# COVER SHEET

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|---|---|---|---|---|---|---|---|---|---|---|

S.E.C. Registration Number

VISTAREIT, INC.

(Company's Full Name)

LOWER GROUND FLOOR, BUILDING B, EVIA LIFESTYLE CENTER, VISTA CITY, DAANGHARI, ALMANZA II LAS PIÑAS CITY

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

**Melissa Camille Z. Domingo**
Contact Person

**8994-4377**
Company Telephone Number

**12** *Month* **31** *Day*
Calendar Year

**17-Q**
FORM TYPE

**07** *Month* **05** *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. For the quarter ended **March 31, 2024**

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 changed since last report.

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

| Title of each Class | Number of Shares of common stock outstanding |
|---|---|
| **Common stock** | **7,500,000,000 shares** |

11. Are any 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 Securities Regulation Code and SRC Rule 17 thereunder, and Section 25 and 177 of the Revised Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

Yes [ x ] No [ ]

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

Yes [ x ] No [ ]

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**VISTAREIT, INC.**
**STATEMENT OF FINANCIAL POSITION**
**AS OF MARCH 31, 2024 AND DECEMBER 31, 2023**
***(In Thousand Pesos)***

| | Unaudited 03/31/2024 | Audited 12/31/2023 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash (Note 6) | **71,019** | 30,162 |
| Receivables (Note 7) | **2,060,969** | 1,933,116 |
| Due from related parties | **177,933** | 445,149 |
| Other current assets (Note 9) | **54,802** | 35,828 |
| Total Current Assets | **2,364,723** | 2,444,255 |
| **Noncurrent Assets** | | |
| Receivables – net of current portion (Note 7) | **1,196,624** | 967,782 |
| Property and equipment | **10,162** | 12,146 |
| Investment properties (Note 8) | **25,340,374** | 25,457,137 |
| Other noncurrent assets (Note 9) | **106,072** | 114,396 |
| Total Noncurrent Assets | **26,653,232** | 26,551,461 |
| | **29,017,955** | 28,995,716 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Accounts and other payables (Note 10) | **522,263** | 474,542 |
| Security deposits and advance rent (Note 11) | **384,584** | 385,062 |
| Payable to related parties | **–** | 270,017 |
| Dividends payable | **11** | 103,572 |
| Total Current Liabilities | **936,858** | 1,233,193 |
| **Noncurrent Liabilities** | | |
| Other noncurrent liabilities (Note 11) | **268,700** | 260,048 |
| Total Noncurrent Liabilities | **268,700** | 260,048 |
| Total Liabilities | **1,205,558** | 1,493,241 |
| **EQUITY** (Note 12) | | |
| Capital Stock | **7,500,000** | 7,500,000 |
| Additional paid-in capital | **28,720,894** | 28,720,894 |
| Retained earnings | **(8,408,497)** | (8,718,419) |
| Total Equity | **27,812,397** | 27,502,475 |
| | **29,017,955** | 28,995,716 |

**VISTAREIT, INC.**
**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**
***(In Thousands Pesos)***

| | Unaudited Jan-Mar Q1 – 2024 | Unaudited Jan-Mar 2024 | Unaudited Jan-Mar Q1 - 2023 | Unaudited Jan-Mar 2023 |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Rental Income | **531,337** | **531,337** | 804,722 | 804,722 |
| Parking Fees | **11,222** | **11,222** | 9,902 | 9,902 |
| Other Operating Income | **17,972** | **17,972** | 32,387 | 32,387 |
| | **560,531** | **560,531** | 847,011 | 847,011 |
| **FAIR VALUE CHANGES IN INVESTMENT PROPERTIES** | | | | |
| Decrease in fair value of investment properties | – | – | – | – |
| Straight-line adjustments | **(116,763)** | **(116,763)** | (418,786) | (418,786) |
| Lease commissions | **(606)** | **(606)** | – | – |
| | **(117,369)** | **(117,369)** | (418,786) | (418,786) |
| **COSTS AND EXPENSES** | | | | |
| General and administrative expenses (Note 13) | **128,173** | **128,173** | 122,207 | 122,207 |
| Marketing expense | **214** | **214** | 9,349 | 9,349 |
| Other operating and administrative | **5,832** | **5,832** | 1,794 | 1,794 |
| | **134,219** | **134,219** | 133,350 | 133,350 |
| **OPERATING PROFIT** | **308,943** | **308,943** | 294,875 | 294,875 |
| **OTHER INCOME (CHARGES)** | | | | |
| Interest income | **1,025** | **1,025** | 256 | 256 |
| Interest expense and other financing charges | **(45)** | **(45)** | (522) | (522) |
| | **980** | **980** | (266) | (266) |
| **INCOME BEFORE INCOME TAX** | **309,923** | **309,923** | 294,609 | 294,609 |
| **PROVISION FOR INCOME TAX** | **1** | **1** | 2 | 2 |
| **NET INCOME** | **309,922** | **309,922** | 294,607 | 294,607 |
| Weighted outstanding common shares | **7,500,000** | **7,500,000** | 7,500,000 | 7,500,000 |
| Basic / Diluted Earnings per share (Note 14) | **0.0413** | **0.0413** | 0.0393 | 0.0393 |

