for the year ended December 31, 2021 and Audited Combined Carved-out Financial Statements as of and for the year ended December 31, 2021</u>**

The audited financial statements of the Company as of and for the year ended December 31, 2021 and audited combined carved-out financial statements of the Company's REIT Properties as of and for the year ended December 31, 2021 (as audited by SyCip, Gorres, Velayo & Co.) (collectively, the "AFS"), copies of which were incorporated in the Definitive Information Statement for this meeting, will be presented for approval by the stockholders.

The President of the Company, Mr. Manuel Paolo A. Villar, will deliver a report to the stockholders on the Company's performance for the year 2021 (which will include highlights from the AFS) and the outlook for 2022.

The Board and Management of the Company believe it in keeping with the Company's thrust to at all times observe best corporate governance practices that the results of operations and financial condition of the Company be presented and explained to the shareholders. Any comment from the shareholders, and their approval or disapproval of these reports, will provide guidance to the Board and Management in their running of the business and affairs of the Company.

4. **<u>Ratification of all acts and resolution of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting</u>**

Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors and all the acts of Management taken or adopted from the date of the last annual stockholders' meeting until the date of this meeting. A brief summary of these resolutions and actions is set forth in the Definitive Information Statement for this meeting. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the offices of the Company during business hours.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices that ratification of their acts and resolutions be requested from the shareholders in this annual meeting. Such ratification will be a confirmation that the shareholders approve the manner that the Board and Management run the business and affairs of the Company.

5. **<u>Election of the members of the Board of Directors, including the Independent Directors, for the year 2022</u>**

The Corporate Secretary will present the names of the persons who have been duly nominated for election as directors of the Company in accordance with the Amended By-Laws and Revised Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in the Definitive Information Statement for this meeting.

6. **<u>Appointment of External Auditors</u>**

The Audit Committee is endorsing to the stockholders the re-appointment of SyCip Gorres Velayo & Co. as external auditor of the Company for the fiscal year 2022.

PROXY

[NOTE: Stockholders who would like to be represented by the Chairman of the Meeting as proxy may choose to execute and send a proxy form to the Office of the Corporate Secretary (Atty. Gemma M. Santos) at Liberty Center – Picazo Law, 104 H.V. dela Costa St., Salcedo Village, 1227 Makati City, on or before 09 September 2022. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to gmsantos@picazolaw.com .]

The undersigned stockholder of VISTAREIT, INC. (the "Company") hereby appoints the Chairman of the meeting as attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company on 15 September 2022 at 10:00 a.m. and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the minutes of the last Annual Meeting of Stockholders held on July 05, 2022

   ☐ Yes ☐ No ☐ Abstain

2. Noting of the President's Report and Approval of the Audited Financial Statements and Audited Combined Carved-out Financial Statements for the year 2021

   ☐ Yes ☐ No ☐ Abstain

3. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting

   ☐ Yes ☐ No ☐ Abstain

4. Election of the members of the Board of Directors, including the Independent Directors for the year 2022

Name	No. of votes
Manuel Paolo A. Villar	________
Jerylle Luz C. Quismundo	________
Brian N. Edang	________
Melissa Camille Z. Domingo	________
Justina F. Callangan	________
Leticia A. Moreno	________
Raul Juan N. Esteban	________

5. Re-appointment of SGV & Company as external auditor

   ☐ Yes ☐ No ☐ Abstain

____

Printed name of Stockholder

____

Signature of Stockholder / Authorized representative

____

Date

This proxy should be received by the Corporate Secretary on or before 09 September 2022, the deadline for submission of proxies.

This proxy when properly executed will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.

Notarization of this proxy is not required.

We are not asking you for a proxy. You are not being requested to send us a proxy.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter: **VISTAREIT, INC.**

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

4. SEC Identification Number **CS202006725**

5. BIR Tax Identification Code **010-510-144-000**

6. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** — **1750**
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code **(02)89944377**

8. Date, time and place of the meeting of security holders
   15 September 2022, 10:00 a.m. (via Remote Communication)

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   August 22, 2022

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

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

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

    Yes [**x**] No [ ]

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

PART I

INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date: September 15, 2022
Time: 10:00 a.m.
Place: The Chairman will conduct the online meeting from Las Piñas City, Metro Manila, which is the city where the principal office of the Company is located.

The corporate mailing address of the principal office of the Registrant is Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City, Philippines.

This Information Statement may be accessed by the Company's stockholders beginning August 22, 2022 at the Company's website, https://vistareit.com.ph/disclosures.

Dissenters' Right of Appraisal

Under Sections 41 and 80, Title X, of the Revised Corporation Code of the Philippines ("**Corporation Code**"), any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Corporation Code:

(1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
(3) In case of merger or consolidation; and
(4) In case of investments in another corporation, business or purpose.

Under Section 81 of the Corporation Code, the appraisal right, when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, Further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Corporation Code.

None of the matters that are proposed to be taken up during the meeting gives a dissenter a right of appraisal.

<u>Interest of Certain Persons in or Opposition to Matters to be Acted Upon</u>

None of the officers or directors, or any nominee for election as director, or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting.

No director has informed the Registrant in writing that he intends to oppose any action to be taken at the meeting.

CONTROL AND COMPENSATION INFORMATION

<u>Voting Securities and Principal Holders Thereof</u>

(a) Number of shares outstanding as of 31 July 2022

Common: 7,500,000,000

(b) Record Date: 08 August 2022

Each common share of stock of the Registrant is entitled to one (1) vote. Pursuant to Article VI, Section 4 of the Registrant's Amended By-Laws, every holder of voting stock may vote during all meetings, including the Annual Stockholders' Meeting, either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 23 of the Corporation Code provides, in part, that: "….in stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit…."

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote in absentia.

Equity Ownership of Foreign and Local Shareholders

Foreign and local security ownership as of July 31, 2022:

Class	Filipino		Foreign		Total Shares Outstanding
	Shares	Percent of Class	Shares	Percent of Class	
Common	7,486,226,000	99.82%	13,774,000	0.18%	7,500,000,000
Total	**7,486,226,000**		**13,774,000**		**7,500,000,000**

Security Ownership of Certain Beneficial Owners and Management

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

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership[1]
Common	Masterpiece Asia Properties, Inc. ("MAPI")[2] 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	Vista Residences Inc. ("VRI")[3] 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	Manuela Corporation[4] 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%

[1] Based on the total issued and outstanding common shares of 7,500,000,000 as of July 31, 2022.

[2] MAPI, through a resolution passed by the Board of Directors, usually designates its President, Manuel Paolo A. Villar, to be its authorized representative with the power to vote its shares of stock in the Company.

[3] VRI, through a resolution passed by the Board of Directors, usually designates its President, Jerylle Luz C. Quismundo, to be its authorized representative with the power to vote its shares of stock in the Company.

[4] Manuela Corporation, through a resolution passed by the Board of Directors, usually designates its President, Benjamarie Therese N. Serrano, to be its authorized representative with the power to vote its shares of stock in the Company.

Security ownership of management as of July 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[5]	Filipino	.06%
Common Shares	Jerylle Luz C. Quismundo #15 Garnet Ext., Doña Juana, Rosario, Pasig City	500,000 – Indirect[5]	Filipino	.0067%
Common Shares	Brian N. Edang Blk 11 Lot 11 Pigeon St.. Pacita 2, San Pedro, Laguna	250,000 – Indirect[5]	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 Unit 402, Union Square Condominium, 145 15th Ave., Cubao, Quezon City	-	Filipino	-
AGGREGATE SHAREHOLDINGS		**5,500,000**		**0.0733%**

Except as indicated in the table, none of the above-listed officers and management indirectly own shares of the Registrant. Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

[5] held through PCD Nominee Corporation

Voting Trust Holders of 5.0% or More

As of July 31, 2022, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

Changes in Control

The Registrant is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Registrant. No change in control of the Registrant has occurred since the beginning of its last fiscal year.

Directors and Executive Officers of the Registrant

Term of Office

Each director holds office until the annual meeting of stockholders held next after his election and his successor shall have been elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of directors that elected or appointed them.

Background Information

The following are the names, ages and citizenship of the incumbent directors/independent directors and officers of the Registrant:

NAME	AGE	POSITION	CITIZENSHIP	PERIOD SERVED
Jerylle Luz C. Quismundo	58	Chairman of the Board	Filipino	2022 to present
Manuel Paolo A. Villar	46	Director	Filipino	2020 to present
Brian N. Edang	44	Director	Filipino	2020 to present
Melissa Camille Z. Domingo	35	Director	Filipino	2022 to present
Justina F. Callangan	69	Independent Director	Filipino	2022 to present
Leticia A. Moreno	61	Independent Director	Filipino	2022 to present
Raul Juan N. Esteban	60	Independent Director	Filipino	2022 to present

The following are the names, ages and citizenship of the Company's executive officers in addition to its executive and independent directors listed above:

NAME	AGE	POSITION	CITIZENSHIP
Manuel Paolo A. Villar	46	President and Chief Executive Officer	Filipino
Melissa Camille Z. Domingo	35	Chief Financial Officer, Treasurer & Head, Investor Relations	Filipino
Ma. Nalen S.J. Rosero	51	Assistant Corporate Secretary, Chief Legal Counsel, Compliance Officer, and Chief Information Officer	Filipino
Marilyn S. Oblena	40	Chief Audit Executive	Filipino
Mayumi Mitzi L. Arao	43	Data Protection Officer	Filipino
Gemma M. Santos	60	Corporate Secretary	Filipino

The following states the business experience of the incumbent directors and officers of the Registrant for the last five (5) years:

Jerylle Luz C. Quismundo, *Chairman of the Board.* Ms. Quismundo, 58, graduated cum laude with a Bachelor of Science in Business Economics degree from the University of the Philippines Diliman in 1983. She obtained her Master in Business Administration from the same university in 1989. She has held various positions in the M.B. Villar Group of Companies since 1989 and is the incumbent Chief Operating Officer of Vista Land & Lifescapes, Inc. and President of various Vista Land & 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 the Vista Land Group in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He is the President, Chief Executive Officer, Director, and Vice Chairman of Vista Land & Lifescapes, Inc. since July 2011 and President of Vistamalls, Inc. since 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, 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 & 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, 35, 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, 69, graduated cum laude with a Bachelor of Arts in Political Science degree from the University of the East in 1973. She received her Bachelor of Laws degree from San Sebastian College in 1980. She served as Consultant in the Listings Department of the Philippine Stock Exchange from 2018 to 2019, and was the Director of the Corporate Governance and Finance Department of the

Securities and Exchange Commission from 2012 to 2017. She is currently a Consultant in Divina Law Office and ASA Philippines Foundation, Inc. and a Director of the Securities Investors Protection Fund, Inc. Ms. Callangan also serves as Independent Director of ORIX Metro Leasing and Finance Corporation and Vista Land & Lifescapes, Inc.. She is also nominated as Independent Director of the AIB Money Market Fund.

Leticia A. Moreno, *Independent Director.* Ms. Moreno, 61, graduated with a Bachelor of Science in Business Economics degree from the University of the Philippines Diliman in 1982. She also received her Master of Business Administration degree 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 N. Esteban, *Independent Director.* Mr. Esteban, 60, graduated from the Ateneo de Manila University with a Bachelor of Science in Management Engineering degree. He became a brand manager of Unilever Philippines 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 thereof 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. and AllDay Marts, Inc.

Gemma M. Santos, *Corporate Secretary.* Atty. Santos, 60, 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, Bulakan Water Company, Inc. and Philippine Associated Smelting and Refining Corporation (PASAR).

Ma. Nalen S.J. Rosero, *Assistant Corporate Secretary, Chief Legal Counsel, Compliance Officer and Chief Information Officer.* Atty. Rosero, 51, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Compliance Officer, Chief Information Officer, Chief Legal Counsel and Assistant Corporate Secretary of Vista Land & Lifescapes, Inc. and 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., the Corporate Secretary of Vistamalls, Inc. and Assistant Corporate Secretary of Golden MV Holdings, Inc. From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Regala & Cruz (ACCRA) Law Offices.

Marilyn S. Oblena, *Chief Audit Executive.* Ms. Oblena, 40, graduated with a Bachelor of Science in Accountancy degree 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, 43, 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.

All of the incumbent Directors named above have a one-year term of office and all have been nominated for re-election to the Board of Directors.

The Amended By-Laws of the Registrant conforms with SRC Rule 38, as amended, with regard to the nomination of independent directors of the Registrant. Article I, Section 5 of the Registrant's By-Laws provide as follows:

Section 5. Independent Directors

a. The Corporation shall have such number of independent directors as may be required by law or regulation. For this purpose, an independent director shall mean a person who, apart from his fees and shareholdings, is independent of the management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as an independent director of the corporation.

The independent directors shall have all the qualifications and none of the disqualifications set forth in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and Section 5.b and 5.c of the Registrant's By-Laws, as the same may be amended from time to time. *(As amended on 16 March 2022)*

d. Election of Independent Directors

i. Except as those required under the SRC and subject to pertinent existing laws, rules and regulations of the SEC, the conduct of the election of independent directors shall be made in accordance with the standard election procedures for regular directors as provided by the By-Laws. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s;

ii. Specific slot/s for independent directors shall not be filled-up by unqualified nominees;

iii. In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill-up the vacancy.

On the other hand, SRC Rule 38, as amended, provide in part as follows:

"8. Nomination and Election of Independent Director/s

The following rules shall be applicable to all covered companies:

A. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Registrant's information or proxy statement or such other reports required to be submitted to the Commission.

B. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

C. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

D. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Registrant is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

E. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting."

The nominated independent directors, namely, Mr. Raul Juan N. Esteban, Ms. Justina F. Callangan and Ms. Leticia A. Moreno were duly nominated by Ms. Rachel Ardales, a registered shareholder of the Registrant who is not a director, officer or substantial shareholder of the Registrant and who is not related to either any of the said nominees. The Corporate Governance Committee of the Registrant, which is composed of Ms. Justina F. Callangan, Chairman, and Ms. Leticia A. Moreno and Ms. Melissa Camille Z. Domingo, members, has the duty and responsibility to assist the Board of Directors in the performance, overseeing and review of its corporate governance responsibilities, including functions of a nomination and remuneration committee.

Attendance in Board Meetings

Attendance of each director of the Corporation in Board meetings held during the year 2021 as follows:

	Apr 19	*July 05*	*Aug 02*	*Dec 23*	*Dec 31*
Manuel Paolo A. Villar	P	P	P	P	P
Cynthia J. Javarez*	P	P	P	P	A
Brian N. Edang	P	P	P	P	P
Jo Marie C. Lazaro-Lim	P	P	P	P	P
Rowena B. Bandigan	P	P	P	P	P
Jerylle Luz C. Quismundo*	-	-	-	-	P

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

**Jerylle Luz C. Quismundo was nominated and elected on Dec 31, 2021 as new member due to the resignation of Cynthia J. Javarez on the same day.*

Term of Office

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

Resignations/Declined Nominations

Due to the resignation of Ms. Cynthia J. Javarez as Director and President effective 31 December 2021, Jerylle Luz C. Quismundo was elected in her place on the same date.

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.

Significant Employees

The Registrant has no other significant employee other than its Executive Officers.

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.

Certain Relationships and Related Transactions

As of July 31, 2022, Vista Land (through its subsidiaries) holds 64.64% of the total issued and outstanding common share capital of the Company.

The Company, in their ordinary course of business, engage in transactions with Vista land and its subsidiaries.

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

The transactions with related parties for the year ended December 31, 2021 are discussed in the Company's 2021 Audited Combined Carve-out Financial Statements and 2021 Audited Financial Statements attached as Annex "C" to this Information Statement. Please see Note 16, pages 39 to 41 of the Notes to the Financial Statements accompanying the Company's 2021 Audited Combined Carve-out Financial Statements and Note 8, page 18 of the Notes to the Financial Statements accompanying the Company's 2021 Audited Financial Statements where the (a) business purpose of the arrangement; (b) identification of the related parties transacting business with the Company and nature of the relationship; and (c) any ongoing contractual or other commitments as a result of the arrangement, are stated.

Involvement in Certain Legal Proceedings

None of the aforementioned Directors or Executive Officers is, or has been, involved in any criminal or bankruptcy proceeding, or is, or has been, subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date.

Appraisals and performance reports for the Board and the criteria and procedure for assessment

As of date, there is no formal appraisal or assessment process in respect of Board performance, although attendance by directors in board meetings are strictly monitored.

Compensation of Directors and Executive Officers

A. 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.

B. Compensation of Directors

Standard arrangements

Other than payment of reasonable per diem of ₱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, for any services provided as a director for 2020 and 2021.

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

Employment contract between the company and executive officers

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

Warrants and options held by the executive officers and directors

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

Independent Public Accountants

The auditing firm of Sycip Gorres Velayo & Company ("SGV & Company") is being recommended for election as external auditor for the current year.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2021, the Registrant's auditors did not perform any substantial non-audit services for the Registrant.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

There was no instance where the Registrant's public accountants resigned or indicated that they decline to stand for reelection or were dismissed nor was there any instance where the Company had any disagreement with its public accountants on any accounting or financial disclosure issue.

The 2021 audit of the Company is in compliance with paragraph (3)(b)(iv) of SRC Rule 68, as Amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

For Changes in Accounting Policies, refer to Note 3 - Changes in Accounting Policies discussion on the Combined Carve-out Financial Statements as of and for the years ended December 31, 2018, 2019, 2020, and 2021 included in this report.

Audit Committee's Approval Policies and Procedures

In relation to the audit of the Registrant's annual financial statements, the Registrant'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 Registrant; (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 Registrant with acceptable auditing and accounting standards and regulations.

The Audit Committee of the Registrant is composed of Mr. Raul Juan N. Esteban, Chairman, and Ms. Justina F. Callangan and Mr. Brian N. Edang, members.

Audit and Audit-Related Fees

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

	2021	2020
	(In ₱ thousands with VAT)	
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	**₱ 0.12**	₱ 0.08
All other fees	–	–
Total	**₱ 0.12**	₱ 0.08

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

Tax Fees

Except as provided above, the Registrant did not pay any tax fees and other fees to its external auditors.

Issuance and Exchange of Securities

Authorization or Issuance of Securities Other than for Exchange

There is no action to be taken with respect to any authorization or issuance of securities.

Modification or Exchange of Securities

There is no action to be taken with respect to any modification of any class of securities of the Company, or the issuance or authorization for issuance of one (1) class of securities of the Company in exchange for outstanding securities of another class.

Merger, Consolidation, Acquisitions and Similar Matters

There is no action to be taken with respect to any mergers, consolidations, acquisitions, sales or other transfers of all or any substantial part of the assets of the Company, liquidation or dissolution of the Company, and similar matters.

Acquisition or Disposition of Property

There is no action to be taken with respect to any acquisition or disposition of any significant Company property.

Restatement of Accounts

There is no action to be taken with respect to anu restatement of any asset, capital, or surplus account of the Company.

Compensation Plans

There is no action to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

OTHER MATTERS

Action with Respect to Reports

The following reports will be submitted for approval by the stockholders:

1. Minutes of the last Annual Meeting of Stockholders held on July 05, 2021, covering the following matters: (i) approval of the Audited Financial Statements for the year ended 31 December 2020; (iii) ratification of all acts of the Board of Directors and Management; (iv) election of the directors of the Company for the year 2021; and (v) appointment of the external auditor of the Company for the fiscal year 2021.

   Minutes of the 2021 Annual Meeting of Stockholders is available at the website of the Company. https://vistareit.com.ph/assets/disclosures/minutes/Vista-One-AGM-2021.pdf

2. The President's Report; and

3. Audited Financial Statements and Audited Combined Carved-out Financial Statements for the year 2021.

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE. These minutes cover various resolutions of the Board, including declaration of cash dividends, approval of 2021 Audited Financial Statements and 2021 Audited Combined Carved-out Financial Statements, appointment of officers and creation of board committees, opening of bank accounts, increases in authorized capital stock, amendments of the articles of incorporation and by-laws, authorizing the Initial Public Offering and listing on the PSE of the Company's common shares, appointment of Fund Manager and Property Manager, approval and adoption of the Manual on Corporate Governance and appointment of authorized signatories for various transactions in the normal course of business of the Company.

2. Appointment of External Auditors

Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Amendments of Charter, By-Laws & Other Documents

There is no action to be taken with respect to amendments of the Company's Charter, By-Laws, or any other document.

Voting Procedures

Manner of voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit.

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote *in absentia.*

Stockholders as or Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote in absentia, duly verified and validated by the Company shall be provided with unique log-in credentials to securely access the voting portal. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

Stockholders and proxy holders can cast their votes on specific matters for approval, including the election of directors.

Voting requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

(b) With respect to the adoption of the Audited Financial Statements and Audited Combined Carved-out Financial Statements for the year ended 31 December 2021, as well as the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are participating in the meeting by remote communication and are voting in absentia or represented by proxies.

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the results of voting during the meeting.

The detailed instructions for participation through remote communication are set forth in Annex "A" to the Notice of Meeting (Agenda Details and Rationale) hereof.

AS THIS IS THE FIRST ANNUAL MEETING OF SHAREHOLDERS TO BE CONVENED BY THE REGISTRANT AS AN SEC-REGISTERED COMPANY, THERE IS NO ANNUAL REPORT, SEC FORM 17-A, THAT CAN BE PROVIDED BY THE REGISTRANT TO ITS SHAREHOLDERS FOR THIS MEETING.

PART II

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

The Audited Financial Statements of the Company and the Audited Combined Carved-out Financial Statements of the Company's REIT properties as of and for the year ended December 31, 2021 and the Interim Unaudited Financial Statements of the Company as of and for the quarter ended June 30, 2022 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

II. INFORMATION ON INDEPENDENT ACCOUNTANT

SGV & Company, independent certified public accountants, audited the Company's Financial Statements and Combined Carve-out financial statements without qualification as of and for the years ended December 31, 2018, 2019, 2020 and 2021, included in this report. Cyril Jasmin B. Valencia is the current audit partner for the Company and its subsidiaries.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

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

	2021	2020
	(In ₱ Millions with VAT)	
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	**₱ 0.12**	₱ 0.08
All other fees	–	–
Total	**₱ 0.12**	₱ 0.08

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

III. AUDIT COMMITTEE'S APPROVAL AND PROCEDURES FOR THE SERVICES OF THE EXTERNAL AUDITOR

The scope, extent and nature of the services to be referred to, and/or rendered by the appointed external auditor of the Company has been 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.

IV. MANAGEMENT'S DISCUSSION AND ANALYSIS

On March 16, 2022, Masterpiece Asia Properties, Inc., Manuela Corporation, Vista Residences Inc, Crown Asia Properties, Inc. and Communities Pampanga, Inc. (collectively as "the Sponsors"), transferred Assets to the Company consisting 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.

RESULTS OF OPERATIONS COVERING SIX MONTHS ENDED JUNE 30, 2022 VS. SIX MONTHS ENDED JUNE 30, 2021

	Six months ended June 30			
(in ₱ thousands)	2022 Unaudited	2021 Unaudited	Change In Pesos	In %
REVENUES				
Rental Income	933,928	-	933,928	100.0%
Parking fees	4,084	-	4,084	100.0%
Other Operating Income	30,515	-	30,515	100.0%
	968,527	**-**	**968,527**	**100.0%**
COSTS AND EXPENSES				
General and administrative expenses	108,255	-	108,255	100.0%
Marketing expense	2,709	-	2,709	100.0%
Other operating expense	9,364	-	9,364	100.0%
	120,328	**-**	**120,328**	**100.0%**
OTHER INCOME (EXPENSE)				
Interest income	65	-	65	100.0%
	65	**-**	**65**	**100.0%**
INCOME BEFORE INCOME TAX	**848,264**	**-**	**848,264**	**100.0%**
PROVISION FOR INCOME TAX	**45,588**	**-**	**45,588**	**100.0%**
NET INCOME	**802,676**	**-**	**802,676**	**100.0%**

Revenues

Revenues increased to ₱969 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021. The 100% increase in the account was primarily attributable to the transfer of the assets to the Company and its non-operation as well as the following:

- Rental income increased by 100% from nil for the six months ended June 30, 2021 to ₱933.9 million for the six months ended June 30, 2022. The increase was due to the increase in occupancy and escalation rates. As of June 30, 2022, the occupancy rate is at 97%.

- Parking fees increased by 100% to ₱4.1 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 primarily driven by the transfer of assets to the Company and increase of numbers in vehicles.

- Other operating income increased from nil for the six months ended June 30, 2021 to ₱30.5 million for the six months ended June 30, 2022. The 100% increase was due to the increase in administrative fees and other fees charged to tenants.

Costs and Expenses

Cost and expenses increased from nil for the six months ended June 30, 2021 to ₱120.3 million for the six months ended June 30, 2022. The 100% increase in the account was primarily attributable to the following:

- General and administrative expenses increased by 100% to ₱108.3 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in utilities, outside services and taxes and licenses.

- Marketing expenses increased by 100% to ₱2.7 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in advertising and promotion.

- Other operating expenses increased by 100% to ₱9.4 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in miscellaneous expenses and office supplies used for the period.

Other Income

Interest income increased from nil for the six months ended June 30, 2021 to ₱65 thousand for the six months ended June 30, 2022. The 100% increase resulted from the interest earned from the increase in cash in banks of the company for the period.

