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

Current and Noncurrent Classification
The Company presents assets and liabilities in statement of financial position based on current/noncurrent classification.

An asset is current when:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

The Company classifies all other liabilities as noncurrent.

Deferred liabilities are classified as noncurrent liabilities.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

<u>Interest income</u>
Interest is recognized using the effective interest method, i.e, the rate, that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

<u>Other revenue</u>
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.

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[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

VISTA LAND

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)

LGF, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Pinas City 1747
UGF, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City 1552
Trunk Line: (+632) 226 3552 | Fax No.: (+632) 226 3552 local 0065

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.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
[illegible]
Mandaluyong City
PTR No. [illegible] 11 April 2019
MCLE Compliance [illegible]
Notarial Commission/Appointment No. 0388-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Doc. No. 184;
Page No. 38;
Book No. XXIII;
Series of 2022.

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

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

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.

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