**VISTAREIT, INC.**
**STATEMENT OF CHANGES IN EQUITY**
**AS OF MARCH 31, 2024 AND DECEMBER 31, 2023**
***(In Thousand Pesos)***

| | **Unaudited Jan – Mar 2024** | Audited 12/31/2023 | Unaudited Jan – Mar 2023 |
|---|---|---|---|
| **CAPITAL STOCK** | | | |
| **COMMON STOCK** | | | |
| Balance at beginning of period | **7,500,000** | 7,500,000 | 7,500,000 |
| Issuance during the period/year | – | – | – |
| Treasury shares | – | – | – |
| **Balance at end of period** | **7,500,000** | 7,500,000 | 7,500,000 |
| **ADDITIONAL PAID-IN CAPITAL** | | | |
| Balance at beginning of period | **28,720,894** | 28,720,894 | 28,720,894 |
| Issuance during the period/year | – | – | – |
| Share issuance costs | – | – | – |
| **Balance at end of period** | **28,720,894** | 28,720,894 | 28,720,894 |
| **RETAINED EARNINGS** | | | |
| Balance at beginning of period | **(8,718,419)** | (10,057,156) | (10,057,156) |
| Net income / (loss) | **309,922** | 2,519,237 | 294,607 |
| Dividend declared | **–** | (1,180,500) | – |
| **Balance at end of period** | **(8,408,497)** | (8,718,419) | (9,762,549) |
| **TOTAL EQUITY** | **27,812,397** | 27,502,475 | 26,458,345 |

**VISTAREIT, INC.**
**STATEMENTS OF CASH FLOWS**
**FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**
***(In Thousand Pesos)***

| | **Unaudited Jan-Mar Q1 - 2024** | **Unaudited Jan-Mar 2024** | Unaudited Jan-Mar Q1 – 2023 | Unaudited Jan-Mar 2023 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Income before income tax | **309,923** | **309,923** | 294,609 | 294,609 |
| Adjustments for: | | | | |
| Depreciation and amortization | **1,983** | **1,983** | 2,640 | 2,640 |
| Finance costs | **45** | **45** | 522 | 522 |
| Fair value change in investment properties | – | – | – | – |
| Interest income | **(1,025)** | **(1,025)** | (256) | (256) |
| Deferred tax | **–** | **–** | – | – |
| **Operating income before changes in operating assets and liabilities** | **310,926** | **310,926** | 297,515 | 297,515 |
| Decrease (Increase) in: | | | | |
| Receivables | **(239,933)** | **(239,933)** | (510,350) | (510,350) |
| Other current assets | **(10,649)** | **(10,649)** | 3,616 | 3,616 |
| Increase (Decrease) in: | | | | |
| Accounts and other payables | **77,721** | **77,721** | 42,716 | 42,716 |
| Security deposits and advance rent | **8,174** | **8,174** | (88,567) | (88,567) |
| Other noncurrent liabilities | **–** | **–** | 890 | 890 |
| **Cash from operations** | **146,239** | **146,239** | (254,180) | (254,180) |
| Payment of taxes | **(1)** | **(1)** | (2) | (2) |
| **Net Cash provided by/(used in) Operating Activities** | **146,238** | **146,238** | (254,182) | (254,182) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Interest received | **1,025** | **1,025** | 256 | 256 |
| Decrease in investment properties and property and equipment | **–** | **–** | 416,889 | 416,889 |
| **Net Cash provided by Investing Activities** | **1,025** | **1,025** | 417,145 | 417,145 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Interest paid | **(45)** | **(45)** | (522) | (522) |
| Increase (Decrease) in payables to related parties | **(2,801)** | **(2,801)** | 15,006 | 15,006 |
| Payments on dividends | **(103,561)** | **(103,561)** | (175,001) | (175,001) |
| **Net Cash used in Financing Activities** | **(106,407)** | **(106,407)** | (160,517) | (160,517) |
| **NET INCREASE IN CASH** | **40,857** | **40,857** | 2,446 | 2,446 |
| **CASH AT BEGINNING OF PERIOD** | **30,162** | **30,162** | 88,957 | 88,957 |
| **CASH AT END OF PERIOD** | **71,019** | **71,019** | 91,403 | 91,403 |