Income before income tax

As a result of the foregoing, income before income tax increased by 100% to ₱848.3 million in the six months ended June 30, 2022 from nil in the six months ended June 30, 2021.

Provision for income tax

Tax expense for the six months ended June 30, 2022 was ₱45.6 million, an increase of 100% from nil for the six months ended June 30, 2021. This was due primarily to the increase of income before tax for the period.

Net Income

As a result of the foregoing, net income increased by 100% to ₱802.7 million in the six months ended June 30, 2022 from nil in the six months ended June 30, 2021.

For the six months ended, except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic., there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The

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

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

Financial Condition as of June 30, 2022 vs. December 31, 2021

(in ₱ thousands)	June 30, 2022	December 31, 2021	Change	
	Unaudited	Audited	In Pesos	In %
ASSETS				
Current Assets				
Cash	240,371	510,074	(269,703)	(52.9%)
Receivables – net	701,699	-	701,699	100.0%
Due from related parties	912,872	-	912,872	100.0%
Other current assets	186,463	1	186,462	28998717.6%
Total Current Assets	**2,041,405**	**510,075**	**1,531,330**	**300.2%**
Noncurrent Assets				
Property and equipment – net	20,809	-	20,809	100.0%
Investment properties – net	35,966,883	-	35,966,883	100.0%
Total Noncurrent Assets	**35,987,692**	**-**	**35,987,692**	**100.0%**
	38,029,097	**510,075**	**37,519,022**	**7355.6%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	216,785	5,181	211,604	4084.2%
Due to related parties	-	4,582	(4,582)	(100.0%)
Security deposits and advance rent	406,805	-	406,805	100.0%
Income tax payable	45,588	-	45,588	100.0%
Total Current Liabilities	**669,178**	**9,763**	**659,415**	**6754.0%**
Noncurrent Liabilities				
Security deposits and advance rent	98,509	-	98,509	100.0%
Other noncurrent liabilities	6,429	-	6,429	100.0%
Total Noncurrent Liabilities	**104,938**	**-**	**104,938**	**100.0%**
	774,116	**9,763**	**764,353**	**7828.9%**
Equity				
Capital stock	7,500,000	510,000	6,990,000	1370.6%
Additional paid-in capital	28,962,993	-	28,962,993	100.0%
Retained Earnings	791,988	(9,688)	801,676	(8274.7%)
Total Equity	**37,254,981**	**500,312**	**36,754,669**	**7346.4%**
	38,029,097	**510,075**	**37,519,022**	**7355.6%**

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 six months ended June 30, 2022 from the pro-forma ended December 31, 2021.

Total assets as of June 30, 2022 are ₱38,029 million compared to ₱510 million as of December 31, 2021, or a 7356% increase. This was due to the following:

- Cash decreased by 52.9% from ₱510 million as of December 31, 2021 to ₱240 million as of June 30, 2022 due to cash usage for the period.

- Receivables increased by 100.0% from nil as of December 31, 2021 to ₱702 million as of June 30, 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 ₱913 million as of June 30, 2022 due to the increase in receivables from related parties and accrued rent receivables.

- Other assets increased by 28998717.6% from ₱1 thousand as of December 31, 2021 to ₱186 million as of June 30, 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 ₱21 million as of June 30, 2022 due to the transfer of properties and equipment.

- Investment Properties increased by 100.0% from nil as of December 31, 2021 to ₱35,967 million as of June 30, 2022 due to the transfer of the commercial buildings.

Total liabilities as of June 30, 2022 are ₱774 million compared to ₱10 million as of December 31, 2021, or a 7828.9% increase. This was due to the following:

- Accounts and other payables increased by 4084.2% from ₱5 million as of December 31, 2021 to ₱217 million as of June 30, 2022 due to the increase in payable to suppliers of the commercial malls and withholding tax payable.

- Security deposits and advance rent including noncurrent portion increased by 100.0% from nil as of December 31, 2021 to ₱505 million as of June 30, 2022 due to the assignment/transfer of tenants from the sponsors to the Company.

- Income tax payable increased by 100.0% from nil as of December 31, 2021 to ₱46 million as of June 30, 2022 due to settlements made during the period when the Company is still not yet a publicly listed REIT.

- Other noncurrent liabilities increased by 100.0% from nil as of December 31, 2021 to ₱6.4 million as of June 30, 2022 due to the increase in retention payable.

Total stockholder's equity increased by 7346.4% from ₱500 million as of December 31, 2021 to ₱37,255 million as of June 30, 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	06/30/2022	12/31/2021
Current ratio [a]	3.05:1	52.24:1
Debt ratio [b]	0.00:1	0.00:1
Return on equity [c]	0.05:1	0.00:1
Net Profit Margin [d]	83%	0.40%
EBITDA [e]	850,113.23	-

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 June 30, 2022 decreased from that of December 31, 2021 due to the significant increase in current assets.

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 June 30, 2022 compared to December 31, 2021 (increase/decrease of 5% or more)

Cash decreased by 52.9% from ₱510 million as of December 31, 2021 to ₱240 million as of June 30, 2022 due to cash usage for the period.

Receivables increased by 100.0% from nil as of December 31, 2021 to ₱702 million as of June 30, 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 ₱913 million as of June 30, 2022 due to the increase in receivables from related parties and accrued rent receivables.

Other assets increased by 28998717.6% from ₱1 thousand as of December 31, 2021 to ₱186 million as of June 30, 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 ₱21 million as of June 30, 2022 due to the transfer of properties and equipment.

Investment Properties increased by 100.0% from nil as of December 31, 2021 to ₱35,967 million as of June 30, 2022 due to the transfer of the commercial buildings.

Accounts and other payables increased by 4084.2% from ₱5 million as of December 31, 2021 to ₱217 million as of June 30, 2022 due to the increase in payable to suppliers of the commercial malls and withholding tax payable.

Security deposits and advance rent including noncurrent portion increased by 100.0% from nil as of December 31, 2021 to ₱505 million as of June 30, 2022 due to the assignment/transfer of tenants from the sponsors to the Company.

Income tax payable increased by 100.0% from nil as of December 31, 2021 to ₱46 million as of June 30, 2022 due to settlements made during the period when the Company is still not yet a publicly listed REIT.

Other noncurrent liabilities increased by 100.0% from nil as of December 31, 2021 to ₱6.4 million as of June 30, 2022 due to the increase in retention payable.

Material Changes to the Company's Statement of income for the year ended June 30, 2022 compared to the year ended December 31, 2021 (increase/decrease of 5% or more)

Rental income increased by 100% from nil for the six months ended June 30, 2021 to ₱933.9 million for the six months ended June 30, 2022. The increase was due to the increase in occupancy and escalation rates. As of June 30, 2022, the occupancy rate is at 97%.

Parking fees increased by 100% to ₱4.1 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 primarily driven by the transfer of assets to the Company and increase of numbers in vehicles.

Other operating income increased from nil for the six months ended June 30, 2021 to ₱30.5 million for the six months ended June 30, 2022. The 100% increase was due to the increase in administrative fees and other fees charged to tenants.

General and administrative expenses increased by 100% to ₱108.3 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in utilities, outside services and taxes and licenses.

Marketing expenses increased by 100% to ₱2.7 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in advertising and promotion.

Other operating expenses increased by 100% to ₱9.4 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in miscellaneous expenses and office supplies used for the period.

Interest income increased from nil for the six months ended June 30, 2021 to ₱65 thousand for the six months ended June 30, 2022. The 100% increase resulted from the interest earned from the increase in cash in banks of the company for the period.

Tax expense for the six months ended June 30, 2022 was ₱45.6 million, an increase of 100% from nil for the six months ended June 30, 2021. This was due primarily to the increase of income before tax for the period.

For the period ended June 30, 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.

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

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.

There are no material commitments for capital expenditures.

Except for the recovery as a result of the opening up of the economy, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

The succeeding Management Discussion & Analysis for Years ended 2021 vs 2020, 2020 vs 2019 and 2019 vs 2018 was prepared based on the Combined Carved-out Financial Statements of the Company. The Combined Carved-out FS (for the years ended 2021, 2020, 2019, and 2018) 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

	Years ended December 31			
(in ₱ thousands)	**2021 Audited**	**2020 Audited**	**Change In Pesos**	**In %**
REVENUES				
Rental income	2,200,485	1,911,501	288,984	15.1%
Parking fees	23,641	20,787	2,854	13.7%
Other operating income	81,605	44,317	37,288	84.1%
	2,305,731	**1,976,605**	**329,126**	**16.7%**
COSTS AND EXPENSES				
General and administrative expenses	1,057,624	1,027,066	30,558	3.0%
Marketing expenses	8,904	13,513	(4,609)	(34.1)%
Other operating and administrative	25,508	12,459	13,049	104.7%
	1,092,036	**1,053,038**	**38,998**	**3.7%**
OTHER INCOME (EXPENSE)				
Interest income	7,093	10,594	(3,501)	(33.0)%
Interest expense and other financing charges	(77,944)	(86,971)	9,027	(10.4)%
	(70,851)	**(76,377)**	**5,526**	**(7.2)%**
INCOME BEFORE INCOME TAX	**1,142,844**	**847,190**	**295,654**	**34.9%**
PROVISION FOR INCOME TAX	**212,354**	**254,148**	**(41,794)**	**(16.4)%**
NET INCOME	**930,490**	**593,042**	**337,448**	**56.9%**

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.

Income before income tax

As a result of the foregoing, income before income tax increased by 34.9% to ₱1,143 million in the year ended December 31, 2021 from ₱847 million in the year ended December 31, 2020.

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

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

FINANCIAL CONDITION

(in ₱ thousands)	2021 Audited	2020 Audited	Change In Pesos	Change In %
ASSETS				
Current Assets				
Cash	19,069	20,836	(1,767)	(8.5)%
Receivables – net	857,645	621,428	236,217	38.0%
Other current assets	436,589	282,034	154,555	54.8%
Total Current Assets	**1,313,303**	**924,298**	**389,005**	**42.1%**
Noncurrent Assets				
Receivables - net of current portion	1,673,565	1,088,295	585,270	53.8%
Property and equipment – net	27,009	34,616	(7,607)	(22.0)%
Investment properties – net	15,941,763	16,450,270	(508,507)	(3.1)%
Other noncurrent assets	1,036,157	1,166,693	(130,536)	(11.2)%
Total Noncurrent Assets	**18,678,494**	**18,739,874**	**(61,380)**	**(0.3)%**
	19,991,797	**19,664,172**	**327,625**	**1.7%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	557,933	463,779	94,154	20.3%
Security deposits and advance rent	406,805	300,867	105,938	35.2%
Income tax payable	98,116	103,030	(4,914)	(4.8)%
Current portion of:				
Lease liabilities	37,680	36,818	862	2.3%
Bank loans	142,148	141,836	312	0.2%
Total Current Liabilities	**1,242,682**	**1,046,330**	**196,352**	**18.8%**
Noncurrent Liabilities				
Lease liabilities - net of current portion	390,507	384,126	6,381	1.7%
Bank loans - net of current portion	285,155	427,303	(142,148)	(33.3)%
Pension liabilities	7,732	6,889	843	12.2%
Deferred tax liabilities - net	447,951	368,434	79,517	21.6%
Other noncurrent liabilities	160,767	272,648	(111,881)	(41.0)%
Total Noncurrent Liabilities	**1,292,112**	**1,459,400**	**(167,288)**	**-11.5%**
	2,534,794	**2,505,730**	**29,064**	**1.2%**
Equity				
Invested equity	16,069,492	15,870,318	199,174	1.3%
Non-controlling interest	1,387,511	1,288,124	99,387	7.7%
Total Equity	**17,457,003**	**17,158,442**	**298,561**	**1.7%**
	19,991,797	**19,664,172**	**327,625**	**1.7%**

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 asof 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.

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

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.

There are no material commitments for capital expenditures.

Except for the recovery as a result of the opening up of the economy, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

	Years ended December 31			
(in ₱ thousands)	2020 Audited	2019 Audited	Change In Pesos	In %
REVENUES				
Rental income	1,911,501	1,837,861	73,640	4.0%
Parking fees	20,787	21,179	(392)	(1.9)%
Other operating income	44,317	147,389	(103,072)	(69.9)%
	1,976,605	**2,006,429**	**(29,824)**	**(1.5)%**
COSTS AND EXPENSES				
General and administrative expenses	1,027,066	1,177,102	(150,036)	(12.7)%
Marketing expense	13,513	33,105	(19,592)	(59.2)%
Other operating expense	12,459	28,857	(16,398)	(56.8)%
	1,053,038	**1,239,064**	**(186,026)**	**(15.0)%**
OTHER INCOME (EXPENSE)				
Interest income	10,594	6,754	3,840	56.9%
Interest expense and other financing charges	(86,971)	(92,008)	5,037	(5.5)%
	(76,377)	**(85,254)**	**8,877**	**(10.4)%**
INCOME BEFORE INCOME TAX	**847,190**	**682,111**	**165,079**	**24.2%**
PROVISION FOR INCOME TAX	**254,148**	**204,632**	**49,516**	**24.2%**
NET INCOME	**593,042**	**477,479**	**115,563**	**24.2%**

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.

Income before income tax

As a result of the foregoing, income before income tax increased by 24.2% to ₱847 million in the year ended December 31, 2020 from ₱682 million in the year ended December 31, 2019.

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

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

FINANCIAL CONDITION

(in ₱ thousands)	Years ended December 31			
	2020 Audited	2019 Audited	Change In Pesos	In %
ASSETS				
Current Assets				
Cash	20,836	193,815	(172,979)	(89.2)%
Receivables – net	621,428	598,368	23,060	3.9%
Other current assets	282,034	335,320	(53,286)	(15.9)%
Total Current Assets	**924,298**	**1,127,503**	**(203,205)**	**(18.0)%**
Noncurrent Assets				
Receivables - net of current portion	1,088,295	639,974	448,321	70.1%
Property and equipment – net	34,616	30,159	4,457	14.8%
Investment properties – net	16,450,270	16,839,038	(388,768)	(2.3)%
Other noncurrent assets	1,166,693	1,214,389	(47,696)	(3.9)%
Total Noncurrent Assets	**18,739,874**	**18,723,560**	**16,314**	**0.1%**
	19,664,172	**19,851,063**	**(186,891)**	**(0.9)%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	463,779	382,371	81,408	21.3%
Security deposits and advance rent	300,867	439,115	(138,248)	(31.5)%
Income tax payable	103,030	117,487	(14,457)	(12.3)%
Current portion of:				
Lease liabilities	36,818	36,291	527	1.5%
Bank loans	141,836	141,498	338	0.2%
Total Current Liabilities	**1,046,330**	**1,116,762**	**(70,432)**	**(6.3)%**
Noncurrent Liabilities				
Lease liabilities - net of current portion	384,126	377,630	6,496	1.7%
Bank loans - net of current portion	427,303	569,139	(141,836)	(24.9)%
Pension liabilities	6,889	5,058	1,831	36.2%
Deferred tax liabilities - net	368,434	257,582	110,852	43.0%
Other noncurrent liabilities	272,648	230,784	41,864	18.1%
Total Noncurrent Liabilities	**1,459,400**	**1,440,193**	**19,207**	**1.3%**
	2,505,730	**2,556,955**	**(51,225)**	**(2.0)%**
Equity				
Invested equity	15,870,318	16,064,402	(194,084)	(1.2)%
Non-controlling interest	1,288,124	1,229,706	58,418	4.8%
Total Equity	**17,158,442**	**17,294,108**	**(135,666)**	**(0.8)%**
	19,664,172	**19,851,063**	**(186,891)**	**(0.9)%**

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 to 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 decreased from that of December 31, 2020 due to the decrease in current assets.

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.

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

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.

There are no material commitments for capital expenditures.

Except for the recovery as a result of the opening up of the economy, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS

	Years ended December 31			
(in ₱ thousands)	2019 Audited	2018 Audited	Change In Pesos	In %
REVENUES				
Rental income	1,837,861	1,454,831	383,030	26.3%
Parking fees	21,179	8,969	12,210	136.1%
Other operating income	147,389	105,632	41,757	39.5%
	2,006,429	**1,569,432**	**436,997**	**27.8%**
COSTS AND EXPENSES				
General and administrative expenses	1,177,102	868,746	308,356	35.5%
Marketing expense	33,105	26,422	6,683	25.3%
Other operating expense	28,857	25,524	3,333	13.1%
	1,239,064	**920,692**	**318,372**	**34.6%**
OTHER INCOME (EXPENSE)				
Interest income	6,754	8,576	(1,822)	-21.2%
Interest expense and other financing charges	(92,008)	(62,684)	(29,324)	46.8%
	(85,254)	**(54,108)**	**(31,146)**	**57.6%**
INCOME BEFORE INCOME TAX	**682,111**	**594,632**	**87,479**	**14.7%**
PROVISION FOR INCOME TAX	**204,632**	**178,385**	**26,247**	**14.7%**
NET INCOME	**477,479**	**416,247**	**61,232**	**14.7%**

Revenues

Revenues increased to ₱2,006 million for the year ended December 31, 2019 from ₱1,569 million for the year ended December 31, 2018. The 27.8% increase in the account was primarily attributable to the following:

- Rental income increased by 26.3% from ₱1,455 million for the year ended December 31, 2018 to ₱1,838 million for the year ended December 31, 2019. The increase was due to the increase in occupancy and increase in rental rates.

- Parking fees increased by 136.1% to ₱21 million for the year ended December 31, 2019 from ₱9 million for the year ended December 31, 2018 primarily driven by the higher number of vehicles using parking space during the year.

- Other operating income increased from ₱106 million for the year ended December 31, 2018 to ₱147 million for the year ended December 31, 2019. The 39.5% increase was due to the increase in other fees charged to tenants such as billboards and other collaterals classified as other operating income.

Costs and Expenses

Cost and expenses increased from ₱921 million for the year ended December 31, 2018 to ₱1,239 million for the year ended December 31, 2019. The 34.6% increase in the account was primarily attributable to the following:

- General and administrative expenses increased by 35.5% to ₱1,177 million for the year ended December 31, 2019 from ₱869 million for the year ended December 31, 2018. Primarily, the increase was due to the increase in depreciation, increase in light and power and increase in management fees.

- Marketing expenses increased by 25.3% to ₱33 million for the year ended December 31, 2019 from ₱26 million for the year ended December 31, 2018 due to the increase in advertorials for the marketing and promotion of the malls.

- Other operating expenses increased by 13.1% to ₱29 million for the year ended December 31, 2019 from ₱26 million for the year ended December 31, 2018 due to the increase in miscellaneous expenses and office supplies for the year.

<u>Other Income and Expenses</u>

Interest income decreased from ₱9 million for the year ended December 31, 2018 to ₱7 million for the year ended December 31, 2019. The 21.2% decrease resulted from the lower interest earned from deposits for the year.

Interest expense and other financing charges increased by 46.8% from ₱63 million in the year ended December 31, 2018 to ₱92 million in the year ended December 31, 2019. This was due to the interest pertaining to the of lease liabilities recognized due to the adoption of the PFRS 16 during the year.

<u>Income before income tax</u>

As a result of the foregoing, income before income tax increased by 14.7% to ₱682 million in the year ended December 31, 2019 from ₱595 million in the year ended December 31, 2018.

<u>Provision for Income Tax</u>

Tax expense for the year ended December 31, 2019 was ₱205 million, an increase of 14.7% from ₱178 million for the year ended December 31, 2018. This was due primarily to the higher taxable income recorded for the year.

<u>Net Income</u>

As a result of the foregoing, net income increased by 14.7% to ₱477 million in the year ended December 31, 2019 from ₱416 million in the year ended December 31, 2018.

For the year ended December 31, 2019, except as discussed in the notes to financial statements, events after report date, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

FINANCIAL CONDITION

(in ₱ thousands)	2019 Audited	2018 Audited	Change In Pesos	In %
		Years ended December 31		
ASSETS				
Current Assets				
Cash	193,815	107,583	86,232	80.2%
Receivables – net	598,368	630,738	(32,370)	(5.1)%
Other current assets	335,320	350,268	(14,948)	(4.3)%
Total Current Assets	**1,127,503**	**1,088,589**	**38,914**	**3.6%**
Noncurrent Assets				
Receivables - net of current portion	639,974	553,793	86,181	15.6%
Property and equipment – net	30,159	24,987	5,172	20.7%
Investment properties – net	16,839,038	13,112,188	3,726,850	28.4%
Other noncurrent assets	1,214,389	1,502,157	(287,768)	(19.2)%
Total Noncurrent Assets	**18,723,560**	**15,193,125**	**3,530,435**	**23.2%**
	19,851,063	**16,281,714**	**3,569,349**	**21.9%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	382,371	578,025	(195,654)	(33.8)%
Security deposits and advance rent	439,115	167,555	271,560	162.1%
Income tax payable	117,487	119,925	(2,438)	(2.0)%
Current portion of:				
Lease liabilities	36,291	141,146	(104,855)	-74.3%
Bank loans	141,498	-	141,498	-%
Total Current Liabilities	**1,116,762**	**1,006,651**	**110,111**	**10.9%**
Noncurrent Liabilities				
Lease liabilities - net of current portion	377,630	0	377,630	0.0%
Bank loans - net of current portion	569,139	710,637	(141,498)	-19.9%
Pension liabilities	5,058	4,313	745	17.3%
Deferred tax liabilities - net	257,582	214,814	42,768	19.9%
Other noncurrent liabilities	230,784	172,228	58,556	34.0%
Total Noncurrent Liabilities	**1,440,193**	**1,101,992**	**338,201**	**30.7%**
	2,556,955	**2,108,643**	**448,312**	**21.3%**
Equity				
Invested equity	16,064,402	13,021,106	3,043,296	23.4%
Non-controlling interest	1,229,706	1,151,965	77,741	6.7%
Total Equity	**17,294,108**	**14,173,071**	**3,121,037**	**22.0%**
	19,851,063	**16,281,714**	**3,569,349**	**21.9%**

As of December 31, 2019 vs. December 31, 2018

Total assets as of December 31, 2019 were ₱19,851 million compared to ₱16,282 million as of December 31, 2018, or a 21.9% increase. This was due to the following:

- Cash increased by 80.2% from ₱108 million as of December 31, 2018 to ₱194 million as of December 31, 2019 due to the higher cash generated from operations.
- Property and equipment increased by 20.7% from ₱25 million as of December 31, 2018 to ₱30 million as of December 31, 2019 due to the acquisitions made during the year.
- Investment properties increased by 28.4% from ₱13,112 million as of December 31, 2018 to ₱16,839 million as of December 31, 2019 due to additions of commercial land during the year.

- Other assets, including noncurrent portion decreased by 16.3% from ₱1,852 million as of December 31, 2018 to ₱1,550 million as of December 31, 2019 due to the decrease in input vat and prepaid expenses.

Total liabilities as of December 31, 2019 were ₱2,557 million compared to ₱2,109 million as of December 31, 2018, or a 21.3% increase. This was due to the following:

Accounts and other payables decreased by 33.8% from ₱578 million as of December 31, 2018 to ₱382 million as of December 31, 2019 due to the settlements made during the year.

- Security deposits and advance rent increased by 162.1% from ₱168 million as of December 31, 2018 to ₱439 million as of December 31, 2019 due to additional deposits from lessees for new malls and offices.

- Income tax payable decreased by 2.0% from ₱120 million as of December 31, 2018 to ₱117 million as of December 31, 2019 due to the lower taxes paid during the year.

- Bank loans, including noncurrent portion decreased by 16.6% from ₱852 million as of December 31, 2020 to ₱711 million as of December 31, 2019 due to settlements made during the year.

- Lease liabilities including current portion increased by 100.0% from ₱0 million as of December 31, 2018 to ₱414 million as of December 31, 2019 due to the adoption of PFRS 16.

- Pension liability increased by 17.3% from ₱4 million as of December 31, 2018 to ₱5 million as of December 31, 2019 due to changes in actuarial assumptions.

- Deferred tax liabilities – net posted an increase of 19.9% from ₱215 million as of December 31, 2018 to ₱258 million as of December 31, 2019 due to increase in temporary differences for the period that will eventually result to future tax liability.

- Other noncurrent liabilities increased by 34.0% from ₱172 million as of December 31, 2018 to ₱231 million as of December 31, 2019 due to increase in advance rent and construction bond.

Total stockholder's equity increased by 21.9% from ₱16,281 million as of December 31, 2018 to ₱19,851 million as of December 31, 2019 to due to the earnings recorded for the year.

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

Key Performance Indicators	12/31/2019	12/31/2018
Current ratio [a]	1.01:1	1.08:1
Debt ratio [b]	0.04:1	0.05:1
Return on equity [c]	0.03:1	0.03:1
Net Profit Margin [d]	0.24%	0.27%
EBITDA [e]	1,389.05	1,023.49

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, 2019 increased from that of December 31, 2018 due to the decrease in current liabilities.

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

Return on equity remains the same for the year.

Net Profit Margin slightly increased due to the slight decrease in net income but a high decrease in equity for the year.

EBITDA decreased due to the lower net income for the year.

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

Cash increased by 80.2% from ₱108 million as of December 31, 2018 to ₱194 million as of December 31, 2019 due to the higher cash generated from operations.

Property and equipment increased by 20.7% from ₱25 million as of December 31, 2018 to ₱30 million as of December 31, 2019 due to the acquisitions made during the year.

Investment properties increased by 28.4% from ₱13,112 million as of December 31, 2018 to ₱16,839 million as of December 31, 2019 due to additions of commercial land during the year.

Other assets, including noncurrent portion decreased by 16.3% from ₱1,852 million as of December 31, 2018 to ₱1,550 million as of December 31, 2019 due to the decrease in input vat and prepaid expenses.

Accounts and other payables decreased by 33.8% from ₱578 million as of December 31, 2018 to ₱382 million as of December 31, 2019 due to the settlements made during the year.

Security deposits and advance rent increased by 162.1% from ₱168 million as of December 31, 2018 to ₱439 million as of December 31, 2019 due to additional deposits from lessees for new malls and offices.

Bank loans, including noncurrent portion decreased by 16.6% from ₱852 million as of December 31, 2020 to ₱711 million as of December 31, 2019 due to settlements made during the year.

Lease liabilities including current portion increased by 100.0% from ₱0 million as of December 31, 2018 to ₱414 million as of December 31, 2019 due to the adoption of PFRS 16.

Pension liability increased by 17.3% from ₱4 million as of December 31, 2018 to ₱5 million as of December 31, 2019 due to changes in actuarial assumptions.

Deferred tax liabilities – net posted an increase of 19.9% from ₱215 million as of December 31, 2018 to ₱258 million as of December 31, 2019 due to increase in temporary differences for the period that will eventually result to future tax liability.

Other noncurrent liabilities increased by 34.0% from ₱172 million as of December 31, 2018 to ₱231 million as of December 31, 2019 due to increase in advance rent and construction bond.

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

Rental income increased by 26.3% from ₱1,455 million for the year ended December 31, 2018 to ₱1,838 million for the year ended December 31, 2019. The increase was due to the increase in occupancy and increase in rental rate.

Parking fees increased by 136.1% to ₱21 million for the year ended December 31, 2019 from ₱9 million for the year ended December 31, 2018 primarily driven by the higher number of vehicles using parking space during the year.

Other operating income increased from ₱106 million for the year ended December 31, 2018 to ₱147 million for the year ended December 31, 2019. The 39.5% increase was due to the increase in other fees charged to tenants such as billboards and other collaterals classified as other operating income.

General and administrative expenses increased by 35.5% to ₱1,177 million for the year ended December 31, 2019 from ₱869 million for the year ended December 31, 2018. Primarily, the increase was due to the increase in depreciation, increase in light and power and increase in management fees.

Marketing expenses increased by 25.3% to ₱33 million for the year ended December 31, 2019 from ₱26 million for the year ended December 31, 2018 due to the increase in advertorials for the marketing and promotion of the malls.

Other operating expenses increased by 13.1% to ₱29 million for the year ended December 31, 2019 from ₱26 million for the year ended December 31, 2018 due to the increase in miscellaneous expenses and office supplies for the year.

Interest income decreased from ₱9 million for the year ended December 31, 2018 to ₱7 million for the year ended December 31, 2019. The 21.2% decrease resulted from the lower interest earned from deposits for the year.

Interest expense and other financing charges increased by 46.8% from ₱63 million in the year ended December 31, 2018 to ₱92 million in the year ended December 31, 2019. This was due to the interest pertaining to the of lease liabilities recognized due to the adoption of the PFRS 16 during the year.

Tax expense for the year ended December 31, 2019 was ₱205 million, an increase of 14.7% from ₱178 million for the year ended December 31, 2018. This was due primarily to the higher taxable income recorded for the year.

For the year ended December 31, 2019, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

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.

There are no material commitments for capital expenditures.

Except for the recovery as a result of the opening up of the economy, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

COMMITMENTS AND CONTINGENCIES

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

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company sourced its capital requirements through internally generated cash.

The Company does not expect any material cash requirements beyond the normal course of the business. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation except for those items disclosed in the Audited Combined Carved-out Financial Statements as of and for the years ended December 31, 2018, 2019, 2020 and 2021 and in the Interim Unaudited Financial Statements of the Company as of and for the quarter ended June 30, 2022.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the Audited Combined Carved-out Financial Statements as of and for the years ended December 31, 2018, 2019, 2020 and 2021 and in the Interim Unaudited Financial Statements of the Company as of and for the quarter ended June 30, 2022.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Company.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. There are no explanatory comments on the seasonality of the operations. There are no material events subsequent to the end of the fiscal period that have not been reflected in the financial statements.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in a prior period of the current financial year.

IV. NATURE AND SCOPE OF BUSINESS

VistaREIT, Inc. was incorporated under Philippine law on August 24, 2020 under the name of Vista One, Inc. with an authorized capital stock of ₱40,000,000.00 divided into 40,000,000 common shares with a par value of ₱1.00 per share. Vista One, Inc. was incorporated to own, manage, operate and engage in the leasing of income-generating real properties. The Company did not have any business operation since its incorporation until the infusion of assets to its property portfolio under the Property-for-Share Swap. On December 29, 2021, the SEC approved the increase in its authorized capital stock to ₱2,000,000,000.00 divided into 2,000,000,000 common shares with a par value of ₱1.00 per share and on March 14, 2022, the SEC approved the increase in its authorized capital stock to ₱15,000,000,000.00 divided into 15,000,000,000 common shares with a par value of ₱1.00 per share. On March 16, 2022, the Board of Directors approved the following amendments to its Articles of Incorporation and By-Laws: (a) changing the corporate name to VistaREIT, Inc.; (b) changing the Company's primary purpose to engage in the business of a real estate investment trust as provided under the REIT Regulations; (c) changing the Company's principal place of business; (d) increasing the number of the Board of Directors from five (5) to seven (7); (d) denying the stockholders' pre-emptive rights; (e) amendments on the PSE lock-up requirement; (f) corporate governance provisions for REITs and publicly listed companies; (h) qualifications of directors; (i) corporate governance revisions for independent directors; (j) changes on compensation clause; (k) constitute board committees including Executive

Committee; Compensation and Remuneration Committee, Audit Committee, Related Party Transaction committee; (l) appointment of stock transfer agent; (m) schedule of regular annual meetings; (n) amendments on dividends; (o) the Fund Manager; and (p) the Property Manager. As of June 30, 2022, the Company has 7,500,000,000 common shares issued and outstanding. The Company has no preferred shares and no shares held in treasury. On April 18, 2022, the SEC approved the foregoing amendments to the Articles of Incorporation and By-laws.

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.

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 P1.75 per share.

The Company's principal place of business is at the Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City.

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

Market Information

The Company's common shares are listed with the Philippine Stock Exchange since June 15, 2022. The high and low sales prices for the quarter from the listing date as traded on the Philippine Stock Exchange are as follows:

Quarter	2022		
	High	Low	Close
1st	-	-	-
2nd	1.75	1.74	1.74

The market capitalization of VREIT as of July 31, 2022, based on the closing price of ₱1.75 per share, was approximately ₱13.125 billion.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
29 July 2022	1.77	1.75	1.75

Stockholders

Common Shares

There are approximately 5,188 holders of common equity security of the Company as of July 31, 2022 (based on the number of accounts registered with the Stock Transfer Agent). As of July 31, 2022, the following are the top 20 holders of the common securities of the Company:

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[6]
1.	PCD NOMINEE CORPORATION - FILIPINO	2,632,846,000	35.10%
2.	MASTERPIECE ASIA PROPERTIES, INC.	2,472,009,663	32.96%
3.	VISTA RESIDENCES, 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 – NON-FILIPINO	13,776,000	0.18%
8.	MANUEL PAOLO A. VILLAR[7]	4,500,000	0.06%
9.	JERYLLE LUZ C. QUISMUNDO[7]	500,000	0.01%
10.	BRIAN N. EDANG[7]	250,000	0.00%
11.	MYRA P. VILLANUEVA	121,000	0.00%
12.	RAUL JUAN N. ESTEBAN	62,500	0.00%
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 July 31, 2022	**7,500,000,000**	**100.00%**

Dividends

₱0.0001 per share Regular Cash Dividend
Declaration Date: March 31, 2022
Record date: March 01, 2022
Payment date: March 31, 2022

Dividend Policy

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

[6] based on the total shares issued of 7,500,000,000
[7] Lodged under PCD Nominee Corporation - Filipino

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

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

Furthermore, the Company has adopted a dividend policy in accordance with the provisions of the REIT Law. Pursuant to the REIT Law and the Revised REIT IRR, the Company's shareholders may be entitled to receive at least 90% of the Company's annual distributable income for the preceding year subject to compliance with requirements, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings as provided for under Section 42 of the Corporation Code, the terms and conditions of the Company's outstanding loan facilities in the event the Company incurs indebtedness and the absence of circumstances which may restrict the payment of such amount of dividends, among others. The Company intends to declare and play out at least 90% of its distributable income as dividends on a quarterly basis each year.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by a company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval. If no record date is set, under SEC rules, the record date will be deemed fixed at fifteen (15) calendar days from the date of the stock dividend declaration. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Recent Sale of Unregistered Securities

There have been no sales of unregistered securities from the date of the listing.

Stock Options

None.

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Company's Board has adopted a Manual on Corporate Governance. The Company's Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

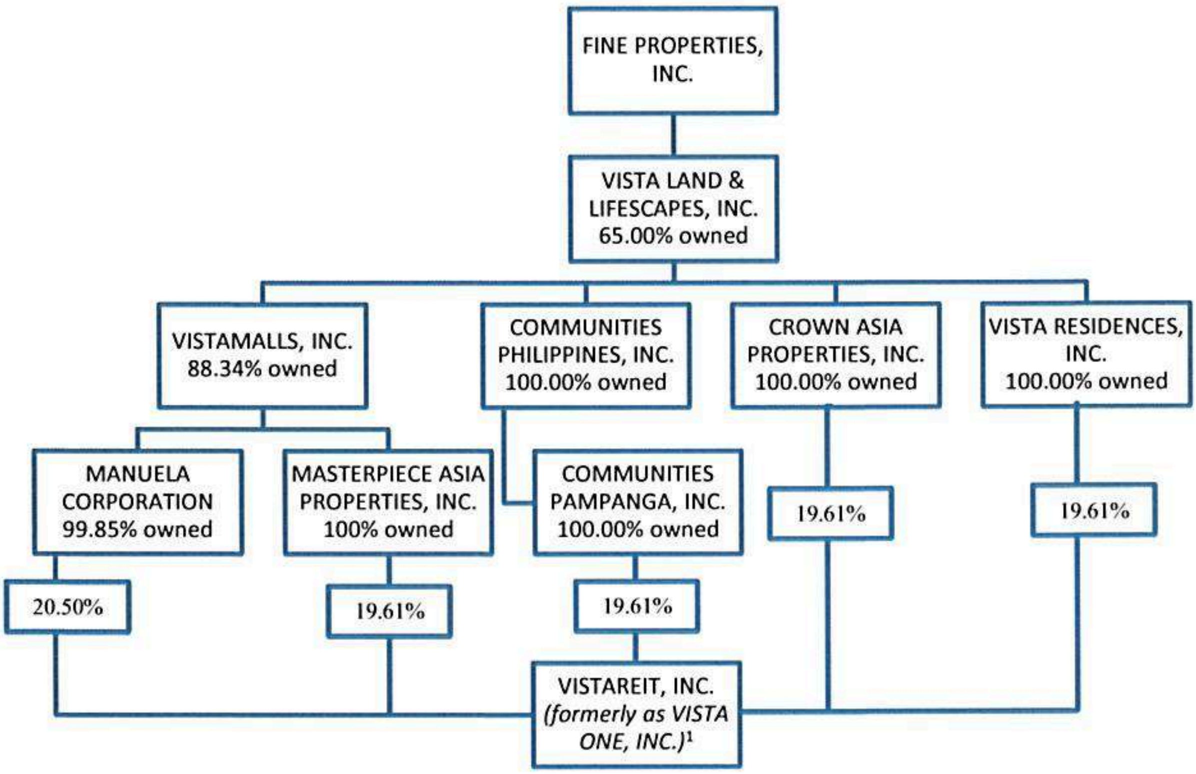
Practical oversight of the Company's corporate governance standards is exercised through the Board's Corporate Governance Committee.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business.

As of the date of this report, there are no known material deviations from the Company's Manual of Corporate governance. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

VISTA GROUP REIT PROPERTIES

COMPANY STRUCTURE
DECEMBER 31, 2021



[1]Remaining 1.06% are owned by individual shareholders.

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth on this Report is true, complete and correct. This Report is signed in Mandaluyong City on 17th August 2022.

By:

MELISSA CAMILLE Z. DOMINGO
CFO & Head, Investor Relations

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Raul Juan N. Esteban**, Filipino, of legal age and a resident of **223B Alexandra Condominium, 29 Meralco Avenue, Ortigas Center, Pasig City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I have been nominated for election as independent director of **VistaREIT, Inc.**

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

Company/ Organization	Position/ Relationship	Period of Service
Philippine Survey and Research Center	Managing Director	1989-Present
Vistamalls, Inc.	Independent Director	2014-Present
AllDay Marts, Inc.	Independent Director	2021-Present

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

4. I am not related to any director, officer, or substantial shareholder of **VistaREIT, Inc.**

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

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **VistaREIT, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 03 2022 at MANDALUYONG CITY.

RAUL JUAN N. ESTEBAN
Affiant

SUBSCRIBED AND SWORN to before me this AUG 03 2022 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his TIN 133-076-677.

Doc. No. 9
Page No. 3
Book No. XI
Series of 2022.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53511
IBP Lifetime Member No. [illegible]
PTR No. 4871166 / [illegible] / Mandaluyong City
MCLE Compliance No. VI-0026060 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Leticia A. Moreno**, Filipino, of legal age and a resident of **240 Lucerne, Pine Crest Condominiums, Aurora Blvd. corner Balete Drive, Quezon City 1111**, after having been duly sworn to in accordance with law do hereby declare that:

1. I have been nominated for election as independent director of **VistaREIT, Inc.**

2. I am not affiliated with any companies or organizations.

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

4. I am not related to any director, officer, or substantial shareholder of **VistaREIT, Inc.**

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

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **VistaREIT, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 03 2022 at MANDALUYONG CITY.

LETICIA A. MORENO
Affiant

SUBSCRIBED AND SWORN to before me this AUG 03 2022 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her TIN - 106-969-925.

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ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53511
IBP Lifetime Member No. 010538
PTR No. 4871166 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-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

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Justina F. Callangan**, Filipino, of legal age and a resident of **Block 164, Lot 17 Castello Street, Casa Milan Subd., North Fairview, Quezon City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I have been nominated for election as independent director of **VistaREIT, Inc.**

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

Company/ Organization	Position/ Relationship	Period of Service
Vista Land & Lifescapes, Inc.	Independent Director	June 2021 to date
AIB Money Market Fund	Independent Director	July 2021 to date
Securities Investors Protection Fund, Inc.	Director	June 2020 to date
Panasonic Manufacturing Philippines Corporation	Independent Director	June 2020 to date
Orix Metro Leasing and Finance Corporation	Independent Director	June 2019 to date
ASA Philippines Foundation, Inc.	Consultant	October 2018 to date

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

4. I am not related to any director, officer, or substantial shareholder of **VistaREIT, Inc.**

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

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **VistaREIT, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 0 3 2022 at MANDALUYONG CITY.

JUSTINA F. CALLANGAN
Affiant

SUBSCRIBED AND SWORN to before me this AUG 0 3 2022 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her UMID CRN 006-0055-9875-7.

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ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53511
IBP Lifetime Member No. 010353
PTR No. 4871165 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI 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

MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
VISTA ONE, INC.
Held at the principal office of the Corporation
on Monday, July 5, 2021, 10:00 a.m.

STOCKHOLDERS PRESENT:	MANUELA CORPORATION represented by the Chairman of the Meeting MANUEL PAOLO A. VILLAR JO MARIE LAZARO-LIM CYNTHIA J. JAVAREZ BRIAN N. EDANG ROWENA M. BANDIGAN

SHARE INFORMATION:

Total Issued and Outstanding Shares:	Common: 10,000,000
Total Number of Shares Represented in the Meeting:	Common: 10,000,000

PROCEEDINGS:

CALL TO ORDER

The Chairman of the Board, Mr. Manuel Paolo A. Villar, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Jo Marie Lazaro-Lim, recorded the minutes of the meeting.

CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that notice of the annual meeting of the stockholders of the Company for the year 2021, together with the agenda, were sent to all the stockholders of the Company, and that there were represented in the meeting, in person or by proxy, stockholders owning a total of 10,000,000 common shares representing 100% of the total issued and outstanding voting stock of the Company, and that there is therefore a quorum at the meeting.

APPROVAL OF 2020 AUDITED FINANCIAL STATEMENTS

On motion duly made and seconded, the Audited Financial Statement of the Company as of and for the year ended December 31, 2020 was unanimously approved.

RATIFICATION OF ACTS OF BOARD OF DIRECTORS AND MANAGEMENT

On motion duly made and seconded, all the acts of the Board of Directors and Management of the Company for the year 2020 until the day of the meeting, as set forth in the minutes of the meetings of the Board of Directors held during the same period, were unanimously approved.

ELECTION OF DIRECTORS

On motion duly made and seconded, the individuals named below were elected as directors of the Company for the year 2021:

Manuel Paolo A. Villar
Jo Marie Lazaro-Lim
Cynthia J. Javarez
Brian N. Edang
Rowena M. Bandigan

APPOINTMENT OF EXTERNAL AUDITOR

On motion duly made and seconded, SyCip Gorres Velayo & Co. was reappointed as external auditors of the Company for the year 2021.

ADJOURNMENT

There being no other matters discussed and no further business to transact, the meeting was, on motion made and seconded, adjourned.

CERTIFIED CORRECT:

JO MARIE LAZARO-LIM
Corporate Secretary

ATTESTED BY:

CYNTHIA J. JAVAREZ
President

[STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **VISTA ONE, INC.** (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2021 and for the period August 24 to December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

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

Signed this 16th day of March 2022.

MANUEL PAOLO A. VILLAR
Chairman

JERYLLE LUZ C. QUISMUNDO
President

BRIAN N. EDANG
Treasurer

MAR 16 2022

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

Name	Passport No./Drivers' License	Date and Place of Issue
Manuela Paolo A. Villar	P3900440A	02 AUG 2017 / DFA MANILA
Jerylle Luz C. Quismundo	N03-92-123364	Valid Until: 19 NOV 2023
Brian N. Edang	P9937644A	14 DEC 2018 / DFA NCR EAST

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

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Series of 2022.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57[illegible]
[illegible]
PTR No. [illegible] Mandaluyong City
MCLE Compliance No. [illegible] April 2019
Notarial Commission [illegible] No. [illegible]-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **VISTA ONE, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021 and for the period August 24 to December 31, 2020. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **VISTA ONE, INC.**, complete and correct in all material respects. Management likewise affirms that:

a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. the **VISTA ONE, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signed this 16th day of March 2022.

MANUEL PAOLO A. VILLAR
Chairman

JERYLLE LUZ C. QUISMUNDO
President

BRIAN N. EDANG
Treasurer

SUBSCRIBED AND SWORN, to before me this MAR 1 6 2022 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No./Drivers' License	Date and Place of Issue
Manuela Paolo A. Villar	P3900440A	02 AUG 2017 / DFA MANILA
Jerylle Luz C. Quismundo	N03-92-123364	Valid Until: 19 NOV 2023
Brian N. Edang	P9937644A	14 DEC 2018 / DFA NCR EAST

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

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Series of 2022.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57146
IBP Lifetime Member No. 016537
PTR No. 4571170 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. [illegible] 11 April 2019
Notarial Commission [illegible] No. 0388-21
Vista Corporate [illegible] Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Vista One, Inc.

Financial Statements as of
December 31, 2021 and 2020 and for the
year ended December 30, 2021 and for the
period August 24 to December 31, 2020

and

Independent Auditor's Report

SGV
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 Stockholders and the Board of Directors
Vista One, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vista One, Inc. (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 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, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 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 audits 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.

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 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.

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 audits.

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

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Vista One, Inc. in a separate schedule. Revenue Regulation 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule No. 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

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

March 16, 2022

VISTA ONE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	December 31	
	2021	2020
ASSETS		
Current assets		
Cash in bank (Note 4)	**₱510,074,364**	₱10,004,921
Other asset	**643**	–
	₱510,075,007	₱10,004,921
LIABILITY AND EQUITY		
Current liabilities		
Accounts and other payables (Note 5)	**₱5,181,000**	₱80,000
Due to related parties (Note 8)	**4,582,270**	182,060
	9,763,270	262,060
Equity		
Capital stock (Note 6)	**510,000,000**	10,000,000
Deficit	**(9,688,263)**	(257,139)
Total Equity	**500,311,737**	9,742,861
	₱510,075,007	₱10,004,921

See accompanying Notes to Financial Statements.

VISTA ONE, INC.

STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD AUGUST 24 TO DECEMBER 31, 2020*

	For the year ended December 31, 2021 (twelve months)	For the period August 24 to December 31, 2020 (four months)
EXPENSES		
Professional fee	**₱100,000**	₱80,000
Taxes and licenses	**25,800**	182,060
Office supplies	**5,357**	–
Miscellaneous expenses	**4,424**	–
	135,581	262,060
INTEREST INCOME (Note 4)	**(18,334)**	(6,151)
LOSS BEFORE INCOME TAX	**117,247**	255,909
PROVISION FOR INCOME TAX (Note 7)	**3,667**	1,230
NET LOSS	**120,914**	257,139
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE LOSS	**₱120,914**	₱257,139
BASIC/DILUTED LOSS PER SHARE (Note 9)	**₱0.01**	₱0.03

*The Company was registered with the Philippine Securities and Exchange Commission on August 24, 2020 and has not started operations as of December 31, 2021 (see Note 1).

See accompanying Notes to Financial Statements.

VISTA ONE, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD AUGUST 24 TO DECEMBER 31, 2020*

	Capital Stock (Note 6)	Deficit (Note 6)	TOTAL
Balance as at January 1, 2021	**₱10,000,000**	**(₱257,139)**	**₱9,742,861**
Issuance during the year	**500,000,000**	**–**	**500,000,000**
Stock issuance costs	**–**	**(9,310,210)**	**(9,310,210)**
	510,000,000	**(9,567,349)**	**500,432,651**
Net loss	**–**	**(120,914)**	**(120,914)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**–**	**(120,914)**	**(120,914)**
Balance as at December 31, 2021	**₱510,000,000**	**(₱9,688,263)**	**₱500,311,737**
Balance as at August 24, 2020	₱–	₱–	₱–
Issuance during the year	10,000,000	–	10,000,000
Net loss	–	(257,139)	(257,139)
Other comprehensive income	–	–	–
Total comprehensive income	–	(257,139)	(257,139)
Balance as at December 31, 2020	₱10,000,000	(₱257,139)	₱9,742,861

* The Company was registered with the Philippine Securities and Exchange Commission on August 24, 2020 and has not started operations as of December 31, 2021 (see Note 1).

See accompanying Notes to Financial Statements.

VISTA ONE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD AUGUST 24 TO DECEMBER 31, 2020*

	For the year ended December 31, 2021 (twelve months)	For the period August 24 to December 31, 2020 (four months)
CASH FLOWS FROM PRE-OPERATING ACTIVITIES		
Loss before income tax	**(₱117,247)**	(₱255,909)
Adjustment for interest income (Note 4)	**(18,334)**	(6,151)
Operating loss before working capital changes	**(135,581)**	(262,060)
Changes in working capital:		
Increase in input tax	**(643)**	–
Increase in accounts payable (Note 5)	**5,101,000**	80,000
Net cash flows provided by (used in) operations	**4,964,776**	(182,060)
Interest received (Note 4)	**18,334**	6,151
Income tax paid (Note 7)	**(3,667)**	(1,230)
Net cash flows provided by (used in) operating activities	**4,979,443**	(177,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares, net of stock issuance costs (Note 6)	**490,689,790**	10,000,000
Increase in due to related parties (Note 8)	**4,400,210**	182,060
Cash flows provided by financing activities	**495,090,000**	10,182,060
NET INCREASE IN CASH IN BANK	**500,069,443**	10,004,921
CASH IN BANK AT BEGINNING OF PERIOD	**10,004,921**	–
CASH IN BANK AT END OF PERIOD (Note 4)	**₱510,074,364**	₱10,004,921

* The Company was registered with the Philippine Securities and Exchange Commission on August 24, 2020 and has not started operations as of December 31, 2021 (see Note 1).

See accompanying Notes to Financial Statements.

1. **Corporate Information**

Vista One, Inc. (the Company or 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 ₱40,000,0000 divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000,000,0000 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.

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 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.

VOI's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona 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 VOI's authorized capital stock from ₱2,000,000,0000 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 at least two-thirds (2/3) of the outstanding capital stock of VOI approved various amendments to the Articles of Incorporation of the VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing

Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of the VOI 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 VOI Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

The audited financial statements of the Company were authorized for issue by the BOD on March 16, 2022.

2. Basis of Preparation

Basis of Preparation
The financial statements have been prepared on historical cost basis 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 accompanying financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2021. 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 an impact on the financial statements of the Company. The nature and impact of each new standard and amendment are described below:

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.

  A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The amendments have no impact on the Company since it has not yet started its operations, hence, no concessions have been granted to the Company.