**VISTAREIT, INC.**
**NOTES TO INTERIM FINANCIAL STATEMENTS**
**FOR THE THREE MONTHS ENDED MARCH 31, 2024**
***(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 ₱2,000,000,000 divided into 2,000,000,000 shares with par value of ₱1.00 each to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the Company subsequently issued 7,500,000,000 common shares to its shareholders.

As of March 31, 2024, VREIT is owned by the following: (1) Masterpiece Asia Properties, Inc. (MAPI) (32.96%); (2) Vista Residences, Inc (VRI) (17.40%); (3) Manuela Corporation (MC) (5.92%); (4) Communities Pampanga. Inc. (CPI) (4.86%); and (5) Crown Asia Properties, Inc. (CAPI) (3.49%) and the rest by individual and public shareholders.

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

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

## 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 (₱) 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

New Standards, Interpretations and Amendments

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

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

- Amendments to 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.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

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, 2024*
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

*Effective beginning on or after January 1, 2025*
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

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

## 4. SUMMARY OF 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.

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

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

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

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

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

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

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

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

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

<u>Cash</u>
Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing interest rate.

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

*Subsequent measurement*
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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

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

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

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

*Financial assets designated at fair value through OCI (equity instruments)*
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity

under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

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

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

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

Impairment of Financial Assets
The Company recognizes expected credit losses (ECL) for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at amortized cost and FVOCI;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.
ECLs are measured in a way that reflects the following:

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

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

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

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

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

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

*Financial liabilities*
*Initial recognition and measurement*
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

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

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

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

Derecognition of Financial Assets and Financial Liabilities

*Financial asset*

A financial asset (or, where applicable, a part of a group of financial assets) is derecognized when, and only when: (a) the right to receive cash flows from the assets expires; (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Company has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Modification of financial assets*

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

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

*Financial liability*

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Advances to Contractors and Suppliers

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

Value-Added Tax

Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Company can claim against any future liability to the BIR for output VAT on sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit under certain circumstances against future income tax liability of the Company upon approval of the BIR and/or Bureau of Customs. Input tax is stated at its estimated net realizable values. A valuation allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability. Input tax is recorded under current assets in the statements of financial position.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for marketing fees, taxes and licenses, rentals and insurance.

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

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

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

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

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

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

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Security Deposits

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

Advance Rent

Advance rent includes three-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last three months rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings.

Equity

*Capital stock and additional paid-in capital (APIC)*

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds at the par value is credited to "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.

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

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

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity services in its mall retail spaces and office leasing activities, wherein it is acting as agent.

Rental Income
The Company earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in the revenue in the statement of comprehensive income due to its operating nature, except for contingent rental income which is recognized when it arises.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognized as a reduction of rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Company is reasonably certain that the tenant will exercise the option. For more information on the judgment involved, refer to Note 5.

The tenant lease incentives are considered in the calculation of 'Accrued rental receivables' under 'Receivables' in the statement of financial position.

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

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

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

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

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Company. The Company applies the time elapsed method to measure progress.