- Amendments to PFRS 9, *Financial Instruments,* PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts* and PFRS 16, *Leases*, *Interest Rate Benchmark Reform – Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

Future Changes in Accounting Policies
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, 2022

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *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.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Company.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *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 by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

    - 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

    - 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.

      An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

- 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.

- 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 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.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Presentation of Financial Statement for the Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - 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, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

- PFRS 17, Insurance Contracts

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted. The amendments are not expected to have a material impact on the Company.

Deferred effectivity

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

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

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

Current and Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or

- Cash 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 12 twelve months after reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

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

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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 on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing 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 in Bank

Cash in bank earns interest at the prevailing bank deposit rates.

Financial Instruments

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

Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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 marketplace (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)

This category is the most relevant to the Company. 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
- 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 include cash in bank.

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The 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 bank. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. This information is widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

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 liability includes accounts and other payables and due to related parties.

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 statement of comprehensive income.

This category generally applies to accounts and other payables and due to related parties presented in the statement of financial position.

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

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 where: (a) the rights to receive cash flows from the assets have expired; (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 is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

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.

Value-Added Tax (VAT)

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 Bureau of Internal Revenue (BIR) for output VAT on sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit under certain circumstances against future income tax liability of the Company upon approval of the BIR. 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, when recoverable, is recorded under current assets in the statement of financial position.

Impairment of Nonfinancial Assets

The Company assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the 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 Company's of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Equity

Capital stock is measured at par value for all shares issued.

Deficit

Deficit represents accumulated losses of the Company.

Interest income

Interest income is recognized as it accrues using the effective interest method.

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 all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, 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.

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.

Expenses

Expenses constitute taxes and licenses and professional fees necessary in administering the business. These usually take the form of an outflow or depletion of assets such as cash. Expenses are recognized as incurred.

Basic and Diluted Earnings 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 adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income 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, 2021 and 2020, the Company has no potential dilutive common shares.

Segment Reporting
The Company has not yet started its operations and is treated as one segment. Based on management's assessment, no part or component of the business of the Company meets the qualifications of an operating segment defined by PFRS 8, *Operating Segments*. The activities of the Company are its only capital-infusion activity, and such is the measure used by the Chief Operating Decision Maker in allocating resources. The segmentation is the basis of the chief operating decision market's internal reports allocation resources, and the evaluation of performance.

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 in statement 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 financial 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.

3. **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.

There are no significant accounting judgment and estimates made by the Company for the year ended December 31, 2021 and for the period August 24 to December 31, 2020.

4. Cash in Bank

Cash in bank amounted to ₱510.07 million and ₱10.00 million as of December 31, 2021 and 2020, respectively. These refers to unrestricted deposits with reputable bank which earn nominal interest ranging from 0.0014% to 0.01% and 0.01% in 2021 and 2020, respectively.

Interest earned amounted to ₱0.02 million and ₱0.01 million for the year ended December 31, 2021 and for the period August 24 to December 31, 2020, respectively.

5. Accounts and Other Payables

This account consists of:

	2021	2020
Accounts payable	**₱5,001,000**	₱–
Accrued expenses	**180,000**	80,000
	₱5,181,000	₱80,000

Accounts payable are unpaid accounts from the government. Of which, ₱5.00 million is incidental to the Company's application of increase in authorized share capital (See Note 6). These are non-interest bearing and are normally settled within 30-day term.

Accrued expenses consist of various unpaid transaction costs which are payable within one year.

6. Equity

Capital Stock

2021

	Number of shares	Amount
Common Stock, ₱1.00 par value		
Authorized	2,000,000,000	₱2,000,000,000
Issued and Outstanding	510,000,000	₱510,000,000

2020

	Number of shares	Amount
Common Stock, ₱1.00 par value		
Authorized	40,000,000	₱40,000,000
Issued and Outstanding	10,000,000	₱10,000,000

VOI, the reporting entity, has an authorized capital stock of 2,000,000,000 shares with par value of ₱1.00 per share as of December 31, 2021.

On December 29, 2021, the Philippine Securities and Exchange Commission (SEC) approved the increase in the Company's authorized capital stock from ₱40.00 million divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000.00 million divided into 2,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the related subscriptions of ₱500.00 million were issued with 500,000,000 common shares at its par value of ₱1.00 per share (see Note 1).

In 2021, the Company incurred stocks issuance costs amounting to ₱9.31 million which was accounted as a reduction in equity under the "Deficit" account.

As of December 31, 2020, the Company's authorized capital stock comprises 40,000,000 common shares at ₱1 par value per share. Accordingly, in 2020, the related subscriptions of ₱10.00 million were issued with 10,000,000 common shares at its par value of ₱1.00 per share.

Capital Management
The primary objective of the Company's capital management policy is to ensure that it maintains sufficient funds and equity capital in order to support its business and maximize shareholder value.

As a company in its early stage, its ability to continue as a going concern is dependent on the favorable outcome of its future transactions and the continued support from its shareholders. It depends on its ability to raise new capital and accomplish its business plan. The Company considers its total equity as its capital.

The Company is not subject to externally imposed capital requirements.

7. **Income Tax**

The Company's final tax for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 amounted to ₱3,667 and ₱1,230, respectively. The Company has no Regular Corporate Income Tax (RCIT) nor Minimum Corporate Income Tax (MCIT) in 2021 and 2020.

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used.

As at December 31, 2021 and 2020, the Company has deductible temporary difference pertaining to NOLCO amounting to ₱9.45 million and ₱0.26 million, respectively, for which no deferred tax asset has been recognized.

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

As of December 31, 2021, the Company has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act. Details are as follow:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2020	₱262,060	₱–	₱–	₱262,060	2025
2021	9,445,791	–	–	9,445,791	2026
	₱9,707,851	₱–	₱–	₱9,707,851	

The reconciliation of statutory income tax to the effective income tax for 2021 and 2020 follows:

	For the year ended December 31, 2021 (twelve months)	For the period August 24 to December 31, 2020 (four months)
Income tax at statutory rate	**(₱29,312)**	(₱76,773)
Adjustment for income subject to final tax	**(917)**	(615)
Adjustments resulting from:		
Stocks issuance costs	**(2,327,553)**	–
Changes in unrecognized deferred tax asset	**2,361,449**	78,618
	₱3,667	₱1,230

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.

8. 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. Related parties may be individuals or corporate entities.

The statement of financial position includes the following amounts resulting from transactions with a related party as at December 31, 2021 and 2020:

2021

	Nature of Transaction	**Volume**	**Amount Payable**	**Terms**	**Conditions**
Payable to related parties					
Entities under common control	**Advances**	**₱4,400,210**	**(₱4,582,270)**	**Noninterest-bearing**	**Unsecured; No impairment**

2020

	Nature of Transaction	Volume	Amount Payable	Terms	Conditions
Payable to a related party					
Intermediate parent company	Advances	₱182,060	(₱182,060)	Noninterest-bearing	Unsecured; No impairment

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.

Key Management Compensation
The Company's accounting and administrative functions are handled at no cost by MC, 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 MC.

9. Loss Per Share (LPS)

The following table presents information necessary to compute the loss per share:

	For the year ended December 31, 2021 (twelve months)	For the period August 24 to December 31, 2020 (four months)
Net loss attributable to equity holders	**₱120,914**	₱257,139
Weighted average common shares	**14,166,667**	10,000,000
Basic/Diluted LPS	**₱0.01**	₱0.03

The basic and dilutive loss per share are the same due to the absence of potentially dilutive common shares for the year ended December 31, 2021 and for the period August 24 to December 31, 2020.

10. **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 methods and assumptions used by the Company in estimating the fair value of the financial instruments are as follows:

Cash in bank, accounts and other payable and due to related parties: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the statements of financial position.

11. **Financial Instruments**

Financial Risk Management Objectives and Policies

Financial risk

The Company's principal financial liability only comprise of due to a related party. The main purpose of the Company's financial liability is to raise financing for the Company's future operations. The Company has a financial asset of only cash in bank. The main risks arising from the use of financial instruments are credit risk and liquidity risk.

The BOD reviews and approves 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.

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 investing activities particularly its deposits with banks.

The Company's maximum exposure to credit risk as of December 31, 2021 and 2020 is equal to the carrying value of its financial asset.

Applying the expected credit risk model did not result in the recognition of an impairment loss for the Company's financial asset for the year ended December 31, 2021 and for the period August 24 to December 31, 2020.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover working capital requirements. The Company maintains a level of cash deemed sufficient to finance its operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The cash in bank balance is used for the Company's liquidity requirements.

12. Other Matters

COVID-19 Pandemic
The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures in various levels throughout the country has caused disruption in the Company's business activities.

As a Company at a pre-operating stage, it is not affected by the COVID-19 pandemic.

13. Subsequent Events

On March 16, 2022, pursuant to the Deeds of Assignment and Subscription Agreements for the transfer, assignment and conveyance in favor of the Company of all of the Sponsors' rights, title and interests in the Assigned Properties in exchange for the Company's common shares, the Company 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 the Company's common shares in the name of the Sponsors.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR COMBINED CARVE-OUT FINANCIAL STATEMENTS

The management of **Vista REIT Properties (Vistaland & Lifescapes, Inc.'s and Subsidiaries' Properties to be transferred to Vista One, Inc.) (the Assigned Properties)** is responsible for the preparation and fair presentation of the combined carve-out financial statements including the schedules attached herein, for the years ended December 31, 2021, 2020, 2019, and 2018 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined carve-out financial statements, management is responsible for assessing the Assigned Properties' 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 Assigned Properties or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Assigned Properties financial reporting process.

The Board of Directors reviews and approves the combined carve-out financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the combined carve-out financial statements of the Assigned Properties in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this MAR 1 6 2022 day of ________ 2022.

MANUEL B. VILLAR, JR.
Chairman of the Board
Vista Land & Lifescapes, Inc. and Subsidiaries

MANUEL PAOLO A. VILLAR
Vice Chairman of the Board, President
Vista Land & Lifescapes, Inc. and Subsidiaries

BRIAN N. EDANG
Chief Financial Officer and Head Investor Relations
Vista Land & Lifescapes, Inc. and Subsidiaries

SUBSCRIBED AND SWORN to before me this MAR 1 6 2022 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

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

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

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

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Vista Group REIT Properties

(Vista Land & Lifescapes, Inc. and Subsidiaries' Commercial Properties to be transferred to Vista One, Inc.)

Combined Carve-out Financial Statements
December 31, 2021, 2020, 2019 and 2018

and

Independent Auditor's Report

SGV

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Vista One, Inc.

Opinion

We have audited the combined carve-out financial statements of Vista Group REIT Properties (Vista Land and Lifescapes, Inc. and Subsidiaries' Commercial Properties to be transferred to Vista One, Inc.) (the Assigned Properties), which comprise the combined carve-out statements of financial position as at December 31, 2021, 2020, 2019 and 2018 and the combined carve-out statements of comprehensive income, combined carve-out statements of changes in equity and combined carve-out statements of cash flows for the years then ended, and notes to the combined carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined carve-out financial statements present fairly, in all material respects, the financial position of the Assigned Properties as at December 31, 2021, 2020, 2019 and 2018 and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Combined Carve-out Financial Statements

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

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In preparing the combined carve-out financial statements, management is responsible for assessing the Assigned Properties' 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 Assigned Properties or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Assigned Properties' financial reporting process.

Auditor's Responsibilities for the Audit of the Combined Carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined carve-out 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 combined carve-out 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 combined carve-out 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 Assigned Properties' 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 Assigned Properties' 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 combined carve-out 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 Assigned Properties to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined carve-out financial statements, including the disclosures, and whether the combined carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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.

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. 8854378, January 3, 2022, Makati City

March 16, 2022

VISTA GROUP REIT PROPERTIES
COMBINED CARVE-OUT STATEMENTS OF FINANCIAL POSITION

	December 31			
	2021	2020	2019	2018
ASSETS				
Current Assets				
Cash in banks (Notes 6, 17 and 18)	**₱19,068,536**	₱20,836,203	₱193,814,766	₱107,583,257
Receivables - net (Notes 7, 16, 17 and 18)	**857,644,510**	621,428,166	598,368,360	630,738,017
Other current assets (Note 8)	**436,588,524**	282,034,130	335,319,920	350,268,102
Total Current Assets	**1,313,301,570**	924,298,499	1,127,503,046	1,088,589,376
Noncurrent Assets				
Receivable - net of current portion (Notes 7, 16, 17 and 18)	**1,673,565,454**	1,088,294,649	639,973,999	553,792,824
Property and equipment - net	**27,009,025**	34,616,244	30,158,660	24,987,069
Investment properties - net (Note 9)	**15,941,762,946**	16,450,269,744	16,839,037,521	13,112,187,620
Other noncurrent assets (Note 8)	**1,036,157,162**	1,166,692,977	1,214,389,064	1,502,156,646
Total Noncurrent Assets	**18,678,494,587**	18,739,873,614	18,723,559,244	15,193,124,159
Total Assets	**₱19,991,796,157**	₱19,664,172,113	₱19,851,062,290	₱16,281,713,535
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables (Notes 10, 17 and 18)	**₱557,932,598**	₱463,779,164	₱382,370,759	₱578,025,196
Security deposits and advance rent (Note 11)	**406,804,879**	300,866,918	439,114,590	167,555,376
Income tax payable (Note 15)	**98,115,796**	103,030,137	117,487,380	119,925,129
Current portion of lease liability (Notes 17, 18 and 19)	**37,679,757**	36,818,224	36,290,709	–
Current portion of bank loan (Notes 12, 17 and 18)	**142,147,719**	141,836,051	141,498,326	141,145,995
Total Current Liabilities	**1,242,680,749**	1,046,330,494	1,116,761,764	1,006,651,696
Noncurrent Liabilities				
Lease liability - net of current portion (Notes 17, 18 and 19)	**390,507,036**	384,125,742	377,629,774	–
Bank loan (Notes 12, 17 and 18)	**285,154,836**	427,302,555	569,138,606	710,636,932
Pension liability	**7,731,980**	6,889,186	5,057,501	4,312,543
Deferred tax liabilities - net (Note 15)	**447,950,843**	368,433,508	257,581,577	214,814,345
Other noncurrent liabilities (Note 11)	**160,766,959**	272,648,928	230,785,043	172,227,716
Total Noncurrent Liabilities	**1,292,111,654**	1,459,399,919	1,440,192,501	1,101,991,536
Total Liabilities	**2,534,792,403**	2,505,730,413	2,556,954,265	2,108,643,232
Invested equity (Note 13)	**16,069,492,319**	15,870,317,608	16,064,401,587	12,996,326,514
Non-controlling interest (Note 2)	**1,387,511,435**	1,288,124,092	1,229,706,438	1,176,743,789
Total Equity	**17,457,003,754**	17,158,441,700	17,294,108,025	14,173,070,303
Total Liabilities and Equity	**₱19,991,796,157**	₱19,664,172,113	₱19,851,062,290	₱16,281,713,535

See accompanying Notes to Combined Carve-out Financial Statements

VISTA GROUP REIT PROPERTIES
COMBINED CARVE-OUT STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31			
	2021	2020	2019	2018
REVENUE				
Rental income (Notes 9 and 19)	**₱2,200,485,414**	₱1,911,500,596	₱1,837,860,975	₱1,454,831,168
Parking fees	**23,640,867**	20,786,936	21,178,605	8,969,014
Other operating income (Note 14)	**81,604,563**	44,316,625	147,388,611	105,631,526
	2,305,730,844	1,976,604,157	2,006,428,191	1,569,431,708
COSTS AND EXPENSES				
Depreciation and amortization (Note 9)	**586,927,547**	590,512,019	614,927,356	366,171,799
Outside services	**85,398,543**	91,663,005	131,563,138	107,269,025
Taxes and licenses	**78,848,924**	67,656,315	60,727,306	51,762,817
Light and power	**78,575,856**	43,247,849	141,003,089	114,390,234
Salaries and employee benefits	**60,166,454**	71,027,368	71,500,223	82,552,650
Repairs and maintenance	**49,947,770**	45,456,350	71,596,271	64,766,492
Provision for expected credit losses (Note 7)	**42,853,225**	36,514,778	10,407,371	11,197,989
Management fees (Note 16)	**39,319,814**	41,664,699	39,049,979	5,200,000
Insurance	**16,294,917**	15,586,929	12,412,771	10,124,905
Professional fees	**15,456,699**	15,052,324	11,526,270	17,221,436
Advertising and promotions	**8,903,742**	13,513,453	33,105,009	26,421,786
Rentals (Note 19)	**2,566,011**	4,427,539	8,691,680	33,860,971
Representation and entertainment	**1,268,682**	4,257,054	3,696,401	4,228,042
Other operating expenses	**25,507,521**	12,459,393	28,857,284	25,524,239
	1,092,035,705	1,053,039,075	1,239,064,148	920,692,385
OTHER INCOME (EXPENSES)				
Interest income (Notes 6, 12 and 14)	**7,093,279**	10,593,913	6,753,764	8,575,737
Interest and other financing charges (Notes 14 and 19)	**(77,943,888)**	(86,971,397)	(92,008,459)	(62,683,841)
	(70,850,609)	(76,377,484)	(85,254,695)	(54,108,104)
INCOME BEFORE INCOME TAX	**1,142,844,530**	847,187,598	682,109,348	594,631,219
PROVISION FOR INCOME TAX (Note 15)	**212,353,787**	254,147,748	204,632,113	178,385,042
NET INCOME	**₱930,490,743**	₱593,039,850	₱477,477,235	₱416,246,177

(Forward)

	Years Ended December 31			
	2021	2020	2019	2018
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Assigned Properties	**₱831,103,400**	₱534,622,196	₱424,514,586	₱363,771,009
Non-controlling interest	**99,387,343**	58,417,654	52,962,649	52,475,168
NET INCOME	**₱930,490,743**	₱593,039,850	₱477,477,235	₱416,246,177
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME	**₱930,490,743**	₱593,039,850	₱477,477,235	₱416,246,177
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Assigned Properties	**₱831,103,400**	₱534,622,196	₱424,514,586	₱363,771,009
Non-controlling interest	**99,387,343**	58,417,654	52,962,649	52,475,168
	₱930,490,743	₱593,039,850	₱477,477,235	₱416,246,177

See accompanying Notes to Combined Carve-out Financial Statements.

VISTA GROUP REIT PROPERTIES
COMBINED CARVE-OUT STATEMENTS OF CHANGES IN EQUITY

	Controlling Interest	Non-Controlling Interest	Total Equity
Invested equity as at January 1, 2021	**₱15,870,317,608**	**₱1,288,124,092**	**₱17,158,441,700**
Net income for the year	**831,103,400**	**99,387,343**	**930,490,743**
Equity transactions with VLLI (Note 13)	**(631,928,689)**	–	**(631,928,689)**
Invested equity as at December 31, 2021	**₱16,069,492,319**	**₱1,387,511,435**	**₱17,457,003,754**
Invested equity as at January 1, 2020	₱16,064,401,587	₱1,229,706,438	₱17,294,108,025
Net income for the year	534,622,196	58,417,654	593,039,850
Equity transactions with VLLI (Note 13)	(728,706,175)	–	(728,706,175)
Invested equity as at December 31, 2020	₱15,870,317,608	₱1,288,124,092	₱17,158,441,700
Invested equity at January 1, 2019	₱12,996,326,514	₱1,176,743,789	₱14,173,070,303
Net income for the year	424,514,586	52,962,649	477,477,235
Equity transactions with VLLI (Note 13)	2,643,560,487	–	2,643,560,487
Invested equity as at December 31, 2019	₱16,064,401,587	₱1,229,706,438	₱17,294,108,025
Invested equity as at January 1, 2018	₱11,014,852,502	₱1,124,268,621	₱12,139,121,123
Net income for the year	363,771,009	52,475,168	416,246,177
Equity transactions with VLLI (Note 13)	1,617,703,003	–	1,617,703,003
Invested equity as at December 31, 2018	₱12,996,326,514	₱1,176,743,789	₱14,173,070,303

See accompanying Notes to Combined Carve-out Financial Statements.

VISTA GROUP REIT PROPERTIES
COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS

	Years Ended December 31			
	2021	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱1,142,844,530**	₱847,187,598	₱682,109,348	₱594,631,219
Adjustments for:				
Depreciation and amortization (Note 9)	**586,927,547**	590,512,019	614,927,356	366,171,799
Interest and other financing charges (Notes 14 and 19)	**77,943,888**	86,971,397	92,008,459	62,683,841
Provision for expected credit losses	**42,853,225**	36,514,778	10,407,371	11,197,989
Interest income (Notes 6, 12 and 14)	**(7,093,279)**	(10,593,913)	(6,753,764)	(8,575,737)
Operating income before working capital changes	**1,843,475,911**	1,550,591,879	1,392,698,770	1,026,109,111
Decrease (increase) in:				
Receivables	**(864,340,374)**	(507,895,234)	(64,218,889)	744,616,170
Other assets	**(69,508,738)**	62,422,476	244,107,417	(631,557,316)
Increase (decrease) in:				
Accounts and other payables	**130,842,901**	(6,015,794)	(136,026,219)	17,234,274
Security deposits and advance rent	**2,589,404**	(101,037,326)	327,017,225	(74,552,306)
Other noncurrent liabilities	**(7,690,618)**	6,485,224	3,844,274	40,550,473
Net cash flows provided by operations	**1,035,368,486**	1,004,551,225	1,767,422,578	1,122,400,406
Interest received	**7,093,279**	10,593,913	6,753,764	8,575,737
Income taxes paid	**(92,260,634)**	(119,193,659)	(120,063,387)	(864,684)
Net cash flows provided by operating activities	**950,201,131**	895,951,479	1,654,112,955	1,130,111,459
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment (Note 20)	**(4,732,645)**	(19,152,882)	(15,980,281)	(17,147,015)
Investment properties (Note 20)	**(102,770,352)**	(99,624,745)	(3,977,838,867)	(2,575,719,257)
Net cash flows used in investing activities	**(107,502,997)**	(118,777,627)	(3,993,819,148)	(2,592,866,272)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Lease liabilities (Note 20)	**(36,818,224)**	(36,290,709)	(23,371,902)	–
Bank loan (Note 20)	**(142,857,143)**	(142,857,143)	(142,857,143)	(142,857,143)
Interest and other financing charges (Note 20)	**(32,861,745)**	(42,298,388)	(51,393,740)	(60,592,245)
Equity financing with VLLI	**(631,928,689)**	(728,706,175)	2,643,560,487	1,617,703,003
Net cash flows (used in) provided by financing activities	**(844,465,801)**	(950,152,415)	2,425,937,702	1,414,253,615
NET (DECREASE) INCREASE IN CASH	**(1,767,667)**	(172,978,563)	86,231,509	(48,501,198)
CASH AT BEGINNING OF YEAR	**20,836,203**	193,814,766	107,583,257	156,084,455
CASH AT END OF YEAR (Note 6)	**₱19,068,536**	₱20,836,203	₱193,814,766	₱107,583,257

See accompanying Notes to Combined Carve-out Financial Statements.

1. **Corporate Information**

Vista One, Inc. (the Company or 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 ₱40,000,0000 divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000,000,0000 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.

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 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.

VOI's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona 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 VOI's authorized capital stock from ₱2,000,000,0000 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 at least two-thirds (2/3) of the outstanding capital stock of VOI approved various amendments to the Articles of Incorporation of the VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing

Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of the VOI 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 VOI Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

Prior to approval and effectivity of the Property-for-Share Swap, the accompanying combined carve-out financial statements have been prepared to provide the historical financial position and performance and cash flows of the Assigned Properties as at and for the years ended December 31, 2021, 2020, 2019, and 2018. They were authorized for issue by the BOD on March 16, 2022.

2. **Basis of Preparation**

The accompanying combined carve-out financial statements have been prepared by separating the historical financial information of the Assigned Properties that are the subject of the Property-for-Share Swap of the Sponsors' financial statements prepared in accordance with the Philippine Financial Reporting Standards (PFRSs). Furthermore, these combined carve-out financial statements provide comparative information in respect of the previous periods.

VOI also prepared statutory financial statements as of December 31, 2021 which can be obtained from its registered address. The statutory financial information of VOI, as separate legal entity, is different from the financial information of the Assigned Properties which is the subject to the accompanying combined carve-out financial statements.

Until the Property for Share Swap is approved by the SEC, said financial information shall remain to be presented as a part of the Sponsor's financial statements and not in the stand-alone financial statements of the VOI.

The combined carve-out financial statements may not be indicative of the Assigned Properties' future performance and they do not necessarily reflect what its carve-out results of operations, financial position and cash flows would have been, had the Assigned Properties been operated as an independent entity and had it presented stand-alone financial statements during the periods presented.

These combined carve-out financial statements of the Assigned Properties have been prepared on a going concern basis under the historical cost convention. The combined carve-out financial statements are presented in Philippine Peso (₱), which is also the Assigned Properties' functional and presentation currency. All amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

The accompanying combined carve-out financial statements of the Assigned Properties have been prepared for inclusion in the REIT plan for submission to the SEC.

The combined carve-out financial statements of the Assigned Properties have been prepared in accordance with the recognition, measurement and presentation principles that are consistent with PFRS. PFRS do not include specific guidance for preparation of combined carve-out financial statements. The principles used in the preparation of combined carve-out financial statements of the Assigned Properties are as follows:

- The combined carve-out financial statements are based on historical income and expenses, assets, liabilities, equity and cash flows of the combining assets. Invested equity is determined by combining the initial net assets of the Assigned Properties and historical accumulated earnings, adjusted for the effects of elimination of intra-company transactions among and within the Assigned Properties. The individual financial information of each of the combining assets are prepared in accordance with PFRS.

- The historical financial information of the combined assets were carved-out from the accounting systems and records of the Sponsors given their distinct cost and profit center codes. The carved-out financial information presented herein reflects income and expenses, assets, liabilities and cash flows that have formed part of the combined assets' historical financial information. These include, among others, (i) working capital directly attributable and identifiable to the combined assets; (ii) third party debt and related expenses directly attributable to the Assigned Properties, if any; (iii) allocated common overhead costs using a single allocation method; and (iv) income taxes, which were separately computed, as if the combining assets is a separate taxpayer, in accordance with Philippine Accounting Standards (PAS) 12, *Income Taxes*.

  An external debt of VRI specifically obtained for the construction of Vista Hub was included to the combined liabilities together with its related interest expense.

Each of the income-generating investment properties has neither formed part of any separate legal entity nor presented any stand-alone financial statements and accordingly, it is not practicable to present share capital or any analysis of equity reserves. The net assets attributable to the combined assets, excluding the cumulative earnings, are represented by capital invested in VOI and shown as "Invested equity" in the combined carve-out statements of financial position.

The BOD of VOI believes that the judgments and assumptions underlying the combined carve-out financial statements of the Assigned Properties are reasonable (see Note 5).

The accounting policies and method of computation adopted in the preparation of the combined carve-out financial statements are consistent with those followed in the preparation of the Vista Land & Lifescapes, Inc. (VLLI) and Subsidiaries' annual consolidated financial statements.

Basis of Combination
The combined carve-out financial statements are prepared for the Assigned Properties of income-generating investment properties owned by the Sponsors who are under common control. Where the entities have been under common control but do not form a legal entity, the historical financial statements can be presented on a combined or aggregated basis.

The combined carve-out financial statements include the carve-out historical financial information of the following combined assets accounted for as assets acquired from Sponsors.

Properties	Classification	Location
Vista Mall Las Piñas (Main)	Building	Las Piñas City
Vista Mall Las Piñas (Annex)	Building	Las Piñas City
Starmall SJDM	Building	San Jose del Monte, Bulacan
Vista Mall Pampanga	Building	San Fernando, Pampanga
SOMO – A Vista Mall	Building	Bacoor, Cavite
Vista Mall Antipolo	Building	Antipolo City, Rizal
Vista Mall General Trias	Building	General Trias City, Cavite
Vista Mall Tanza	Building	Tanza, Cavite
Vista Mall Imus	Building	Cavite
Starmall Azienda	Building	Talisay City, Cebu
Vista Hub Molino	Building	Bacoor, Cavite
Vista Hub BGC	Condominium units and parking spaces	Bonifacio Global City

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Assigned Properties and to the noncontrolling interests (NCI) as of and for the years ended December 31, 2021, 2020, 2019 and 2018.

Non-controlling Interests
Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by VLLI. Non-controlling interests assume the level of NCI at each profit center level.

Noncontrolling interests are presented separately in the combined carve-out statement of comprehensive income, and within equity in the combined carve-out statement of financial position, separately from equity holders of the Assigned Properties. Profit or loss and each component of OCI are attributed to the equity holders of the Assigned Properties and to the NCI, even if this results in the NCI having a deficit balance.

<u>Statement of Compliance</u>
The accompanying combined carve-out financial statements have been prepared in accordance with recognition, measurement and presentation principles that are consistent with PFRSs.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

3. Changes in Accounting Policies

The accounting policies adopted in the preparation of the combined carved-out financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2021. The Assigned Properties has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the combined carved-out financial statements of the Assigned Properties. The nature and impact of each new standard and amendment are described below:

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The amendments have no impact on the Assigned Properties since no concessions have been granted to the Assigned Properties by its lessors.

- Amendments to PFRS 9, *Financial Instruments,* PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts* and PFRS 16, *Leases*, *Interest Rate Benchmark Reform – Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Assigned Properties shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Assigned Properties is not required to restate prior periods.

- Adoption of Philippine Interpretations Committee Question and Answers (PIC Q&As) 2018-12 on Accounting for Common Usage Service Area (CUSA)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry. This includes PIC Q&A No. 2018-12-H which discussed accounting for CUSA charges wherein it was concluded that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12-H for a period of three years or until December 31, 2020. The deferral will only be applicable for real estate transactions.

  The above guidance has no impact to the Assigned Properties because its accounting policy has been aligned with the guidance since the initial adoption of PFRS 15 in 2018.

- Starting January 1, 2021, considering the experience from the pandemic, management made a comparison of the prevailing practice in the industry and noted that most of the big players are using the simplified approach. Given this, management decided to align its accounting policy with what is prevailing in the industry which resulted in voluntarily changing its accounting policy to measure loss allowance for its lease receivables from general to simplified approach. The Assigned Properties now measures the loss rate using net flow methodology.

  Under the simplified approach, in calculating expected credit loss (ECL), the Assigned Properties does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Assigned Properties has established a provision matrix for lease receivables, analyzed into mall retail tenants and BPO Office tenants, that is based on historical credit loss experience and incorporating forward-looking information (called overlays). The change in accounting policy was applied retroactively resulting in additional provision amounting to ₱36.51 million, ₱10.41 million and ₱11.20 million in 2020, 2019 and 2018, respectively. Current year provision for doubtful accounts amounted to ₱42.85 million using simplified approach.

Future Changes in Accounting Policy
The Assigned Properties will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Assigned Properties does not expect the adoption of these standards to have a significant impact on the combined carved-out financial statements.

Effective beginning on or after January 1, 2022

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *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.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Assigned Properties.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Assigned Properties will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *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 by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Assigned Properties.

    - 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Assigned Properties will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Assigned Properties.

    - 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.

      An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Assigned Properties.

Effective beginning on or after January 1, 2023

- 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.

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Presentation of Financial Statement for the Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - 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, 2023 and must be applied retrospectively. The Assigned Properties is currently assessing the impact the amendments will have on current practice.

- 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:

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

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted. The amendments are not expected to have a material impact on the Assigned Properties.

Deferred effectivity

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

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

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

4. **Summary of Significant Accounting Policies**

The following are the significant accounting and financial reporting policies applied by the Assigned Properties in the combined carve-out financial statements.

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 Assigned Properties expects to be entitled in exchange for those goods or services. The Assigned Properties 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 Assigned Properties earn revenue from acting as a lessor in operating leases which do not transfer substantially all of the risk and rewards incidental to the ownership of the investment properties. Rental income from leased properties is accounted for on a straight-line basis over the lease term and is included in the revenue in the combined carve-out 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 Assigned Properties 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 rent receivable" in the line item "Receivables" in the combined carve-out statement of financial position.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the combined carve-out statement of comprehensive income when the right to receive them arises.

The contracts for commercial and office spaces leased out by the Assigned Properties 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 Assigned Properties determined that it is acting as an agent because the promise of the Assigned Properties 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 Assigned Properties, are primarily responsible for the provisioning of the utilities while the Assigned Properties 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 Assigned Properties 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 Assigned Properties 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 Assigned Properties. The Assigned Properties 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 Assigned Properties arranges for third parties to provide certain of these services to its tenants. The Assigned Properties 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 Assigned Properties records revenue on a gross basis. For more information, please refer to Note 5.

Interest income
Interest income is recognized as it accrues using the effective interest method.

Parking fees and other operating income
Parking fees and other operating income are recognized when earned.

Cost Recognition
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.

The Assigned Properties recognizes common overhead costs among the Assigned Properties' assets based on the proportion of each assets' total gross floor area (see Note 5).

Leases

The Assigned Properties assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Assigned Properties obtains substantially all the economic benefits from the use of the asset, whether the Assigned Properties has the right to direct the use of the asset.

The Assigned Properties as Lessee effective January 1, 2019

Lease Liabilities
At the commencement date of the lease, the Assigned Properties recognizes the liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Assigned Properties and payments of penalties for terminating the lease, if the lease term reflects the Assigned Properties exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Assigned Properties uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets
The Assigned Properties 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 Assigned Properties applies the low-value assets recognition exemption to leases of underlying assets with a value, when new, of ₱0.25 million and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

The Assigned Properties as a Lessee prior to January 1, 2019

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

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

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

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

Assigned Properties as a Lessor under PFRS 16 and PAS 17

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

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.

Current and Noncurrent Classification
The Assigned Properties presents assets and liabilities in the combined carve-out statement of financial position based on current/noncurrent classification.
An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after reporting date; or
- It is a cash 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.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

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 by the Assigned Properties.
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 Assigned Properties 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 combined carve-out 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 combined carve-out financial statements at fair value on a recurring basis, the Assigned Properties 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.

For the purpose of fair value disclosures, the Assigned Properties has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset and liability and the level of the fair value hierarchy as explained above.

Cash in Banks
Cash in banks earn interest at the prevailing interest rate.

Financial Instruments
Financial assets and liabilities are recognized in the combined carve-out statement of financial position when, and only when, the Assigned Properties becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of 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 Assigned Properties' 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 Assigned Properties' 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Assigned Properties 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 Assigned Properties measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Assigned Properties' financial assets at amortized cost include cash in banks, receivables and restricted cash under "Other current assets" and "Other noncurrent assets".

<u>Impairment of Financial Assets</u>
The Assigned Properties 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.

As discussed above, starting January 1, 2021, the Assigned Properties used simplified approach method in calculating its ECL for lease receivables from the previous general approach. Under the simplified approach, the Assigned Properties does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Assigned Properties has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors 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 Assigned Properties' historical observed default rates. The Assigned Properties 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 Assigned Properties considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Assigned Properties may also consider a financial asset to be in default when internal or external information indicates that the Assigned Properties is unlikely to receive the outstanding contractual amounts in full.

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

Prior to January 1, 2021, the Assigned Properties uses general approach in calculating its ECL. Under the general approach, at each reporting date, the Assigned Properties recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. This approach was applied to the ECL calculation of cash in banks, receivables and restricted cash presented in 'Other assets'.

For cash in banks, the Assigned Properties 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 Assigned Properties' 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 Assigned Properties uses the ratings from the external credit rating agencies to determine whether the debt 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 Assigned Properties' financial liabilities include accounts and other payables, lease liabilities, bank loan and other noncurrent liabilities (except for construction bond, security deposits, advance rent and other statutory payables).

Subsequent measurement
Loans and borrowings
This is the category most relevant to the Assigned Properties.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (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 combined carve-out statements of comprehensive income.

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

Derecognition of Financial Assets and Financial Liabilities

Financial asset
A financial asset (or, where applicable, a part of a Assigned Properties of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) the Assigned Properties 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 Assigned Properties 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 Assigned Properties 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 Assigned Properties' 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 Assigned Properties could be required to repay.

Modification of Financial Assets
The Assigned Properties derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in the carve-out 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 Assigned Properties 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 is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the combined carve-out 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
Advances to contractors are advance payments in relation to the Assigned Properties' 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 (VAT)
Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Assigned Properties 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 Assigned Properties upon approval of the BIR. 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 combined carve-out 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 combined carve-out 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 combined carve-out 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.

Restricted cash
Cash restricted for use are bank deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid.

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

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. These deposits are necessary for the continuing construction and development of the Assigned Properties' commercial centers. The noncurrent portion of the account is expected to be realized beyond one year from reporting date.

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

Effective January 1, 2019, it is the Assigned Properties' policy to classify right-of-use assets as part of investment properties. Prior to that date, all of the Assigned Properties' leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded in the combined carve-out statement of financial position. The Assigned Properties recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received.

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

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

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

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

	Years
Buildings and building improvements	10 to 40 years or lease term, whichever is shorter
Right-of-use assets	19 to 23 years

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

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment

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

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

	Years
Transportation equipment	3 to 5
Office furniture, fixtures and equipment	2 to 5
Computer equipment	2 to 5
Other fixed assets	1 to 5

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

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

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

Impairment of Nonfinancial Assets

The Assigned Properties assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Assigned Properties 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 Assigned Properties’ of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Security Deposits
Security deposits represent deposits required by lease agreements. These can be recovered upon termination of the lease agreement through refund or application to unpaid rent and/or other charges.

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.

Invested Equity
The Assigned Properties has neither formed a separate legal entity nor presented any stand-alone financial statements, and accordingly it is not practicable to present share capital or any analysis of equity reserves. The net assets of the Assigned Properties are represented by capital invested in the Assigned Properties and shown as "Invested equity".

Changes in net assets allocated to the Assigned Properties are presented separately in the combined carve-out statements of changes in equity under line item "Equity transactions with VLLI and in the combined carve-out statements of cash flows under line item "Equity financing with VLLI reflecting the internal financing between VLLI and the Assigned Properties during the periods presented.

Earnings Per Share (EPS)
As the combined carve-out financial statements have no legal capital and the financial information has been prepared on a combined basis, it is not possible to measure EPS. Accordingly, the requirement of PAS 33, *Earnings Per Share*, to disclose basic/diluted EPS has not been complied with in these combined carve-out financial statements.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax is provided using the liability method on 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 combined carve-out 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.

Segment Reporting
The Assigned Properties' business is primarily leasing of office and commercial centers which are all located in the Philippines and treated as one segment. The segmentation is the basis of the chief operating decision maker's internal reports allocation resources, and the evaluation of performance.

Provisions
Provisions are recognized when the Assigned Properties 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 Assigned Properties expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in combined carve-out statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the combined carve-out 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 combined carve-out 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 Assigned Properties' position at the reporting date (adjusting events) are reflected in the combined carve-out financial statements. Any post year-end events that are not adjusting events are disclosed in the combined carve-out financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of combined carve-out financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the combined carve-out financial statements and accompanying notes. The estimates and assumptions used in the combined carve-out financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments
In the process of applying the Assigned Properties' 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 combined carve-out financial statements:

Basis for preparing combined carve-out financial statements
In preparing the combined carve-out financial statements, management considers the following factors: (a) whether the entities or profit centers to be carved-out and combined are under common control for the full or a portion of the periods covered by the combined carve-out financial statements, (b) the purpose of the combined carve-out financial statements, and (c) the intended users of the combined carve-out financial statements.

Based on management judgment, the Assigned Properties can prepare combined carve-out financial statements because the entities or profit centers to be carved-out and combined are ultimately under common control by VLLI during the periods presented and the combined carve-out financial statements will provide the historical combined financial position and performance and cash flows of the combining income-generating investment properties which are intended to be used by a wide range of users, including VOI's stockholders and the public, who cannot obtain the financial information through other means or do not have access to the internal information of the Sponsors.

Allocation of common overhead costs
The Sponsors centrally administer and incur the costs associated with certain functions on a centralized basis, which include depreciation, light and water, outside services, rentals, salaries and employee benefits, taxes and licenses, repairs and maintenance, and other operating expenses, and allocates the associated costs to the Assigned Properties. The costs incurred have been allocated to the Assigned Properties based on a single allocation method using the gross floor area of the profit centers or buildings. This allocation method was applied across profit centers of the Sponsors which was assessed to be deemed appropriate and reasonable by management.

Non-transfer of Intercompany debt
The Assigned Properties is not a legal obligor of a debt instrument for all periods presented, but the proceeds from the obligation were used to fund the historical operations of the Assigned Properties. Accordingly, this transaction with VLLI is reflected in the accompanying combined carve-out statements of changes in equity as "Equity transactions with VLLI and in the accompanying combined carve-out statements of financial position within "Invested equity". For Vista Hub BGC, the loan is directly attributable to the construction of the units included in the Assigned Properties, hence was included in the combined carved-out financial statements. This financing arrangement was agreed among the Assigned Properties, Sponsors and VLLI.

Principal versus agent considerations
The contract for the commercial center and office spaces leased out by the Assigned Properties 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 Assigned Properties determined that it is acting as an agent because the promise of the Assigned Properties to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Assigned Properties, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Assigned Properties 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 Assigned Properties acts as a principal. This is because it is the Assigned Properties 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 Assigned Properties has the discretion on how to price the CUSA and air conditioning charges.

Operating Lease Commitments - as Lessee (Before January 1, 2019)
The Assigned Properties has entered into a lease agreement as a lessee. Management has determined that all the significant risks and benefits of ownership of this property, which the Assigned Properties lease under operating lease arrangement, remain with the lessor. Accordingly, the lease was accounted for as operating lease. Rent expense amounted to ₱33.86 million in 2018.

Determination of the lease term (On or after January 1, 2019)
The Assigned Properties 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 Assigned Properties enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Assigned Properties determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Assigned Properties 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 Assigned Properties does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Sponsors have lease contracts for the land where investment properties are situated that includes an extension and a termination option. The Assigned Properties 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 Assigned Properties 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).

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

Assessment on whether lease concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Assigned Properties waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Assigned Properties applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Assigned Properties determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Assigned Properties assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver but instead is covered by a special law or regulation issued by the Republic of the Philippines during the pandemic - Republic Act (RA) Nos. 11649 and 11494, Bayanihan to Heal as One Act and Bayanihan to Recover as One Act, respectively and Memorandum Circulars and other implementing rules and regulations were also issued by various government sectors in 2021 and 2020 to supplement the implementation of the said Republic Acts, which relates to matters affected with public policy and therefore, is not a lease modification under PFRS 16. Consequently, this is treated as a variable lease.

The rent concessions granted by the Assigned Properties for the years ended December 31, 2021 and 2020 amounted to ₱52.30 million and ₱345.08 million, respectively (see Note 19).

Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates
Upon adoption of the Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments,* the Assigned Properties has assessed whether it has any uncertain tax position. The Assigned Properties applies significant judgment in identifying uncertainties over its income tax treatments. The Assigned Properties determined based on its assessment, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the combined carve out financial statements of the Assigned Properties.

<u>Management's Use of Estimates</u>
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
The Assigned Properties recognizes a loss allowance on lease receivables based on lifetime ECLs effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

The Assigned Properties uses external credit rating approach to calculate ECL for cash in banks and restricted cash. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. These information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

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 Assigned Properties' historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For 2020 and 2021, the Assigned Properties has considered the impact of COVID-19 pandemic in its ECL calculations. Tenants which belong to micro, small and medium enterprise and those operating under entertainment, non-essentials and food industries are also adversely affected due to temporary closure of mall operations. This increases the risk of non-collection of the remaining receivables.

As a result of the loss estimation, management recognized impairment loss for receivable from tenants in each period presented. Further details on the expected credit losses are disclosed in Note 7.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the combined carve-out statement of financial position or disclosed in the notes to the combined carve-out financial statements cannot be derived from active markets, they are determined using valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Further details about the fair value of financial instruments are provided in Note 17.

Evaluation of impairment of nonfinancial assets
The Assigned Properties reviews property and equipment, investment properties and other nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends including impact of COVID-19 Pandemic.

The Assigned Properties 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 Assigned Properties is required to make estimates and assumptions that may affect property and equipment, investment properties and other nonfinancial assets. Further details are provided in Note 9.

Leases - Estimating the incremental borrowing rate
The Assigned Properties cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Assigned Properties would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Assigned Properties 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Assigned Properties estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. Further details are provided in Note 17.

Useful lives of investment properties
The Assigned Properties' estimated the useful lives of its investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. For investment properties located in parcels of land that the Assigned Properties lease, the Assigned Properties also consider the non-cancellable term of the lease in determining the useful lives of the leasehold improvements. Further details are provided in Note 2.

6. Cash in Banks

Cash in banks earn interest at the prevailing bank deposit rates ranging from 0.10% to 0.25% in 2021, 2020, 2019 and 2018.

Interest earned from cash in banks for the years ended December 31, 2021, 2020, 2019 and 2018 amounted to ₱1.03 million, ₱4.74 million, ₱1.89 million and ₱4.24 million, respectively (see Note 14).

7. Receivables

This account consists of:

	2021	2020	2019	2018
Accounts receivable from tenants (Note 16)	**₱685,813,551**	₱446,427,701	₱382,694,558	₱487,792,844
Accrued rent receivable (Note 16)	**1,937,590,647**	1,306,163,196	874,718,152	697,024,004
Others	**4,317,547**	13,401,577	2,535,009	10,911,982
	2,627,721,745	1,765,992,474	1,259,947,719	1,195,728,830
Less allowance for impairment losses	**(96,511,781)**	(56,269,659)	(21,605,360)	(11,197,989)
	2,531,209,964	1,709,722,815	1,238,342,359	1,184,530,841
Less noncurrent portion	**1,673,565,454**	1,088,294,649	639,973,999	553,792,824
	₱857,644,510	₱621,428,166	₱598,368,360	₱630,738,017

Accounts receivable from tenants
Accounts receivable from tenants represent the outstanding receivables arising from leasing activities and are collectible within 30 days from billing date. Except for lease contracts with related parties, these are covered by security deposit of tenants' equivalent to 2 to 4-month rental and 2 to 4-month advance rental paid by the lessees. This includes both the billed fixed and contingent portion of lease.

Accrued rent receivable
Accrued rent receivable pertains to the effect of straight-line calculation of rental income.
The noncurrent portion of accrued rent receivable are expected to be realized beyond one year from the reporting date.

On September 28, 2018, Fine Properties Inc. (Ultimate Parent), MAPI, MC and AllValue HOLDINGS CORP. Group of companies (AllValue Group, composed mainly of AllHome Corporation and AllDay Marts, Inc.), entered into a Deed of Assignment wherein Fine Properties assumed ₱760.86 million of AllValue Group's rental payable to MAPI and MC which reduced the Assigned Properties' "Accounts receivable from tenants" by the same amount. AllValue Group is an anchor tenant of the Assigned Properties (see Note 16).

On various dates in 2021 and 2020, certain third party and related party tenants of the Assigned Properties operating within the entertainment, food and low-priced apparel retailing have requested for the termination of their lease contracts with the Assigned Properties prior to the original end dates. The requests, as granted by the Assigned Properties, are primarily due to the impact of COVID 19 pandemic to their business. As agreed with these tenants, all billed receivables up to termination date will be collected. As a result of this, the Assigned Properties reversed the accrued rental receivable which is the effect of straight-line calculation of rental income of those tenants who pre-terminated the contracts amounting to ₱1.66 million and ₱219.75 million against rental income for the year ended December 31, 2021 and 2020, respectively. The related deferred tax liability of ₱0.42 million and ₱54.94 million for the reversed accrued rental receivable from tenants was reversed in 2021 and 2020, respectively. Of these terminated tenants in 2021 and 2020, ₱0.13 million and ₱216.70 million were related parties. The specific portion relating to the termination of related party tenants are included in the related party transactions disclosure of the Assigned Properties (see Note 16).

The rollforward analysis of allowance for impairment losses are as follow:

	2021	2020	2019	2018
Allowance for impairment losses, beginning	**₱56,269,659**	₱21,605,360	₱11,197,989	₱16,205,974
Provision during the year	**42,853,225**	36,514,778	10,407,371	11,197,989
Recoveries	**(2,611,103)**	(1,850,479)	–	–
Write-off	**–**	–	–	(16,205,974)
Allowance for impairment losses, ending	**₱96,511,781**	₱56,269,659	₱21,605,360	₱11,197,989

8. **Other Assets**

This account consists of:

	2021	2020	2019	2018
Input VAT - net	**₱821,149,997**	₱951,332,085	₱1,021,536,753	₱970,328,184
Advances to contractors	**378,760,615**	195,632,587	201,943,682	589,270,967
Refundable deposits	**128,043,354**	128,033,471	126,527,875	100,495,971
Restricted cash (Note 12)	**91,452,939**	117,953,403	107,844,515	107,844,515
Prepaid expenses	**49,323,061**	52,396,201	88,669,912	80,579,049
Others	**4,015,720**	3,379,360	3,186,247	3,906,062
	1,472,745,686	1,448,727,107	1,549,708,984	1,852,424,748
Less noncurrent portion:				
Input VAT	**523,054,842**	814,821,777	872,679,219	803,744,701
Advances to contractors	**378,760,615**	195,632,587	201,943,682	589,270,967
Refundable deposits	**127,904,054**	128,028,571	126,522,975	100,495,971
Restricted cash	**6,437,651**	28,210,042	13,243,188	8,645,007
	1,036,157,162	1,166,692,977	1,214,389,064	1,502,156,646
	₱436,588,524	₱282,034,130	₱335,319,920	₱350,268,102

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.

Advances to contractors are advance payments in relation to the Assigned Properties' 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.

Refundable deposits pertain to deposits on utility subscriptions, rental deposits and security deposits. These deposits shall be applied against unpaid utility expenses and rent expenses upon termination of the contracts. These deposits are necessary for the continuing construction and development of the Assigned Properties.

Cash restricted for use are deposits restricted solely for payment of the principal amortization and interest of bank loan. These deposits bear prevailing interest rates and will be retained as deposits until the bank loan is fully paid. Deposit balance should be equivalent to two quarters of debt amortization.