The consideration charged to tenants for these services is based on a fixed amount as agreed with the tenants.

The Company arranges for third parties to provide certain of these services to its tenants. The Company concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Company records revenue on a gross basis. For more information, please refer to Note 5.

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

Parking Fees and Other Operating Income
Parking fees and other operating income are recognized when earned.

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

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

The Company periodically evaluates the income tax positions taken in situations where the applicable tax regulations are subject to interpretation and considers these positions separately from other uncertainties. The Company assesses whether or not it is probable that those income tax positions will be accepted by the tax authorities, where if not, the Company recognizes additional income tax expense and liability relating to those positions.

*Deferred tax*
Deferred tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax liabilities shall be recognized for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in foreseeable future. Otherwise, no deferred tax liability is set up.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax assets shall be recognized for deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the statement of comprehensive income. Deferred tax items recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

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

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

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

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

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

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

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

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

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

As of March 31, 2024 and December 31, 2023, the Company has no potential dilutive common shares.

Segment Reporting
The Company's lease operation is its reportable segment.

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

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

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

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

## 5. SIGNIFICANT ACCOUNTING 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:

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

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

*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).

*Significant increase in credit risk*
The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors. The Company's cash in banks are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate

ECLs. Using its expert credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The Company has not recognized any allowance on its financial assets.

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

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. This information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Receivables:

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

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

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

*Incorporation of forward-looking information*
The Company considers a range of relevant forward-looking macro-economic assumptions (i.e., inflation rate and GDP growth rate) for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

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

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

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

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

## 6. CASH

This account consists of:

| | March 31, 2024 |
|---|---|
| Cash on hand | **₱131** |
| Cash in banks | **70,888** |
| | **₱71,019** |

Cash in banks earns interest at the prevailing bank deposit rates. Interest rate ranges from 0.06% to 0.13% in March 31, 2024.

Interest earned from cash in banks for the period ended March 31, 2024 amounted to ₱0.004 million.

## 7. RECEIVABLES

The balance of this account is composed of the following as of March 31, 2024:

| | |
|---|---|
| Accounts receivable from tenants | **₱ 2,015,746** |
| Accrued rent receivables | **1,196,624** |
| Advances to contractors | **40,568** |
| Other receivables | **4,655** |
| | **3,257,593** |
| Less noncurrent portion | **1,196,624** |
| | **₱ 2,060,969** |

*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. Except for lease contracts with related parties, 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. The noncurrent portion of accrued rental receivable pertains to future billings beyond 12 months from reporting date.

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

## 8. INVESTMENT PROPERTIES

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

Rental income earned from investment properties, including straight-line adjustments, amounted to ₱531.34 million in March 31, 2024. Repairs and maintenance costs and costs of property operations arising from the investment properties amounted to ₱134.22 million in March 31, 2024.

The composition of this account is shown below.

| | |
|---|---|
| Building and improvements | **₱ 25,245,726** |
| Construction In Progress | **94,648** |
| | **₱ 25,340,374** |

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 March 31, 2024:

| | |
|---|---|
| Refundable deposits | **₱ 106,072** |
| Prepaid expenses | **30,388** |
| Creditable withholding tax (CWT) | **12,071** |
| Input value-added tax (VAT) | **9,607** |
| Other assets | **2,736** |
| | **160,874** |
| Less noncurrent portion of refundable deposits | **106,072** |
| | **₱54,802** |

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

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

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

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

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 | |
| Supplier | **₱ 251,832** |
| Contractors | **142,689** |
| Deferred output vat | **104,348** |
| Accrued expenses | **44,858** |
| Retention payable | **7,618** |
| Other payable | **918** |
| | **₱ 552,263** |

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

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

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

*Accrued expenses*
Accrued expenses represent the accrual for agency services, janitorial services, repairs and maintenance, utilities, security services, rental, 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.

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

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

## 11. SECURITY DEPOSITS AND ADVANCE RENT

Security deposits and advance rent consists of:

| | **March 31, 2024** |
|---|---|
| Security deposits | **₱380,823** |
| Advance rent | **268,700** |
| | **649,523** |
| Less: noncurrent portion | **268,700** |
| | **₱380,823** |

*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 March 31, 2024 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 March 31, 2024.