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

9. Investment Properties

The rollforward analysis of this account follows:

	December 31, 2021				
	Land	**Building and Building Improvements**	**Construction in Progress**	**Right-of-use Assets**	**Total**
Cost					
At beginning of year	**₱5,662,501,773**	**₱12,481,440,926**	**₱207,862,683**	**₱381,956,332**	**₱18,733,761,714**
Additions	**7,744,450**	**34,460,074**	**25,842,672**	**–**	**68,047,196**
Reclassification	**–**	**165,351,866**	**(165,351,866)**	**–**	**–**
At end of year	**5,670,246,223**	**12,681,252,866**	**68,353,489**	**381,956,332**	**18,801,808,910**
Accumulated Depreciation					
At beginning of year	**–**	**2,249,972,694**	**–**	**33,519,276**	**2,283,491,970**
Depreciation	**–**	**559,794,356**	**–**	**16,759,638**	**576,553,994**
At end of year	**–**	**2,809,767,050**	**–**	**50,278,914**	**2,860,045,964**
Net Book Value	**₱5,670,246,223**	**₱9,871,485,816**	**₱68,353,489**	**₱331,677,418**	**₱15,941,762,946**

	December 31, 2020				
	Land	Building and Building Improvements	Construction in Progress	Right-of-use Assets	Total
Cost					
At beginning of year	₱5,659,236,531	₱12,302,221,386	₱204,901,850	₱381,956,332	₱18,548,316,099
Additions	3,265,242	30,471,652	151,708,721	–	185,445,615
Reclassification	–	148,747,888	(148,747,888)	–	–
At end of year	5,662,501,773	12,481,440,926	207,862,683	381,956,332	18,733,761,714
Accumulated Depreciation					
At beginning of year	–	1,692,518,940	–	16,759,638	1,709,278,578
Depreciation	–	557,453,754	–	16,759,638	574,213,392
At end of year	–	2,249,972,694	–	33,519,276	2,283,491,970
Net Book Value	₱5,662,501,773	₱10,231,468,232	₱207,862,683	₱348,437,056	₱16,450,269,744

		December 31, 2019			
	Land	Building and Building Improvements	Construction in Progress	Right-of-use Assets	Total
Cost					
At beginning of year	₱3,020,091,252	₱10,272,562,625	₱924,340,247	₱–	₱14,216,994,124
Additions /adoption of PFRS 16	2,639,145,279	47,120,585	1,263,099,779	381,956,332	4,331,321,975
Reclassification	–	1,982,538,176	(1,982,538,176)	–	–
At end of year	5,659,236,531	12,302,221,386	204,901,850	381,956,332	18,548,316,099
Accumulated Depreciation					
Balances at beginning of year	–	1,104,806,504	–	–	1,104,806,504
Depreciation	–	587,712,436	–	16,759,638	604,472,074
At end of year	–	1,692,518,940	–	16,759,638	1,709,278,578
Net Book Value	₱5,659,236,531	₱10,609,702,446	₱204,901,850	₱365,196,694	₱16,839,037,521

	December 31, 2018			
	Land	Building and Building Improvements	Construction in Progress	Total
Cost				
At beginning of year	₱2,989,932,254	₱7,682,602,927	₱1,039,883,948	₱11,712,419,129
Additions	30,158,998	303,566,717	2,170,849,280	2,504,574,995
Reclassification	–	2,286,392,981	(2,286,392,981)	–
At end of year	3,020,091,252	10,272,562,625	924,340,247	14,216,994,124
Accumulated Depreciation				
At beginning of year	–	745,085,871	–	745,085,871
Depreciation	–	359,720,633	–	359,720,633
At end of year	–	1,104,806,504	–	1,104,806,504
Net Book Value	₱3,020,091,252	₱9,167,756,121	₱924,340,247	₱13,112,187,620

Investment properties consist of land, building and building improvements, construction in progress and right of use asset related to leasing activities as office spaces and commercial centers that are located in key cities and municipalities in the Philippines. The right-of-use asset pertains to the leased land where Vista Mall Antipolo, Starmall Talisay-Cebu, Vista Mall General Trias and Vista Mall Tanza are situated.

Total rental income earned from investment properties amounted to ₱2,200.49 million, ₱1,911.50 million, ₱1,837.86 million and ₱1,454.83 million in 2021, 2020, 2019 and 2018, respectively.

Included in rental income is variable rent earned from investment properties amounting to ₱453.26 million, ₱430.19 million, ₱429.67 million and ₱130.16 million in 2021, 2020, 2019 and 2018, respectively, and income from CUSA earned from investment properties amounting to ₱222.25 million, ₱222.61 million, ₱235.84 million and ₱212.22 million in 2021, 2020, 2019 and 2018, respectively.

Repairs and maintenance costs incurred arising from the investment properties amounted to ₱49.95 million, ₱45.46 million, ₱71.60 million and ₱64.77 million for the years ended December 31, 2021, 2020, 2019 and 2018, respectively. Direct cost of property operations amounted to ₱948.95 million, ₱946.46 million, ₱1,156.30 million and ₱888.11 million for the years ended December 31, 2021, 2020, 2019 and 2018, respectively.

The aggregate fair values of investment properties, as determined by Asian Appraisal, a third-party appraiser, as of December 31, 2021 and 2020 amounted to ₱35,952.99 million and ₱33,303.11 million, respectively. In the determination of fair values, the income approach method was used considering annual rental escalation rates ranging from 5% to 10% for the fixed payments and minimum rental guaranteed for the remaining life of the commercial centers and office buildings, discounted using 8.10% to 8.67% determined using the weighted average cost of capital.

The calculation of fair value assumed a 5-year explicit forecast and terminal value using Gordon growth model.

All fair market valuations are under Level 3 category.

The Assigned Properties has no restrictions on the realizability of its investment properties and except for awarded contracts, there are no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements. The total contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancement amounted to ₱223.86 million, ₱162.60 million, ₱209.34 million and ₱175.59 million as of December 31, 2021, 2020, 2019 and 2018, respectively.

Starmall San Jose Del Monte and Vista Mall Imus are used as collateral to the Sponsor's bank loans with maturity of March 2022 and these bank loans will not be transferred to the Assigned Properties.

10. **Accounts and Other Payables**

This account consists of:

	2021	2020	2019	2018
Deferred output VAT	**₱247,991,610**	₱134,388,599	₱94,209,071	₱103,773,441
Accounts payable:				
Supplier	**58,769,327**	53,367,767	57,410,121	56,587,148
Contractors	**104,667,453**	116,687,559	29,558,543	76,317,107
Accrued expenses	**58,948,095**	61,116,133	54,871,055	70,828,431
Current portion of retention payable	**31,385,204**	36,495,549	74,126,150	175,527,468
Other payables	**56,170,909**	61,723,557	72,195,819	94,991,601
	₱557,932,598	₱463,779,164	₱382,370,759	₱578,025,196

Deferred output VAT
Deferred output VAT pertains to the output VAT on receivables from the Assigned Properties' leasing operations. This amount is reclassified to output VAT upon collection of the receivables.

Accounts payable - suppliers
Accounts payable - suppliers represent payables related to construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not yet due. These are expected to be settled within a year from reporting date.

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

Accrued expenses
Accrued expenses represent the accrual for rentals (including straight-line recognition of rent expense) for year 2018, external contracted services and other administrative expenses which are expected to be settled within 12 months after the end of the reporting period. The accruals for rentals that were reversed upon adoption of PFRS 16 amounted to ₱27.49 million in 2019.

The details of accrued expenses are as follow:

	2021	2020	2019	2018
Security services	**₱26,448,348**	₱32,955,243	₱28,636,629	₱24,818,300
Outside services and utilities	**15,649,236**	13,534,525	12,478,669	9,728,331
Repairs and maintenance	**10,340,843**	8,039,085	9,282,354	5,898,612
Advertising	**4,808,591**	4,065,382	3,342,340	2,023,949
Rental	**–**	–	–	27,485,639
Others	**1,701,077**	2,521,898	1,131,063	873,600
	₱58,948,095	₱61,116,133	₱54,871,055	₱70,828,431

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. Retention payables that are payable beyond one year from year end date are presented as other noncurrent liabilities.

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 and Other Noncurrent Liabilities

Security deposits and advance rent consists of:

	2021	2020	2019	2018
Security deposits	**₱339,598,260**	₱339,241,437	₱303,273,912	₱235,451,840
Advance rent	**162,112,300**	159,879,719	296,884,570	37,689,417
	501,710,560	499,121,156	600,158,482	273,141,257
Less noncurrent portion:				
Security deposits	**43,031,037**	118,997,695	119,760,864	97,847,689
Advance rent	**51,874,644**	79,256,543	41,283,028	7,738,192
	94,905,681	198,254,238	161,043,892	105,585,881
	₱406,804,879	₱300,866,918	₱439,114,590	₱167,555,376

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 for those contracts with end date within one year from balance sheet 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 2 to 4-month rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings. Current portion are those to be applied within one year from financial reporting date.

Other noncurrent liabilities consist of long-term portion of:

	2021	2020	2019	2018
Advance rent	**₱51,874,644**	₱79,256,543	₱41,283,028	₱7,738,192
Security deposits	**43,031,037**	118,997,695	119,760,864	97,847,689
Liabilities for purchased land	**34,383,795**	35,266,230	35,266,230	34,381,455
Retention payable (Note 10)	**18,223,497**	19,756,924	21,198,450	19,910,285
Construction bond	**13,253,986**	19,371,536	13,276,471	12,350,095
	₱160,766,959	₱272,648,928	₱230,785,043	₱172,227,716

12. Bank Loans

Bank loans pertain to the borrowing from a local bank to finance the construction of Vista Hub.

The rollforward analysis of this account follows:

	2021	2020	2019	2018
Balance at beginning of year	**₱571,428,571**	₱714,285,714	₱857,142,857	₱1,000,000,000
Payment	**(142,857,143)**	(142,857,143)	(142,857,143)	(142,857,143)
Balance at end of year	**428,571,428**	571,428,571	714,285,714	857,142,857
Debt issue cost:				
Balance at the beginning of the year	**2,289,965**	3,648,782	5,359,930	7,451,526
Amortization	**(1,021,092)**	(1,358,817)	(1,711,148)	(2,091,596)
Balance at end of the year	**1,268,873**	2,289,965	3,648,782	5,359,930
Carrying value	**427,302,555**	569,138,606	710,636,932	851,782,927
Less current portion	**142,147,719**	141,836,051	141,498,326	141,145,995
Noncurrent portion	**₱285,154,836**	₱427,302,555	₱569,138,606	₱710,636,932

Details of the bank loans are as follow:

Date of Availment	**Maturity**	**Interest Rate**	**Payment Terms**	**Covenants/ Collaterals**
December 2016	December 2024	6.70%	Interest payable quarterly, principal payable quarterly	Unsecured

Cash restricted for use are deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid. Deposit balance should be equivalent to two quarters of debt amortization. Interest income from cash restricted for use amounted to ₱6.06 million, ₱5.25 million, ₱2.86 million and ₱2.18 million in 2021, 2020, 2019 and 2018, respectively (see Note 14). The current and noncurrent portion of the restricted cash pertain to the two quarters of debt amortization for the bank loans maturing on or before December 31 of the following year after the reporting period, and bank loans maturing beyond one year from reporting period, respectively.

The bank loan has a covenant that requires the Assigned Properties to maintain a deposit account and authorizes the bank at its option to apply at any time to the payment of any or all outstanding obligations any amount from its deposit account to which the Assigned Properties has complied with for all years presented.

13. Invested Equity

The equity section presented in the combined carve-out balance sheets is prepared by combining the historical equity accounts of VRI, CAPI, CPAM, MAPI and MC and the 'carved-out' historical equity accounts related to the Assigned Properties, adjusted for the effects of elimination of inter-company investments among the combined entities.

Accordingly, the amounts of "Invested equity" shown in the combined carve-out statement of financial position do not necessarily reflect the consolidated amounts of what the Assigned Properties' total equity would have had it been a separate stand-alone entity, during the periods presented. The combined carve-out financial statements neither represent the financial information of the Assigned Properties prepared on a basis as if the Assigned Properties was operating solely, nor do they give an indication of the results, cash flows and financial position of the Assigned Properties in the future.

"Invested equity" pertains to the net assets attributable to the combined assets, excluding the cumulative earnings. "Invested equity" is used to capture the capital/contributions/distributions movement as well as the accumulated results of operations. This is equivalent to equity. The Assigned Properties are not legal entities and have not issued, at their level, their own shares of stock and was not able to present their own equivalent of retained earnings.

14. Interest Income, Other Operating Income and Interest Expense

Interest income consists of:

	2021	2020	2019	2018
Interest income from:				
Cash in banks (Note 6)	**₱1,028,767**	₱4,742,981	₱1,894,487	₱4,240,533
Restricted cash (Note 12)	**6,064,512**	5,249,167	2,860,850	2,180,944
Tenants	**–**	601,765	1,998,427	2,154,260
	₱7,093,279	₱10,593,913	₱6,753,764	₱8,575,737

Other operating income consists of:

	2021	2020	2019	2018
Administrative fees	**₱41,840,212**	₱20,134,432	₱92,942,019	₱52,445,437
Mall maintenance and security fees	**18,770,226**	13,472,642	34,401,998	31,339,532
Advertising fees	**16,589,606**	7,054,085	9,561,468	7,790,416
Forfeited deposits and advances	**2,450,912**	2,500	1,599,107	7,634,796
Miscellaneous	**1,953,607**	3,652,966	8,884,019	6,421,345
	₱81,604,563	₱44,316,625	₱147,388,611	₱105,631,526

Interest and other financing charges consist of:

	2021	2020	2019	2018
Interest incurred on:				
Lease liabilities (Note 19)	**₱44,061,051**	₱43,314,192	₱38,903,571	₱–
Bank loans	**32,927,987**	42,299,370	51,393,740	60,591,195
Bank charges	**954,850**	1,357,835	1,711,148	2,092,646
	₱77,943,888	₱86,971,397	₱92,008,459	₱62,683,841

15. **Income Tax**

Corporate Recovery and Tax Incentives for Enterprises Act or “CREATE”
President Rodrigo Duterte signed into law on March 26, 2021 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.

On April 8, 2021, the Secretary of Finance, with recommendation from the Commissioner of the Bureau of Internal Revenue, promulgated the Implementing Rules and Regulations for the effectivity of the approved provisions of CREATE Act and clarified how the taxable income for the period beginning July 1, 2020 will be computed.

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

- 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 Php5 million and with total assets not exceeding Php100 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 reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
    - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
    - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
    - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

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

As a result of reduction in RCIT rate, the provision for current income tax for the year ended December 31, 2020 and income tax payable as of December 31, 2020 decreased by ₱11.95 million. In addition, the provision for deferred tax for the year then ended December 31, 2020 and deferred tax liabilities as of December 31, 2020 decreased by ₱61.41 million. For financial reporting purposes, these changes are recognized in the 2021 financial statements in accordance with PIC Q&A 2020-07.

The total reduction in income tax expense in 2021 amounting to ₱40.67 million is composed of ₱28.72 million coming from reduction in tax rate from 30% to 25% for 2021 taxable income and ₱11.95 million coming from the 5% tax expense for 2020 taxable income recorded as reduction for financial reporting in 2021.

Provision for income tax consists of:

	2021	2020	2019	2018
Current:				
RCIT	**₱131,654,328**	₱141,589,538	₱165,042,570	₱191,223,482
Final	**1,182,124**	1,706,279	138,258	864,684
Deferred	**79,517,335**	110,851,931	39,451,285	(13,703,124)
	₱212,353,787	₱254,147,748	₱204,632,113	₱178,385,042

The components of the Assigned Properties' deferred tax assets (liabilities) are as follows:

	2021	2020	2019	2018
Deferred tax assets on:				
Lease liabilities	**₱107,046,698**	₱126,283,190	₱124,176,145	₱–
Allowance for impairment	**24,127,945**	16,880,898	6,481,608	3,359,397
Straight lining of rent expense	–	–	–	8,245,692
	131,174,643	143,164,088	130,657,753	11,605,089
Deferred tax liabilities on:				
Right-of-use assets	**(82,919,355)**	(104,531,117)	(109,559,008)	–
Straight lining of rent income	**(484,397,662)**	(391,848,959)	(262,415,446)	(209,107,201)
Capitalized interest and other expenses	**(11,808,469)**	(15,217,520)	(16,264,876)	(17,312,233)
	(579,125,486)	(511,597,596)	(388,239,330)	(226,419,434)
	(₱447,950,843)	(₱368,433,508)	(₱257,581,577)	(₱214,814,345)

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:

	2021	2020	2019	2018
Statutory income tax	**₱285,711,133**	₱254,156,279	₱204,632,804	₱178,389,366
Add (deduct) tax effects of:				
Benefit from change of income tax rate	**(73,357,212)**	–	–	–
Nondeductible interest and other expense	**295,531**	844,608	68,438	428,017
Income already subject to final taxes	**(295,531)**	(853,139)	(69,129)	(432,341)
Non-taxable income	**(134)**	–	–	–
	₱212,353,787	₱254,147,748	₱204,632,113	₱178,385,042

16. **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 that are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities. 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 combined carve-out statements of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable (payable) with related parties as at December 31, 2021, 2020, 2019 and 2018:

December 31, 2021

	Nature of Transaction	**Volume**	**Amount**	**Terms**	**Conditions**
Accounts receivable from tenants and accrued rent receivable (Note 7)					
Entities under common control	**a) Rental of commercial spaces**	**₱1,639,416,773**	**₱2,403,926,584**	**Due and demandable; noninterest-bearing**	**Unsecured; No impairment**
Payable to related parties					
Entity under common control	**b) Management fee**	**₱33,865,979**	**₱–**	**Noninterest-bearing**	**Unsecured**
Lease Liabilities					
Entities under common control	**c) Rentals of parcels of land**	**₱6,311,423**	**₱333,153,538**	**Interest-bearing**	**Unsecured**

December 31, 2020

	Nature of Transaction	Volume	Amount	Terms	Conditions
Accounts receivable from tenants and accrued rent receivable (Note 7)					
Entities under common control	a) Rental of commercial spaces	₱1,428,293,802	₱1,505,293,304	Due and demandable; noninterest-bearing	Unsecured; No impairment
Payable to related parties					
Entity under common control	b) Management fee	₱33,865,979	₱–	Noninterest-bearing	Unsecured
Lease Liabilities					
Entities under common control	c) Rentals of parcels of land	₱5,929,357	₱326,842,125	Interest-bearing	Unsecured
Advance rent					
Entities under common control	d) Advance rentals	(₱207,996,359)	₱–	Noninterest-bearing	Unsecured

December 31, 2019

	Nature of Transaction	Volume	Amount	Terms	Conditions
Accounts receivable from tenants and accrued rent receivable (Note 7)					
Entities under common control	a) Rental of commercial spaces	₱1,170,709,938	₱1,028,648,797	Due and demandable; noninterest-bearing	Unsecured; No impairment
Payable to related parties					
Entity under common control	b) Management fee	₱33,865,979	₱–	Noninterest-bearing	Unsecured
Lease Liabilities					
Entities under common control	c) Rentals of parcels of land	₱320,912,769	₱320,912,769	Interest-bearing	Unsecured
Advance rent					
Entities under common control	d) Advance rentals	₱–	₱207,996,359	Noninterest-bearing	Unsecured

December 31, 2018

	Nature of Transaction	Volume	Amount	Terms	Conditions
Accounts receivable from tenants and accrued rent receivable (Note 7)					
Entities under common control	a) Rental of commercial spaces	₱881,883,652	₱865,903,201	Due and demandable; noninterest-bearing	Unsecured; No impairment

a) The Assigned Properties have operating lease agreements with entities under common control for the leases of commercial centers. The lease agreements are renewable annually and contains escalation clauses. Rental income and receivables including the effect of straight-line calculation from related parties amounted to ₱1,639.42 million and ₱2,403.93 million, respectively, as of December 31, 2021, ₱1,428.29 million and ₱1,505.29 million respectively, as of December 31, 2020, ₱1,170.71 million and ₱1,028.65 million, respectively, as of December 31, 2019 and ₱881.88 million and ₱865.90 million, respectively, as of December 31, 2018. These receivables from these related parties which are recognized as 'Accrued rent receivable' under 'Receivables' are not impaired (Note 7).

   Included in the related party tenants are the AllValue HOLDINGS CORP. group of companies (AllValue Group), anchor tenant, which is comprised of AllHome Corp., AllDay Marts, Inc., All Day Retail Concepts, Inc., Family Shoppers Unlimited, Inc., and CM Star Management, 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 annually and contains escalation clauses.

   Rental income and receivables including the effect of straight-line calculation from AllValue Group amounted to ₱1,591.90 million and ₱2,131.97 million, respectively, as of December 31, 2021, ₱1,461.39 million and ₱1,226.11 million respectively, as of December 31, 2020, ₱954.58 million and ₱622.50 million, respectively, as of December 31, 2019 and ₱675.33 million and ₱515.33 million, respectively, as of December 31, 2018. These receivables from AllValue Group which are recognized as 'Accrued rent receivable' under 'Receivables' are not impaired (Note 7).

   Please refer to Note 7 for the terminated contracts of related parties due to the impact of the pandemic.

   In May and November 2019, the Assigned Properties amended certain lease contracts with AllValue Group. The amendments of the lease contracts are as follow:

   a. Extension of the lease term by 10-15 years commencing from the lease modification date; and
   b. From annual fixed rent to variable rent based on agreed percentage on gross sales or agreed minimum guaranteed rent (MGR) with annual escalation, whichever is higher.

   In September 2018, the Assigned Properties amended certain lease contracts with AllValue Group by increasing the fixed rental rate per square meter with annual escalation.

b) In 2019, the Assigned Properties entered into management contract with Camella Homes Inc. which charges the Assigned Properties management fees for services rendered and are lodged in the "Management fees" account in combined carve-out statements of comprehensive income.

c) MAPI entered into lease agreement with Communities Cebu, Inc. for the lease of parcel of land wherein the Vista Mall Talisay - Cebu is situated. MAPI also entered into lease agreements with Household Development Corporation pertaining to parcels of land wherein Vista Mall General Trias and Vista Mall Tanza are located. These leases have terms of 19-23 years, with rental escalation clauses ranging from 3.00% to 7.00% and renewal options. See Note 19.

d) In 2019, various entities within the AllValue Group made advance payment of rentals amounting to ₱208.00 million. These were fully applied against billings in 2020.

Key Management Personnel Compensation
The key management personnel of the Assigned Properties are employees of the Sponsors. The compensation of the said employees is paid by the Sponsors and as such, necessary disclosures required by PAS 24, *Related Party Disclosure*, are included in the Sponsors' financial statements.

17. Fair Value Determination

The Assigned Properties 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*:* other valuation techniques involving inputs other than quoted prices included 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, receivables, restricted cash, accounts and other payables (except for other statutory payables): Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the combined carve-out statements of financial position except for the carrying value of the noncurrent portion of restricted cash which represents its fair value as it carries interest rate that are prevailing market rates for similar type of instrument.

Bank loan: Estimated fair value are based on the discounted value of future cash flows using the prevailing interest rates for similar types of instruments as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 2.67% to 4.83% in 2021, 2.70% to 3.88% in 2020, 4.78% to 5.64% in 2019 and 4.17% to 5.08% in 2018.

Lease liabilities: Estimated fair value are based on the discounted value of future cash flows using the prevailing interest rates for similar types of instruments as of the reporting date using the remaining terms of maturity. The discount rate ranged from 2.59% to 6.67% in 2021, 2.57% to 5.54% in 2020, 4.69% to 7.10% in 2019.
Retention payable and liabilities for purchased land: Estimated fair value are based on the discounted value of future cash flows using the prevailing interest rates for similar types of instruments as of the reporting date using the remaining terms of maturity. The discount rate ranged from 3.24% to 4.26% in 2021, 3.29% to 3.43% in 2020, 5.00% to 5.32% in 2019 and 7.75% to 7.86% in 2018.

The following table provides the fair value measurement hierarchy of the Assigned Properties' financial liabilities recognized as at December 31, 2021, 2020, 2019 and 2018:

	December 31, 2021				
		Fair Value			
	Carrying Value	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loan	**₱427,302,555**	**₱–**	**₱–**	**₱456,666,701**	**₱456,666,701**
Lease liabilities	**428,186,793**	–	–	**606,559,381**	**606,559,381**
Retention payable	**49,608,701**	–	–	**47,165,835**	**47,165,835**
Liabilities for purchased land	**34,383,795**	–	–	**31,632,727**	**31,632,727**

	December 31, 2020				
		Fair Value			
	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loan	₱569,138,606	₱–	₱–	₱626,933,640	₱626,933,640
Lease liabilities	420,943,966	–	–	698,823,512	698,823,512
Retention payable	56,252,473	–	–	53,802,312	53,802,312
Liability for purchased land	35,266,230	–	–	32,968,717	32,968,717

	December 31, 2019				
				Fair Value	
	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loan	₱710,636,932	₱–	₱–	₱790,221,284	₱790,221,284
Lease liabilities	413,920,483	–	–	595,466,467	595,466,467
Retention payable	95,324,600	–	–	89,711,680	89,711,680
Liability for purchased land	35,266,230	–	–	31,794,811	31,794,811

	December 31, 2018				
	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loan	₱851,782,927	₱–	₱–	₱977,683,742	₱977,683,742
Retention payable	195,437,752	–	–	180,012,031	180,012,031
Liability for purchased land	34,381,455	–	–	29,555,343	29,555,343

In 2021, 2020, 2019 and 2018, there were no transfers between levels of fair value measurements.

Significant increases (decreases) in discount rate would result in significantly (lower) higher fair value of the financial liabilities.

Description of significant unobservable inputs to valuation:

Account	Valuation Technique	Significant Unobservable Inputs
Bank loan	Discounted cash flow analysis	Discount rate
Lease liabilities	Discounted cash flow analysis	Discount rate
Retention payable	Discounted cash flow analysis	Discount rate
Liability for purchased land	Discounted cash flow analysis	Discount rate

18. **Financial Assets and Liabilities**

Financial Risk Management Objectives and Policies

Financial risk
The Assigned Properties' principal financial liabilities comprise of accounts and other payables, bank loan, lease liabilities, and other liabilities (except for security deposit, advance rent, construction bond, and deferred output VAT and other statutory payables). The main purpose of the Assigned Properties' financial liabilities is to raise financing for the Assigned Properties' operations. The Assigned Properties has various financial assets such as cash in banks, receivables and restricted cash 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 Board of Directors (BOD) reviews and approves with policies for managing each of these risks. The Assigned Properties 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 Assigned Properties' risk management policies are summarized below. The exposure to risk and how they arise, as well as the Assigned Properties' objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Assigned Properties is exposed to credit risk from its operating activities primarily from receivables from tenants.

Customer credit risk is managed by each business unit subject to the Assigned Properties' 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 Assigned Properties, which are comprised of cash in banks and restricted cash, the Assigned Properties' exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Assigned Properties manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years.

The Assigned Properties 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.

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 2 to 4-month lease payment to cover any defaulting amounts and advance rentals also equivalent to 2 to 4-month rent.

Credit risk arising from receivable from related party tenants outside AllValue Group is minimal due to the guarantee provided by Fine Properties, Inc., the ultimate parent of VLLI.

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

The Assigned Properties' maximum exposure to credit risk as of December 31, 2021, 2020, 2019 and 2018 is equal to the carrying values of its financial assets.

As of December 31, 2021, 2020, 2019 and 2018, the credit quality per class of financial assets is as follows:

	2021					
	Neither Past Due nor Impaired					
	High Grade	**Standard**	**Substandard Grade**	**Past due but not Impaired**	**Impaired**	**Total**
Cash in banks	**₱19,068,536**	**₱–**	**₱–**	**₱–**	**₱–**	**₱19,068,536**
Trade and other receivables	**1,972,628,576**	**–**	**–**	**558,581,388**	**96,511,781**	**2,627,721,745**
Restricted cash	**91,452,939**	**–**	**–**	**–**	**–**	**91,452,939**
	₱2,083,150,051	**₱–**	**₱–**	**₱558,581,388**	**₱96,511,781**	**₱2,738,243,220**

	2020					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash in banks	₱20,836,203	₱–	₱–	₱–	₱–	₱20,836,203
Trade and other receivables	1,344,886,415	–	–	364,836,400	56,269,659	1,765,992,474
Restricted cash	117,953,403	–	–	–	–	117,953,403
	₱1,483,676,021	₱–	₱–	₱364,836,400	₱56,269,659	₱1,904,782,080

	2019					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash in banks	₱193,814,766	₱–	₱–	₱–	₱–	₱193,814,766
Trade and other receivables	937,567,906	–	–	300,774,453	21,605,360	1,259,947,719
Restricted cash	107,844,515	–	–	–	–	107,844,515
	₱1,239,227,187	₱–	₱–	₱300,774,453	₱21,605,360	₱1,561,607,000

	2018					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash in banks	₱107,583,257	₱–	₱–	₱–	₱–	₱107,583,257
Trade and other receivables	775,225,440	–	–	409,305,401	11,197,989	1,195,728,830
Restricted cash	107,844,515	–	–	–	–	107,844,515
	₱990,653,212	₱–	₱–	₱409,305,401	₱11,197,989	₱1,411,156,602

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

High grade - these 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 is readily enforceable).

Standard - these are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

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

Cash in banks and cash equivalents and short-term time deposits are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the 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, 2021, 2020, 2019 and 2018, the aging analyses of the Company's receivables are as follow:

	2021						
		Past due but not impaired					
	Current	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Impaired**	**Total**
Receivables	**₱1,972,628,576**	**₱23,195,414**	**₱367,452**	**₱23,615,549**	**₱511,402,973**	**₱96,511,781**	**₱2,627,721,745**

	2020						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Receivables	₱1,344,886,415	₱32,241,866	₱182,454	₱28,266,533	₱304,145,547	₱56,269,659	₱1,765,992,474

	2019						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Receivables	₱937,567,906	₱28,329,132	₱4,400,885	₱24,176,395	₱243,868,041	₱21,605,360	₱1,259,947,719

	2018						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Receivables	₱775,225,440	₱59,430,587	₱195,475	₱60,640,863	₱289,038,476	₱11,197,989	₱1,195,728,830

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 Assigned Properties 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.

Liquidity Risk

The Assigned Properties monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Assigned Properties 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 Assigned Properties' loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Assigned Properties' objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2021, 2020, 2019 and 2018.

The tables below summarize the maturity profile of the Assigned Properties' financial liabilities as at December 31, 2021, 2020, 2019 and 2018 based on undiscounted contractual payments, including interest payable.

	December 31, 2021				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loan	**₱–**	**₱40,516,358**	**₱125,189,991**	**₱307,271,131**	**₱472,977,480**
Lease liabilities	**–**	**9,341,918**	**28,337,839**	**1,163,424,047**	**1,201,103,804**
Accounts and other payables*	**–**	**110,257,932**	**112,126,943**	**–**	**222,384,875**
Retention payable	**–**	**30,794,384**	**590,820**	**18,223,497**	**49,608,701**
Liability for purchased land	**–**	**–**	**–**	**34,383,795**	**34,383,795**
	₱–	**₱190,910,592**	**₱266,245,593**	**₱1,523,302,470**	**₱1,980,458,655**

** Excluding other statutory payables, deferred output VAT and current portion of retention payable*

	December 31, 2020				
	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loan	₱–	₱42,117,049	₱132,406,220	₱472,977,479	₱647,500,748
Lease liabilities	–	9,080,445	27,737,779	1,201,103,803	1,237,922,027
Accounts and other payables*	–	117,203,707	113,967,752	–	231,171,459
Retention payable	–	20,715,034	15,780,515	19,756,924	56,252,473
Liability for purchased land	–	–	–	35,266,230	35,266,230
	₱–	₱189,116,235	₱289,892,266	₱1,729,104,436	₱2,208,112,937

** Excluding other statutory payables, deferred output VAT and current portion of retention payable*

	December 31, 2019				
	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loan	₱–	₱43,848,944	₱139,622,449	₱647,500,748	₱830,972,141
Lease liabilities	–	8,983,206	27,307,503	1,237,741,299	1,274,032,008
Accounts and other payables*	–	74,111,973	67,727,746	–	141,839,719
Retention payable	–	35,085,394	39,040,756	21,198,450	95,324,600
Liability for purchased land	–	–	–	35,266,230	35,266,230
	₱–	₱162,029,517	₱273,698,454	₱1,941,706,727	₱2,377,434,698

** Excluding other statutory payables, deferred output VAT and current portion of retention payable*

	December 31, 2018				
	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loan	₱–	₱45,318,431	₱146,838,678	₱830,972,141	₱1,023,129,250
Accounts and other payables*	–	125,890,215	77,842,471	–	203,732,686
Retention payable	–	94,540,574	80,986,894	19,910,285	195,437,753
Liability for purchased land	–	–	–	34,381,455	34,381,455
	₱–	₱265,749,220	₱305,668,043	₱885,263,881	₱1,456,681,144

** Excluding other statutory payables, deferred output VAT and current portion of retention payable*

19. **Leases**

The Assigned Properties as a Lessor
The Assigned Properties has entered into non-cancellable property leases on its investment property portfolio, consisting of office and commercial centers which generally provide for either (a) fixed monthly rent for office spaces, and (b) minimum rent or a certain percentage of gross revenue, whichever is higher for commercial centers and retail spaces. 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, 2021, 2020, 2019 and 2018 follow:

	2021	2020	2019	2018
Within 1 year	**₱1,403,800,955**	₱1,417,591,783	₱1,789,351,305	₱1,519,237,886
More than 1 year to 2 years	**1,288,600,332**	1,433,181,780	1,791,759,555	1,518,154,514
More than 2 years to 3 years	**1,417,234,852**	1,369,154,058	1,869,514,256	1,528,805,199
More than 3 years to 4 years	**1,529,677,226**	1,520,623,432	1,813,580,545	1,527,454,054
More than 4 years to 5 years	**1,658,963,275**	1,672,139,266	2,036,261,349	1,392,497,862
More than 5 years	**18,411,868,518**	21,333,027,545	33,877,027,014	5,511,251,630
	₱25,710,145,158	₱28,745,717,864	₱43,177,494,024	₱12,997,401,145

Rental income included in the combined carve-out statements of comprehensive income for the years ended December 31, 2021, 2020, 2019 and 2018 amounted to ₱2,200.49 million, ₱1,911.50 million, ₱1,837.86 million and ₱1,454.83 million, respectively.

Variable rent included in rental income for the years ended December 31, 2021, 2020, 2019 and 2018 amounted to ₱453.26 million, ₱430.19 million, ₱429.67 million and ₱130.16 million, respectively.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Assigned Properties came up with its own waiver scheme that applies to different classifications of lessees based on their respective financial position and performance before and during the community quarantine, their status as an essential vis-à-vis non-essential service, and their growth projections. The Assigned Properties waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Granting of concessions were extended up to December 31, 2021 and beyond depending on the tenant's profile and credit. The rent concession granted by the Assigned Properties for years ended December 31, 2021 and 2020 amounted to ₱52.30 million and ₱345.08 million, respectively.

The Assigned Properties as a Lessee
The Assigned Properties, as lessee, have lease contracts for parcels of land where its malls or commercial centers are situated. MAPI entered into lease agreements with Communities Cebu, Inc., a wholly owned subsidiary of VLLI, Cebu Realty, Inc. and Cerlita M. Manigos and Vicente Manigos, Jr. for parcels of land where Vistamall Mall Talisay - Cebu is situated, with various commencement dates. These lease contracts have 19-23 remaining years from January 1, 2019. Another lease agreement was entered into by MAPI on October 23, 2017 with HDC for parcels of land where Vista Mall General Trias and Vista Mall Tanza are situated, with both having a remaining

lease term of 23 years from January 1, 2019. Lastly, CAPI entered into a lease agreement with Beatrice Realty Development Assigned Properties, Inc. for a parcel of land where Vista Mall Antipolo is situated which commenced on September 5, 2014 and with a remaining lease term of 20 years from January 1, 2019.

Rental due is based on prevailing market conditions. Generally, the Assigned Properties are not restricted from assigning and subleasing the leased assets. The Assigned Properties' lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Assigned Properties' business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5).

The following are the amounts recognized in the combined carve-out statement of comprehensive income in relation to the Assigned Properties as lessee:

	2021	2020	2019
Depreciation expense of right-of-use assets included in investment properties (Note 9)	**₱16,759,638**	₱16,759,638	₱16,759,638
Interest expense on lease liabilities	**44,061,051**	43,314,192	38,903,571
Expenses relating to short-term leases (included in operating expenses)	**2,566,011**	4,427,539	8,691,680
Total amount recognized in the combined carve-out statement of comprehensive income	**₱63,386,700**	₱64,501,369	₱64,354,889

The rollforward analysis of lease liabilities follows:

	2021	**2020**	2019
Balances at the beginning of the year, as previously reported	**₱420,943,966**	₱413,920,483	₱–
Effect of adoption of PFRS 16	–	–	398,388,814
Balances at the beginning of the year, as restated	**420,943,966**	413,920,483	398,388,814
Interest expense (Note 14)	**44,061,051**	43,314,192	38,903,571
Payments	**(36,818,224)**	(36,290,709)	(23,371,902)
Balances at the end of the year	**428,186,793**	420,943,966	413,920,483
Less current portion	**37,679,757**	36,818,224	36,290,709
Noncurrent portion	**₱390,507,036**	₱384,125,742	₱377,629,774

The Assigned Properties, as lessee, has no lease contract that contains variable payments. The Assigned Properties' fixed payments amounted to ₱36.82 million, ₱36.29 million and ₱23.37 million on December 31, 2021, 2020 and 2019, respectively.

Rental expense of ₱33.86 million in 2018 pertains to the operating lease agreement for parcels of land where the buildings are situated as lessee prior to the adoption of PFRS 16 effective January 1, 2019.

The Assigned Properties' lease contract includes escalation of lease rates with extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Assigned Properties' business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	December 31, 2021	December 31, 2020	December 31, 2019
Within 1 year	**₱37,679,757**	₱36,818,224	₱36,290,709
More than 1 year to 2 years	**38,822,406**	37,679,756	36,818,224
More than 2 years to 3 years	**40,118,263**	38,822,406	37,679,756
More than 3 years to 4 years	**41,577,935**	40,118,263	38,822,406
More than 4 years to 5 years	**43,107,929**	41,577,935	40,118,263
More than 5 years	**999,797,514**	1,042,905,443	1,084,302,650
	₱1,201,103,804	₱1,237,922,027	₱1,274,032,008

20. Notes to the Assigned Properties' Combined Carve-out Statements of Cash Flows

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

			Non-cash changes		
	January 1, 2021	**Cash Flows**	**Amortization of debt issue cost**	**Interest and other financing charges**	**December 31, 2021**
Lease liabilities	**₱420,943,966**	**(₱36,818,224)**	**₱–**	**₱44,061,051**	**₱428,186,793**
Bank loans	**569,138,606**	**(142,857,143)**	**1,021,092**	**–**	**427,302,555**
Interest payable	**–**	**(32,861,745)**	**(1,021,092)**	**33,882,837**	**–**
	₱990,082,572	**(212,537,112)**	**₱–**	**₱77,943,888**	**₱855,489,348**

			Non-cash changes		
	January 1, 2020	Cash Flows	Amortization of debt issue cost	Interest and other financing charges	December 31, 2020
Lease liabilities	₱413,920,483	(₱36,290,709)	₱–	₱43,314,192	₱420,943,966
Bank loans	710,636,932	(142,857,143)	1,358,817	–	569,138,606
Interest payable	–	(42,298,388)	(1,358,817)	43,657,205	–
	₱1,124,557,415	(221,446,240)	₱–	₱86,971,397	₱990,082,572

			Non-cash changes		
	January 1, 2019	Cash Flows	Amortization of debt issue cost	Interest and other financing charges	December 31, 2019
Lease liabilities	₱398,388,814	(₱23,371,902)	₱–	₱38,903,571	₱413,920,483
Bank loans	851,782,927	(142,857,143)	1,711,148	–	710,636,932
Interest payable	–	(51,393,740)	(1,711,148)	53,104,888	–
	₱1,250,171,741	(₱217,622,785)	₱–	₱92,008,459	₱1,124,557,415

			Non-cash changes		
	January 1, 2018	Cash Flows	Amortization of debt issue cost	Interest and other financing charges	December 31, 2018
Lease liabilities	₱–	₱–	₱–	₱–	₱–
Bank loans	992,548,474	(142,857,143)	2,091,596	–	851,782,927
Interest payable	–	(60,592,245)	(2,091,596)	62,683,841	–
	₱992,548,474	(₱203,449,388)	₱–	₱62,683,841	₱851,782,927

The Assigned Properties' noncash investing and financing activities pertain to the following:

a) Recognition of right-of-use assets and lease liabilities amounted to ₱381.96 million and ₱398.39 million, respectively, as at January 1, 2019 due to adoption of PFRS 16 (Note 3). Right-of-use assets amounted to ₱331.68 million and ₱348.44 million as at December 31, 2021 and 2020, respectively. Lease liabilities amounted to ₱428.19 million and ₱420.94 million as at December 31, 2021 and 2020, respectively. No additions to right-of-use assets were made as at December 31, 2021.
b) As at December 31, 2021, 2020, 2019 and 2018, unpaid investment properties amounted to ₱129.61 million, ₱164.33 million, ₱78.51 million and ₱106.99 million, respectively. These were recorded under "Accounts and other payables".

c) As at December 31, 2021, 2020, 2019 and 2018, unpaid property and equipment amounted to ₱0.75 million, ₱2.72 million, ₱1.11 million and ₱1.47 million, respectively. These were recorded under "Accounts and other payables".

21. Segment Reporting

The Assigned Properties 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 Assigned Properties meets the qualifications of an operating segment defined by PFRS 8, *Operating Segments*. The activities of the Assigned Properties' are its only income-generating activity, and such is the measure used by the Chief Operating Decision Maker in allocating resources.

There were revenue transactions with related parties, which accounted for 10% or more of the total revenue, amounting to ₱1,639.41 million, ₱1,428.29 million, ₱1,170.71 million and ₱881.88 million for the years ended December 31, 2021, 2020, 2019, and 2018 respectively.

22. Other Matters

Impact of the recent Coronavirus situation
The declaration of COVID-19 outbreak by the World Health Organization as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the Philippines starting March 16, 2020 have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

The Assigned Properties has adjusted its operations in accordance with the required measures and safety protocols. In compliance with the Government's ECQ guidelines, malls, hotels, and other businesses, except those providing essential goods and services were temporarily closed. The mall buildings continued operations because these are occupied mostly by tenants providing essential services such as supermarkets, home improvement/appliance stores, drug stores, food establishments, financial services, and are located within or near Vista Land communities. The office buildings remained open during the lockdowns since BPO tenants are allowed to conduct their businesses onsite. Other office tenants, though they adopted work from home arrangements, continued to fulfill their rental payment obligations. The Assigned Properties provided rent concessions to certain tenants based on their profile and credit standing, in addition to the concessions that the Assigned Properties is required to provide pursuant to the Bayanihan Act (see Note 5).

To date, commercial spaces have opened, and construction and real estate development activities have resumed at various level of activities following safety protocols mandated by the national government.

23. Subsequent Events

On March 16, 2022, pursuant to the Deeds of Assignment and Subscription Agreements for the transfer, assignment and conveyance in favor of the Company of all of the Sponsors' rights, title and interests in the Assigned Properties in exchange for the Company's common shares, the Company 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 the Company's common shares in the name of the Sponsors.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended **June 30, 2022**

2. SEC Identification Number **CS202006725**

3. BIR Tax Identification No. **010-510-144**

4. **VISTAREIT, INC.**
   Exact name of the registrant as specified in its charter

5. **Metro Manila, 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 Dos, Las Piñas City** — **1750**
   Address of Principal Office — Postal Code

8. **(02) 8994-4377**
   Registrant's telephone number, including area code

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

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

Title of each Class	Number of Shares of common stock outstanding
Common stock	**7,500,000,000 shares**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?
    Yes [x] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange – Common Shares

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

Yes [x] No [ ]

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

Yes [x] No [ ]

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VISTAREIT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND DECEMBER 31, 2021
(In Thousand Pesos)

	Unaudited 06/30/2022	Audited 2021
ASSETS		
Current Assets		
Cash in bank (Note 6)	**240,371**	510,074
Receivables (Note 7)	**701,699**	–
Due from related parties	**912,872**	–
Other current assets (Note 9)	**186,463**	1
Total Current Assets	**2,041,405**	510,075
Noncurrent Assets		
Property and equipment	**20,809**	–
Investment properties (Note 8)	**35,966,883**	–
Total Noncurrent Assets	**35,987,692**	–
	38,029,097	510,075
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**216,785**	5,181
Due to related parties	–	4,582
Security deposits and advance rent (Note 11)	**406,805**	–
Income tax payable	**45,588**	–
Total Current Liabilities	**669,178**	9,763
Noncurrent Liabilities		
Security deposits and advance rent – net (Note 11)	**98,509**	–
Other non-current liabilities	**6,429**	–
Total Noncurrent Liabilities	**104,938**	–
Total Liabilities	**774,116**	9,763
EQUITY (Note 12)		
Capital Stock	**7,500,000**	510,000
Additional paid-in capital	**28,962,993**	–
Retained earnings	**791,988**	(9,688)
Total Equity	**37,254,981**	500,312
	38,029,097	510,075

VISTAREIT, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In Thousands Pesos)

	Unaudited Apr-Jun Q2 - 2022	Unaudited Jan-Jun 2022	Unaudited Apr-Jun Q2 - 2021[1]	Unaudited Jan-Jun 2021
REVENUES				
Rental Income	**800,510**	**933,928**	–	–
Parking Fees	**3,501**	**4,084**	–	–
Other Operating Income	**26,155**	**30,515**	–	–
	830,166	**968,527**	–	–
COSTS AND EXPENSES				
General and administrative expenses (Note 13)	**92,790**	**108,255**	–	–
Marketing expense	**2,322**	**2,709**		
Other operating and administrative	**8,027**	**9,364**	–	–
	103,139	**120,328**	–	–
OPERATING PROFIT	**727,027**	**848,199**	–	–
OTHER INCOME (CHARGES)				
Interest income	**56**	**65**	–	–
	56	**65**	–	–
INCOME BEFORE INCOME TAX	**727,083**	**848,264**	–	–
PROVISION FOR INCOME TAX	**(39,075)**	**(45,588)**	–	–
NET INCOME	**688,008**	**802,676**	–	–
Weighted outstanding common shares	**7,500,000**	**7,500,000**	40,000	40,000
Basic / Diluted Earnings per share (Note 14)	**0.092**	**0.107**	0.00	0.00

[1] The Company has no comparative amounts since it only commence its operation on March 16, 2022 upon the transfer of assets from the Sponsors.

VISTAREIT, INC.
STATEMENT OF CHANGES IN EQUITY
AS OF JUNE 30, 2022 AND DECEMBER 31, 2021
(In Thousand Pesos)

	Unaudited Jan – Jun 2022	Audited 2021
CAPITAL STOCK		
COMMON STOCK		
Balance at beginning of period	**510,000**	10,000
Issuance during the period/year	**6,990,000**	500,000
Treasury shares	–	–
Balance at end of period	**7,500,000**	510,000
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of period	–	–
Issuance during the period/year	**28,962,993**	–
Balance at end of period	**28,962,993**	–
RETAINED EARNINGS		
Balance at beginning of period	**(9,688)**	(257)
Net income / (loss)	**802,676**	(121)
Dividend declared	**(1,000)**	–
Stock Issuance Costs	–	(9,310)
Balance at end of period	**791,988**	(9,688)
TOTAL EQUITY	**37,254,981**	500,312

VISTAREIT, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In Thousand Pesos)

	Unaudited Apr-Jun Q2 - 2022	Unaudited Jan-Jun 2022	Unaudited Apr-Jun Q2 – 2021	Unaudited Jan-Jun 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	727,083	848,264	–	–
Adjustments for:				
Depreciation and amortization	1,585	1,849	–	–
Finance costs	–	–	–	–
Interest income	(56)	(65)	–	–
Deferred tax	–	–	–	–
Operating income before changes in operating assets and liabilities	728,612	850,048	–	–
Decrease (Increase) in:				
Receivables	(714,698)	(408,380)	–	–
Other current assets	(16,108)	(5,079)	–	–
Increase (Decrease) in:				
Accounts and other payables	206,908	202,344	–	–
Security deposits and advance rent	3,693	3,603	–	–
Other noncurrent liabilities	5,622	6,324		
Cash from operations	214,029	648,860	–	–
Payment of taxes	–	–	–	–
Net Cash provided by Operating Activities	214,029	648,860	–	–
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	56	65	–	–
Increase in investment properties and property and equipment	458	(174)	–	–
Decrease (Increase) in other non-current assets	–	–	–	–
Net Cash used in Investing Activities	514	(109)	–	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in payables to related parties	(105,690)	(917,454)	–	–
Payments on dividends	–	(1,000)	–	–
Net Cash provided by (used in) Financing Activities	(105,690)	(918,454)	–	–
NET INCREASE IN CASH	108,853	(269,703)	–	–
CASH AT BEGINNING OF PERIOD	131,518	510,074	10,005	10,005
CASH AT END OF PERIOD	240,371	240,371	10,005	10,005

VISTAREIT, INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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 ₱2,000,000,0000 divided into 2,000,000,000 shares with par value of ₱1.00 each to ₱ 15,000,000,0000 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 June 30, 2022, VREIT is owned by the following: (1) Masterpiece Asia Properties, Inc. (MAPI) (32.26%); (2) Vista Residences, Inc (VRI) (17.03%); (3) Manuela Corporation (MC) (5.80%); (4) Communities Pampanga. Inc. (CPI) (4.75%); and (5) Crown Asia Properties, Inc. (CAPI) (3.42%) 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 ₱2,000,000,0000 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 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 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.

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 P1.75 per share.

2. BASIS OF PREPARATION

The accompanying financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (P) which is the functional and presentation currency of the Company, and all amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

The financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

Statement of Compliance

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

3. CHANGES IN ACCOUNTING POLICIES

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. 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.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Company adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2021. There is no rent concession received in 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

  The Company adopted the amendments beginning January 1, 2021.