On March 14, 2022, the SEC approved the increase in VREIT's authorized capital stock from ₱2,000,000,000 divided into 2,000,000,000 shares with par value of ₱1.00 each to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the Company subsequently issued 7,500,000,000 common shares 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 sold 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 March 31, 2024, after reconciling items, amounted to ₱309.92 million.

As at March 31, 2024, the Company has ₱.011 million unpaid dividends.

Distributable Income

The computation of the distributable income of the Company as at March 31, 2024 is shown below:

| | |
|---|---|
| Net Income | **₱309,922** |
| Add: Fair value change in investment properties | **117,369** |
| Less: Straight-line adjustments | **(116,763)** |
| Lease commissions | **(606)** |
| Distributable Income | **₱309,922** |

## 13. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

| | |
|---|---|
| Outside services | **₱ 30,262** |
| Repairs and maintenance | **27,406** |
| Rentals | **20,596** |
| Taxes and licenses | **17,694** |
| Light and power | **12,212** |
| Management fees | **8,655** |
| Insurance | **6,619** |
| Professional fees | **2,422** |
| Depreciation | **1,984** |
| Representation and entertainment | **323** |
| | **₱ 128,173** |

## 14. EARNINGS PER SHARE

Earnings per share were computed as follows:

| | |
|---|---|
| Net income | **₱ 309,922** |
| Divided by weighted outstanding common Shares | **7,500,000** |
| | **₱ 0.0413** |

Diluted earnings per share was not determined since the Company does not have potential dilutive shares as of March 31, 2024.

## 15. OTHER MATTERS AND SUBSEQUENT EVENTS

Dividend Declaration

On May 20, 2024, the BOD of the Company approved the declaration of regular cash dividends for the first quarter of 2024 amounting to ₱309.90 million or ₱0.04132 per share. The dividend declarations are in favor of all stockholders of record as of June 05, 2024 and payable on June 27, 2024.

*Financial Soundness Indicator*

Below are the financial ratios that are relevant to the Company for the period ended March 31, 2024 and December 31, 2023.

| | | **Unaudited March 31, 2024** | Audited December 31, 2023 |
|---|---|---|---|
| Current ratio | Current assets / Current liabilities | **2.52** | 1.98 |
| Acid test ratio | Quick asset[1] / Current liabilities | **0.076** | 1.95 |
| Solvency ratio | Net income + Depreciation / Total liabilities | **0.259** | 1.69 |
| Debt ratio | Interest bearing debt / Total assets | **–** | – |
| Asset to equity ratio | Total assets / Total equity | **1.043** | 1.05 |
| Interest service coverage ratio | EBITDA[2] / Total interest paid | **–** | – |
| Return on equity | Net income[4] / Total equity | **0.04** | 0.09 |
| Return on assets | Net income[4] / Average total assets[3] | **0.04** | 1.03 |
| Net profit margin | Net income / Net revenue | **0.55** | 0.96 |

[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 three months ended March 31, 2024 vs. three months ended March 31, 2023***

**Revenues**

Revenues decreased to ₱560.5 million for the three months ended March 31, 2024 from ₱847.0 million for the three months ended March 31, 2023. The 33.8% decrease in the account was primarily attributable to the recognition of higher straight-line adjustment as at March 31, 2023 as well as the following:

- Rental income decreased by 34.0% from ₱804.7 million for the three months ended March 31, 2023 to ₱531.3 million for the three months ended March 31, 2024. The decrease was due to recognition of higher straight-line adjustment on the prior period. As of March 31, 2024, the occupancy rate is at 97%.

- Parking fees increased by 13.3% to ₱11.2 million for the three months ended March 31, 2024 from ₱9.9 million for the three months ended March 31, 2023 primarily driven by the increase in numbers of vehicles parked in the malls.

- Other operating income decreased from ₱32.4 million for the three months ended March 31, 2023 to ₱18.0 million for the three months ended March 31, 2024. The 44.5% decrease was due to the decrease in administrative fees and other fees charged to tenants.