- Adoption of PIC Q&A 2018-12 on Accounting for Common Usage Service Area (CUSA)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry. This includes PIC Q&A No. 2018-12-H which discussed accounting for CUSA charges wherein it was concluded that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12-H for a period of three years or until December 31, 2020. The deferral will only be applicable for real estate transactions.

  The above guidance has no impact to the Company because its accounting policy has been aligned with the guidance since the initial adoption of PFRS 15 in 2018.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2022

- 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *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.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

  The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *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 by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 percent' 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

- 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.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

- 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.

- 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 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.

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - 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, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

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 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. The amendments are not expected to have a material impact on the Company.

Deferred effectivity

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Current and Noncurrent Classification</u>
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 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 in Bank

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
- 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 in bank, receivables (except for advances to contractors) and receivables from related parties.

<u>Impairment of Financial Assets</u>
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The 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 bank. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. This information is widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

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), income tax payable, payable to related parties, retention payable and lease liabilities.

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), income tax payable, payable to related parties, retention payable, and lease liabilities presented in the statements of financial position.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial asset
A financial asset (or, where applicable, a part of a Company 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 the 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
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 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.

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

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

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

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

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

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

	Years
Buildings and building improvements	10 to 40 years or lease term, whichever is shorter

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

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

Property and Equipment

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

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

	Years
Transportation equipment	3 to 5
Office furniture, fixtures and equipment	2 to 5
Computer equipment	2 to 5
Other fixed assets	1 to 5

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

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

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

Impairment of Nonfinancial Assets

The Company assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the 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 agreements. 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 applied to future billings.

Equity

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Company less dividends declared. It includes the accumulated equity in undistributed earnings of subsidiaries which are not available for dividends until declared by the subsidiaries.

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's 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.

Other revenue

Other revenue is 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.

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease Liabilities
At the commencement date of the lease, the Company recognizes the liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets
The 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.

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

A lessee recognizes the right-of-use assets and lease liability as a separate new lease after assessing that the consideration for the lease increases by an amount commensurate with the stand-alone price and any adjustments to that stand-alone price reflects the circumstances of the particular contract. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use assets, without affecting profit or loss. For lease termination, the difference between the right-of-use assets and lease liability is recognized in the profit or loss.

Lease concessions
The Company accounted for Covid-19 related lease concessions received in 2020 as negative variable lease payments which is offset against the depreciation expense of ROU asset, in accordance with the provisions of the amendment to PFRS 16. Lease liability and right-of-use assets are not remeasured using a revised discount rate.

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.

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

As of June 30, 2022 and December 31, 2021, the Company has no potential dilutive common shares.

Segment Reporting
The Company's business is primarily leasing of retail malls and BPO commercial centers which are all located in the Philippines and treated as one segment. The segmentation is the basis of the chief operating decision market's internal reports allocation resources, and the evaluation of performance.

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 in statement 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 JUDGEMENTS 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:

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 primary 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).

Accounting for lease modification - the Company as lessee
In 2021, the Company and one of the lessors amended the lease contract covering parcels of land where one of the Company's commercial building is situated by extending the lease period and amending the lease rates. The Company assessed that the lease modification did not result in a separate lease and the Company remeasured the lease liability based on the amended lease period and lease rates and recognized the difference between the carrying amount of the modified lease liability and the carrying amount of the lease liability immediately before the modification as an adjustment to the right-of-use asset. The lease contract further subjects the lease payments starting 2036 to be reviewed by both parties in accordance with certain stipulations in the contract. As such, the Company used the market rate at the date the lease is modified for lease period where lease payments are yet to be agreed.

Incorporation of forward-looking information
The Company incorporates forward-looking information, including the impact of the COVID-19 pandemic into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. To do this, the Company considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the 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.

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 bank:

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, short-term cash investments and restricted cash. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. These information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Receivables:

For receivable from tenants and accrued rental receivables, the Company recognizes a loss allowance based on lifetime ECLs effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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 Company has determined that the COVID-19 pandemic has impacted the current operations of the Company and is expected to impact its future business activities.

Tenants which belong to micro, small and medium enterprise and those operating under entertainment, non-essentials and food industries are also adversely affected due to temporary closure of mall operations. This increases the risk of non-collection of the remaining receivables.

Considering the above, the Company revisited the expected credit loss exercise as at December 31, 2021 for its receivables.

For receivables from tenants, the PD scenario used in the calculation of ECL were 31% best, 33% base, and 36% worst case probability scenario as of December 31, 2021 and 25% best, 33% base, and 42% worst case probability scenario as of December 31, 2020, respectively, from the previous 33% equal probability of all scenarios as of December 31, 2019. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

Further details are provided in Note 7.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to the financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

Evaluation of impairment of nonfinancial assets
The Company reviews investment properties and other nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends, considering 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 (DCF) 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, investment properties and other nonfinancial assets.

Further details are provided in Note 8.

Determining the fair value of investment properties
The Company discloses the fair values of its investment properties. The Company engaged independent valuation specialists to assess fair value as at reporting date. The Company's investment properties consist of land and land developments and building and building improvements. These were valued by reference to market-based evidence using income approach, and comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Further details are provided in Note 8.

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

Useful lives of investment properties
The Company estimated the useful lives of its 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 IN BANKS

Cash in bank amounted to ₱240.37 million and ₱510.07 million as of June 30, 2022 and December 31, 2021, respectively. These refers to unrestricted deposits with reputable bank which earn nominal interest ranging from 0.10% to 0.25% and 0.0014% to 0.01% in 2022 and 2021, respectively.

Interest earned amounted to ₱0.065 million and ₱0.02 million for the period ended June 30, 2022 and for the year ended December 31, 2021, respectively.

7. RECEIVABLES

The balance of this account is composed of the following as of June 30, 2022:

Accounts receivable from tenants	**₱ 167,976**
Accrued rent receivables	**532,494**
Advances to contractors	**1,229**
	701,699
Less allowance for impairment losses	–
	701,699
Less noncurrent portion	–
	₱ 701,699

All of the Company's trade and other receivables have been reviewed for indications of impairment.

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

Accrued rental receivable
Accrued rental receivable pertains to the effect of straight-line calculation of rental income.

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

8. INVESTMENT PROPERTIES

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

The Company's investment property generates rental income under various operating lease agreements. Rental income from the investment property amounting to ₱ 412.84 million and nil for the period ended June 30, 2022 and 2021, respectively, are presented as Rental income under Revenues and Income in the statements of comprehensive income.

The composition of this account is shown below.

Building and improvements	**₱ 35,860,322**
Construction In Progress	**106,561**
	₱ 35,966,883

The estimated useful life of the investment properties is 10 to 40 years.

9. OTHER ASSETS

This account is composed of the following as of June 30, 2022:

Prepaid expenses	**31,598**
Other assets	**154,865**
	186,463
Less noncurrent portion	–
	₱186,463

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

Others include accrued interest receivable, penalties receivable from tenants due to late payments, security deposits, advance rentals and office supplies.

10. ACCOUNTS AND OTHER PAYABLES

This account consists of:

Accounts payable	
Contractors	**₱ 14,695**
Supplier	**143,631**
Deferred output vat	**15,453**
Accrued expenses	**41,272**
Others	**1,734**
	₱ 216,785

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.

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.

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
Accrued expenses represent the accrual for security, building maintenance and janitorial services, salaries and employee benefits, professional fees and other administrative expenses as well as marketing and advertising expenses, which are expected to be settled within 12 months after the end of the reporting period.

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

Security deposits and advance rent consists of:

	June 30, 2022
Security deposits	**₱339,598**
Advance rent	**165,716**
	505,314
Less noncurrent portion:	
Security deposits	**46,634**
Advance rent	**51,875**
	98,509
	₱406,805

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 for those contracts with end date within one year from balance sheet 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 2 to 4-month rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings. Current portion are those to be applied within one year from financial reporting date.

12. EQUITY

Capital Stock
The details of the Company's capital stock as at June 30, 2022 follow:

Common	
Authorized shares	15,000,000,000
Par value per share	₱1.00
Issued and outstanding shares	7,500,000,000
Value of shares issued	₱7,500,000,000

Registration Track Record
VREIT, the reporting entity, has an authorized capital stock of 15,000,000,000 shares with par value of ₱1.00 per share as of June 30, 2022.

On March 14, 2022, the SEC approved the increase in VREIT's authorized capital stock from ₱2,000,000,0000 divided into 2,000,000,000 shares with par value of ₱1.00 each to ₱15,000,000,0000 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 at its par value of ₱1.00 per share (see Note 1).

As of December 31, 2021, the Company's authorized capital stock comprises 2,000,000,000 common shares at ₱1 par value per share. Accordingly, in 2021, the related subscriptions of ₱ 510.00 million were issued with 510,000,000 common shares at its par value of ₱1.00 per share.

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

Retained Earnings
In accordance with Revised Securities Regulation Code Rule 68, the Company's retained earnings available for dividend declaration as at June 30, 2022, after reconciling items, amounted to ₱251.39 million.

The BOD of the Company approved the declaration of regular cash dividend amounting to ₱1 million or ₱0.0001 per share on March 31, 2022. The dividend declarations are in favor of all stockholders of record as of March 01, 2022.

As at June 30, 2022, the Company has no unpaid dividends.

Distributable Income
The computation of the distributable income of the Company as at June 30, 2022 is shown below:

Net Income	**₱802,676**
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS	**(532,494)**
Net income attributable to January to April 2022 (net of tax)	**(112,536)**
Distributable Income	**₱157,646**

13. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

Depreciation	**₱ 1,849**
Outside services	**21,118**
Rentals	**3,415**
Light and power	**22,118**
Taxes and licenses	**21,528**
Repairs and maintenance	**16,965**
Professional fees	**16,280**
Insurance	**4,982**
	₱ 108,255

14. EARNINGS PER SHARE

Earnings per share were computed as follows:

Net income	**₱ 802,676**
Divided by weighted outstanding common Shares	**7,500,000**
	₱ 0.107

Diluted earnings per share was not determined since the Company does not have potential dilutive shares as of June 30, 2022.

15. OTHER MATTERS AND SUBSEQUENT EVENTS

Impact of the recent Coronavirus situation

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Company's business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that they impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

The Company is continuously evaluating potential impact of the pandemic to its financial assets including the assumptions in the calculation of the expected credit losses and existence of any impairment indicators to its nonfinancial assets.

The Company is closely monitoring the situation and the changes in target market's behavior, as a result of the "new normal".

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Company for the period ended June 30, 2022 and December 31, 2021.

		Unaudited June 30, 2021	Audited December 31, 2021
Current ratio	Current assets / Current liabilities	**3.05**	52.24
Acid test ratio	Quick asset[1] / Current liabilities	**0.36**	52.24
Solvency ratio	Net income + Depreciation / Total liabilities	**1.04**	-
Debt ratio	Interest bearing debt / Total assets	-	-
Asset to equity ratio	Total assets / Total equity	**1.02**	1.02
Interest service coverage ratio	EBITDA[2] / Total interest paid	-	-
Return on equity	Net income[4] / Total equity	**0.05**	-
Return on assets	Net income[4] / Average total assets[3]	**0.10**	-
Net profit margin	Net income / Net revenue	**0.83**	-

[1]*Includes Cash in Bank only*
[2]*Earnings before provision for income tax*
[3]*Average of total assets as at current year and preceding year*
[4]*Annualized*

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering six months ended June 30, 2022 vs. six months ended June 30, 2021

Revenues

Revenues increased to ₱969 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021. The 100% increase in the account was primarily attributable to the transfer of the assets to the Company and its non-operation as well as the following:

- Rental income increased by 100% from nil for the six months ended June 30, 2021 to ₱933.9 million for the six months ended June 30, 2022. The increase was due to the increase in occupancy and escalation rates. As of June 30, 2022, the occupancy rate is at 97%.

- Parking fees increased by 100% to ₱4.1 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 primarily driven by the transfer of assets to the Company and increase of numbers in vehicles.

- Other operating income increased from nil for the six months ended June 30, 2021 to ₱30.5 million for the six months ended June 30, 2022. The 100% increase was due to the increase in administrative fees and other fees charged to tenants.

Costs and Expenses

Cost and expenses increased from nil for the six months ended June 30, 2021 to ₱120.3 million for the six months ended June 30, 2022. The 100% increase in the account was primarily attributable to the following:

- General and administrative expenses increased by 100% to ₱108.3 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in utilities, outside services and taxes and licenses.

- Marketing expenses increased by 100% to ₱2.7 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in advertising and promotion.

- Other operating expenses increased by 100% to ₱9.4 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in miscellaneous expenses and office supplies used for the period.

Other Income

Interest income increased from nil for the six months ended June 30, 2021 to ₱65 thousand for the six months ended June 30, 2022. The 100% increase resulted from the interest earned from the increase in cash in banks of the company for the period.

Income before income tax

As a result of the foregoing, income before income tax increased by 100% to ₱848.3 million in the six months ended June 30, 2022 from nil in the six months ended June 30, 2021.

Provision for income tax

Tax expense for the six months ended June 30, 2022 was ₱45.6 million, an increase of 100% from nil for the six months ended June 30, 2021. This was due primarily to the increase of income before tax for the period.

Net Income

As a result of the foregoing, net income increased by 100% to ₱802.7 million in the six months ended June 30, 2022 from nil in the six months ended June 30, 2021.

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

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

Financial Condition as of June 30, 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 six months ended June 30, 2022 from the pro-forma ended December 31, 2021.

Total assets as of June 30, 2022 are ₱38,029 million compared to ₱510 million as of December 31, 2021, or a 7356% increase. This was due to the following:

- Cash decreased by 52.9% from ₱510 million as of December 31, 2021 to ₱240 million as of June 30, 2022 due to cash usage for the period.

- Receivables increased by 100.0% from nil as of December 31, 2021 to ₱702 million as of June 30, 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 ₱913 million as of June 30, 2022 due to the increase in receivables from related parties and accrued rent receivables.

- Other assets increased by 28998717.6% from ₱1 thousand as of December 31, 2021 to ₱186 million as of June 30, 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 ₱21 million as of June 30, 2022 due to the transfer of properties and equipment.

- Investment Properties increased by 100.0% from nil as of December 31, 2021 to ₱35,967 million as of June 30, 2022 due to the transfer of the commercial buildings.

Total liabilities as of June 30, 2022 are ₱774 million compared to ₱10 million as of December 31, 2021, or a 7828.9% increase. This was due to the following:

- Accounts and other payables increased by 4084.2% from ₱5 million as of December 31, 2021 to ₱217 million as of June 30, 2022 due to the increase in payable to suppliers of the commercial malls and withholding tax payable.

- Security deposits and advance rent including noncurrent portion increased by 100.0% from nil as of December 31, 2021 to ₱505 million as of June 30, 2022 due to the assignment/transfer of tenants from the sponsors to the Company.

- Income tax payable increased by 100.0% from nil as of December 31, 2021 to ₱46 million as of June 30, 2022 due to settlements made during the period when the Company is still not yet a publicly listed REIT.

- Other noncurrent liabilities increased by 100.0% from nil as of December 31, 2021 to ₱1.3 million as of June 30, 2022 due to the increase in retention payable.

Total stockholder's equity increased by 7346.4% from ₱500 million as of December 31, 2021 to ₱37,255 million as of June 30, 2022 due to the property per share swap with the Sponsors.

Top Five (5) Key Performance Indicators

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

Key Performance Indicators	06/30/2022	12/31/2021
Current ratio [(a)]	3.05:1	52.24:1
Debt ratio [(b)]	0.00:1	0.00:1
Return on equity [(c)]	0.05:1	0.00:1
Net Profit Margin [(d)]	83%	0.40%
EBITDA [(e)]	850,113.23	-

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 June 30, 2022 decreased from that of December 31, 2021 due to the significant increase in current assets.

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 June 30, 2022 compared to December 31, 2021 (increase/decrease of 5% or more)

Cash decreased by 52.9% from ₱510 million as of December 31, 2021 to ₱240 million as of June 30, 2022 due to cash usage for the period.

Receivables increased by 100.0% from nil as of December 31, 2021 to ₱702 million as of June 30, 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 ₱913 million as of June 30, 2022 due to the increase in receivables from related parties and accrued rent receivables.

Other assets increased by 28998717.6% from ₱1 thousand as of December 31, 2021 to ₱186 million as of June 30, 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 ₱21 million as of June 30, 2022 due to the transfer of properties and equipment.

Investment Properties increased by 100.0% from nil as of December 31, 2021 to ₱35,967 million as of June 30, 2022 due to the transfer of the commercial buildings.

Accounts and other payables increased by 4084.2% from ₱5 million as of December 31, 2021 to ₱217 million as of June 30, 2022 due to the increase in payable to suppliers of the commercial malls and withholding tax payable.

Security deposits and advance rent including noncurrent portion increased by 100.0% from nil as of December 31, 2021 to ₱505 million as of June 30, 2022 due to the assignment/transfer of tenants from the sponsors to the Company.

Income tax payable increased by 100.0% from nil as of December 31, 2021 to ₱46 million as of June 30, 2022 due to settlements made during the period when the Company is still not yet a publicly listed REIT.

Other noncurrent liabilities increased by 100.0% from nil as of December 31, 2021 to ₱1.3 million as of June 30, 2022 due to the increase in retention payable.

Material Changes to the Company's Statement of income for the year ended June 30, 2022 compared to the year ended December 31, 2021 (increase/decrease of 5% or more)

Rental income increased by 100% from nil for the six months ended June 30, 2021 to ₱933.9 million for the six months ended June 30, 2022. The increase was due to the increase in occupancy and escalation rates. As of June 30, 2022, the occupancy rate is at 97%.

Parking fees increased by 100% to ₱4.1 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 primarily driven by the transfer of assets to the Company and increase of numbers in vehicles.

Other operating income increased from nil for the six months ended June 30, 2021 to ₱30.5 million for the six months ended June 30, 2022. The 100% increase was due to the increase in administrative fees and other fees charged to tenants.

General and administrative expenses increased by 100% to ₱108.3 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in utilities, outside services and taxes and licenses.

Marketing expenses increased by 100% to ₱2.7 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in advertising and promotion.

Other operating expenses increased by 100% to ₱9.4 million for the six months ended June 30, 2022 from nil for the six months ended June 30, 2021 due to the increase in miscellaneous expenses and office supplies used for the period.

Interest income increased from nil for the six months ended June 30, 2021 to ₱65 thousand for the six months ended June 30, 2022. The 100% increase resulted from the interest earned from the increase in cash in banks of the company for the period.

Tax expense for the six months ended June 30, 2022 was ₱45.6 million, an increase of 100% from nil for the six months ended June 30, 2021. This was due primarily to the increase of income before tax for the period.

For the period ended June 30, 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.

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

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.

There are no material commitments for capital expenditures.

Except for the recovery as a result of the opening up of the economy, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

COMMITMENTS AND CONTINGENCIES

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

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company sourced its capital requirements through internally generated cash.

The Company does not expect any material cash requirements beyond the normal course of the business. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation except for those items disclosed in the 6-months of 2022 Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 6-months of 2022 Financial Statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Company.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. There are no explanatory comments on the seasonality of the operations. There are no material events subsequent to the end of the fiscal period that have not been reflected in the financial statements.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in a prior period of the current financial year.

PART II - OTHER INFORMATION

Item 3. 6-months of 2022 Developments

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

None.

B. Composition of Board of Directors

Jerylle Luz C. Quismundo	Chairman of the Board
Manuel Paolo A. Villar	Director and President
Melissa Camille Z. Domingo	Director, CFO & Head of Investor Relations
Brian N. Edang	Director
Justina F. Callangan	Independent Director
Leticia A. Moreno	Independent Director
Raul Juan N. Esteban	Independent Director

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

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

D. Declaration of Dividends.

₱0.0001 per share Regular Cash Dividend
Declaration Date: March 31, 2022
Record date: March 01, 2022
Payment date: March 31, 2022

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

None.

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

None.

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

None.

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

None

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

None, except for the discussion in Note 1.

Item 4. Other Notes as of the 6-months of 2022 Operations and Financials.

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

   None.

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

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

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

   See Notes to Financial Statements and Management Discussion and Analysis.

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

   None.

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

   None.

F. **Changes in contingent liabilities or contingent assets since the last annual balance sheet date.**

   None.

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

   None.

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

   None.

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

   None.

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

   None.

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

As of June 30, 2022, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the first six months of 2022 financial statements.

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

None.

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

None.

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

None.

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

None.

VistaREIT, Inc.
Aging of Accounts Receivable
June 30, 2022

Types of Receivables	Total	Current/ Not Yet Due	Past Due but not Impaired					Individually Impaired
			< 30 days	30-60 days	61-90 days	91-120 days	> 120 days	
Account Receivable from Tenants	167,975,974.17	116,290,240.49	20,286,779	17,424,189	18,284,034	(4,309,268)	-	-
Accrued Rent Receivable	532,494,302.29	532,494,302.29	-	-	-	-	-	-
Due from related parties	912,871,909.16	-	4,184,396.44	104,152,459.11	(2,646,928.91)	327,830,548.55	479,351,433.97	-
Other Receivables	1,228,655.36	-	-	1,228,655.36	-	-	-	-
TOTAL	1,614,570,840.98	648,784,542.78	24,471,175.79	122,805,302.99	15,637,105.34	323,521,280.11	479,351,433.97	-
	-							

SIGNATURES

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

VISTAREIT, INC.
Issuer

By:

MELISSA CAMILLE Z. DOMINGO
CFO & Head, Investor Relations

Date: August 04, 2022

Disclosure for REIT Companies[1]

(a) Real Estate Transactions for the Second Quarter of 2022

The Company did not enter into any real estate transaction during the second quarter of 2022.

(b) Schedule of Properties as of 30 June 2022

Property and Location	Latest Appraisal[2]	Remaining Land Lease Term	Gross Leasable Area (GLA)	Leased Area	Occupancy Rate	Rental Income	Gross Revenue	Cost and Expenses	EBIT
	in Php millions	**Years**	**in sqm**	**in sqm**	**%**	**in Php millions**	**in Php millions**	**in Php millions**	**in Php millions**
Vistamall Las Piñas Main	3,907.22	24.75	20,605.02	20,562.08	100%	86.07	88.07	10.96	77.11
Starmall Las Pinas - Annex	958.23	24.75	6,227.53	6,145.38	99%	22.15	23.60	1.78	21.82
Starmall San Jose del Monte	6,398.91	24.75	35,664.93	34,221.20	96%	177.64	187.47	24.17	163.30
SOMO - A Vista Mall	4,461.55	24.75	31,849.91	30,354.40	95%	107.12	108.77	14.82	93.94
Vistahub Molino	2,827.38	24.75	15,631.08	15,631.08	100%	78.51	79.63	5.40	74.23
Starmall Talisay - Cebu	2,943.62	24.75	19,643.57	19,643.57	100%	61.33	62.40	5.59	56.80
Starmall - Imus	637.73	24.75	12,778.45	12,404.93	97%	32.15	32.49	2.88	29.61
Vistamall General Trias	2,961.08	20.25	26,638.45	25,589.39	96%	63.03	63.25	6.75	56.50
Vistamall Tanza	2,611.18	20.25	25,012.82	23,221.71	93%	55.30	55.50	6.26	49.24
Vistamall Paseo	1,848.26	24.75	25,526.84	24,038.63	94%	58.52	72.73	13.53	59.20
Vistahub BGC	4,062.36	-	20,742.42	20,143.14	97%	139.39	140.93	19.54	121.39
Vistamall Antipolo	2,335.48	24.75	16,082.93	15,479.01	96%	52.72	53.70	8.64	45.06
TOTAL	**35,952.99**		**256,403.95**	**247,434.52**	**97%**	**933.93**	**968.53**	**120.33**	**848.20**

(c) Reinvestment Plan Progress Reports as of 30 June 2022

Copies of the Reinvestment Plan Progress Reports as of 30 June 2022 are attached as Annexes.

[1] Pursuant to Section 6.2 of the Amended Listing Rules for REITs

[2] December 31, 2021

COVER SHEET

SEC Registration Number

C	S	2	0	2	0	0	6	7	2	5

Company Name

VISTAREIT, INC.

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

LOWER GROUND FLOOR, BUILDING B, EVIA LIFESTYLE CENTER, DAANGHARI, ALMANZA DOS, LAS PIÑAS CITY

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Company's Facsimile Number/s
ir@vistareit.com.ph	(02) 8994-4377	-

CONTACT PERSON INFORMATION

Name of Contact Person	Email Address	Telephone Number/s	Facsimile Number/s
Melissa Camille Z. Domingo	melissa_domingo@vistaland.com.ph	0999 887 3219	-

FORM TYPE	Department requiring report	Secondary License Type, If Applicable
17-C		

(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. **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** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **Lower Ground Floor, Building B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City** — **1750**
   Address of principal office — 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 CITY 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. *Represented by:* Brian N. Edang	P9937644A	14 Dec 18 at DFA NCR East
VistaREIT, Inc. *Represented by:* 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.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
[illegible]
[illegible] Mandaluyong City
PTR No. [illegible] 11 April 2019
MCLE Compliance [illegible] 0388-21
Notarial Commission [illegible]
Vista Corporate Center, 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**	

SGV
Building a better
working world

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

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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;

- 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.

SGV
Building a better working world

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. 57146
IBP Lifetime Member No. 018537
PTR No. 4871170 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-0025341 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City