**Fair value changes in investment properties**

Fair value changes in investment properties recorded a loss ₱117.4 million for the three months ended March 31, 2024 from a loss of ₱418.8 million for the three months ended March 31, 2023 attributable to:

- Straight line adjustments decreased by 72.1% to ₱116.8 million for the three months ended March 31, 2024 from ₱418.8 million for the three months ended March 31, 2023 due to normalized recognition of rental income of lease contracts on a straight line basis for the period.

**Costs and Expenses**

Cost and expenses decreased from ₱133.4 million for the three months ended March 31, 2023 to ₱134.2 million for the three months ended March 31, 2024. The 0.7% decrease in the account was primarily attributable to the following:

- General and administrative expenses increased by 4.9% to ₱128.2 million for the three months ended March 31, 2024 from ₱122.2 million for the three months ended March 31, 2023 due to the increases in repairs and maintenance and rentals and condominium dues.

- Marketing expenses decreased by 97.7% to ₱0.2 million for the three months ended March 31, 2024 from ₱9.3 million for the three months ended March 31, 2023 due to cost rationalization.

- Other operating expenses increased by 225.1% to ₱5.8 million for the three months ended March 31, 2024 from ₱1.8 million for the three months ended March 31, 2023 due to the decrease in miscellaneous expenses and office supplies used for the period.

**<u>Other Income</u>**

Interest income increased from ₱0.26 million for the three months ended March 31, 2023 to ₱1.03 million for the three months ended March 31, 2024. The 301.0% increase resulted from the interest earned from the increase in cash in banks of the company for the period.

**<u>Income before income tax</u>**

As a result of the foregoing, income before income tax increased by 5.2% to ₱309.9 million in the three months ended March 31, 2024 from ₱294.6 million in the three months ended March 31, 2023.

**<u>Provision for income tax</u>**

Tax expense for the three months ended March 31, 2024 was ₱0.001 million, a decrease of 65.7% from ₱0.002 million for the three months ended March 31, 2023. This was due primarily to the REIT Law granting the Company an exemption on the tax.

**<u>Net Income</u>**

As a result of the foregoing, net income increased by 5.2% to ₱309.9 million in the three months ended March 31, 2024 from ₱294.6 million in the three months ended March 31, 2023.

For the three 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 March 31, 2024 vs. December 31, 2023***

Total assets as of March 31, 2024 are ₱29,017.96 million compared to ₱28,995.72 million as of December 31, 2023, or a 0.1% increase. This was due to the following:

- Cash increased by 135.5% from ₱30.16 million as of December 31, 2023 to ₱71.0 million as of March 31, 2024 due to cash flow from the operations and investing activity for the period.

- Receivables increased by 12.3% from ₱2,900.90 million as of December 31, 2023 to ₱3,257.6 million as of March 31, 2024 due to the increase in receivables from tenants.

- Due from related parties decreased by 60.0% from ₱445.15 million as of December 31, 2023 to ₱177.93 million as of March 31, 2024 due to the settlement for the period.

- Other assets increased by 7.1% from ₱150.22 million as of December 31, 2023 to ₱160.87 million as of March 31, 2024 due to the increase in input vat and prepaid expenses.

- Property and equipment decreased by 16.3% from ₱12.15 million as of December 31, 2023 to ₱10.16 million as of March 31, 2024 due to the depreciation of properties and equipment.

- Investment Properties decreased by 0.5% from ₱25,457.14 million as of December 31, 2023 to ₱25,340.37 million as of March 31, 2024 due to the change in fair value of the investment properties particularly from the straight-line adjustment.

Total liabilities as of March 31, 2024 are ₱1,205.56 million compared to ₱1,493.24 million as of December 31, 2023, or a 19.3% decrease. This was due to the following:

- Accounts and other payables increased by 16.4% from ₱474.54 million as of December 31, 2023 to ₱552.26 million as of March 31, 2024 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 1.3% from ₱645.11 million as of December 31, 2023 to ₱653.28 million as of March 31, 2024 due to the application of security deposits and advance rent of the tenants.

- Payable to related parties decreased by 100.0% from ₱270.02 million as of December 31, 2023 to nil as of March 31, 2024 due to the settlement for the period.

- Dividends payable decreased by 100.0% from ₱103.57 million as of December 31, 2023 to ₱0.011 million as of March 31, 2024 due to the dividends paid to the shareholders.

Total stockholder's equity increased by 1.1% from ₱27,502.47 million as of December 31, 2023 to ₱27,812.40 million as of March 31, 2024 due to the income earned for the period.

**Top Five (5) Key Performance Indicators**

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

| Key Performance Indicators | 03/31/2024 | 12/31/2023 |
|---|---|---|
| Current ratio [(a)] | 2.52:1 | 1.98:1 |
| Debt ratio [(b)] | 0.00:1 | 0.00:1 |

| Key Performance Indicators | 03/31/2024 | 03/31/2023 |
|---|---|---|
| Return on equity [(c)] | 4.46% | 4.45% |
| Net Profit Margin [(d)] | 55% | 35% |
| EBITDA [(e)] | 311,951.49 | 297,771.52 |

*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 March 31, 2024 increased from that of December 31, 2023 due to the decrease in current liabilities.

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

Net Profit Margin increased due to the higher revenue and lower costs and expenses for the prior year.

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

**Material Changes to the Company's Balance Sheet as of March 31, 2024 compared to December 31, 2023 (increase/decrease of 5% or more)**

Cash increased by 135.5% from ₱30.16 million as of December 31, 2023 to ₱71.0 million as of March 31, 2024 due to cash flow from the operations and investing activity for the period.

Receivables increased by 12.3% from ₱2,900.90 million as of December 31, 2023 to ₱3,257.6 million as of March 31, 2024 due to the increase in receivables from tenants.

Due from related parties decreased by 60.0% from ₱445.15 million as of December 31, 2023 to ₱177.93 million as of March 31, 2024 due to the settlement for the period.

Other assets increased by 7.1% from ₱150.22 million as of December 31, 2023 to ₱160.87 million as of March 31, 2024 due to the increase in input vat and prepaid expenses.

Property and equipment decreased by 16.3% from ₱12.15 million as of December 31, 2023 to ₱10.16 million as of March 31, 2024 due to the depreciation of properties and equipment.

Accounts and other payables increased by 16.4% from ₱474.54 million as of December 31, 2023 to ₱552.26 million as of March 31, 2024 due to the increase in payable to suppliers of the commercial malls and withholding tax payable.

Payable to related parties decreased by 100.0% from ₱270.02 million as of December 31, 2023 to nil as of March 31, 2024 due to the settlement for the period.

Dividends payable decreased by 100.0% from ₱103.57 million as of December 31, 2023 to ₱0.011 million as of March 31, 2024 due to the dividends paid to the shareholders.

**Material Changes to the Company's Statement of income for the period ended March 31, 2024 compared to the period ended March 31, 2023 (increase/decrease of 5% or more)**

Rental income decreased by 34.0% from ₱804.7 million for the three months ended March 31, 2023 to ₱531.3 million for the three months ended March 31, 2024. The decrease was due to recognition of higher straight-line adjustment on the prior period. As of March 31, 2024, the occupancy rate is at 97%.

Parking fees increased by 13.3% to ₱11.2 million for the three months ended March 31, 2024 from ₱9.9 million for the three months ended March 31, 2023 primarily driven by the increase in numbers of vehicles parked in the malls.

Other operating income decreased from ₱32.4 million for the three months ended March 31, 2023 to ₱18.0 million for the three months ended March 31, 2024. The 44.5% decrease was due to the decrease in administrative fees and other fees charged to tenants.

Straight line adjustments decreased by 72.1% to ₱116.8 million for the three months ended March 31, 2024 from ₱418.8 million for the three months ended March 31, 2023 due to normalized recognition of rental income of lease contracts on a straight line basis for the period.

General and administrative expenses increased by 4.9% to ₱128.2 million for the three months ended March 31, 2024 from ₱122.2 million for the three months ended March 31, 2023 due to the increases in repairs and maintenance and rentals and condominium dues.

Marketing expenses decreased by 97.7% to ₱0.2 million for the three months ended March 31, 2024 from ₱9.3 million for the three months ended March 31, 2023 due to cost rationalization.

Other operating expenses increased by 225.1% to ₱5.8 million for the three months ended March 31, 2024 from ₱1.8 million for the three months ended March 31, 2023 due to the decrease in miscellaneous expenses and office supplies used for the period.

Interest income increased from ₱0.26 million for the three months ended March 31, 2023 to ₱1.03 million for the three months ended March 31, 2024. The 301.0% increase resulted from the interest earned from the increase in cash in banks of the company for the period.

Tax expense for the three months ended March 31, 2024 was ₱0.001 million, a decrease of 65.7% from ₱0.002 million for the three months ended March 31, 2023. This was due primarily to the REIT Law granting the Company an exemption on the tax.

For the period ended March 31, 2024, 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 3-months of 2024 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 3-months of 2024 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. 3-months of 2024 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.**

None.

**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 3-months of 2024 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 March 31, 2024, 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 three months of 2024 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**
**March 31, 2024**

| 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 | 2,015,745,914 | 433,410,622 | 237,528,248 | - | 1,280,622,964 | 64,184,080 | - | - |
| Accrued Rent Receivable | 1,196,624,134 | 1,196,624,134 | - | - | - | - | - | - |
| Due from related parties | 177,933,335 | - | - | - | - | - | 177,933,335 | - |
| Other Receivables | 45,223,186 | - | - | 45,223,186 | - | - | - | - |
| **TOTAL** | 3,435,526,569 | 1,630,034,756 | 237,528,248 | 45,223,186 | 1,280,622,964 | 64,184,080 | 177,933,335 | - |
| | - | | | | | | | |

**Disclosure for REIT Companies**[1]

**(a) Real Estate Transactions for the First Quarter of 2024**

The Company did not enter into any real estate transaction during the first quarter of 2024.

**(b) Schedule of Properties as of 31 Mar 2024**

| 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** | 1,221.66 | 23.00 | 20,605.02 | 20,562.08 | 100% | 33.03 | 34.25 | 12.07 | 22.18 |
| **Starmall Las Pinas - Annex** | 669.91 | 23.00 | 6,227.53 | 6,145.38 | 99% | 3.83 | 4.86 | 1.28 | 3.58 |
| **Starmall San Jose del Monte** | 3,114.48 | 23.00 | 35,664.93 | 34,221.20 | 96% | 67.37 | 75.06 | 24.85 | 50.21 |
| **SOMO - A Vista Mall** | 6,923.86 | 23.00 | 31,849.91 | 30,354.40 | 95% | 195.26 | 110.42 | 17.22 | 93.20 |
| **Vistahub Molino** | 1,936.51 | 23.00 | 15,631.08 | 15,631.08 | 100% | 16.47 | 17.06 | 6.11 | 10.95 |
| **Starmall Talisay - Cebu** | 1,550.75 | 23.00 | 19,643.57 | 19,643.57 | 100% | 48.09 | 44.68 | 6.28 | 38.39 |
| **Starmall - Imus** | 591.11 | 23.00 | 12,778.45 | 12,404.93 | 97% | 29.78 | 28.79 | 2.28 | 26.50 |
| **Vistamall General Trias** | 1,845.06 | 18.50 | 26,638.45 | 25,589.39 | 96% | 32.29 | 28.30 | 10.10 | 18.20 |
| **Vistamall Tanza** | 1,474.40 | 18.50 | 25,012.82 | 23,221.71 | 93% | 33.63 | 27.25 | 9.47 | 17.78 |
| **Vistamall Pampanga** | 1,054.07 | 23.00 | 25,526.84 | 24,038.63 | 94% | 21.41 | 20.07 | 10.76 | 9.31 |
| **Vistahub BGC** | 3,202.94 | - | 20,742.42 | 20,143.14 | 97% | 32.75 | 37.45 | 26.86 | 10.58 |
| **Vistamall Antipolo** | 1,720.59 | 23.00 | 16,082.93 | 15,479.01 | 96% | 17.43 | 14.98 | 6.93 | 8.05 |
| **TOTAL** | **25,305.34** | | **256,403.95** | **247,434.52** | **97%** | **531.34** | **443.16** | **134.22** | **308.94** |

[1] Pursuant to Section 6.2 of the Amended Listing Rules for REITs

[2] December 31, 2023

## 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: May 20, 2024