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This REIT Plan and the information contained herein are subject to completion or amendment without notice. The Offer Shares may not be sold nor may an offer to buy be accepted prior to the time that the REIT Plan is issued in final form. Under no circumstances shall this REIT Plan constitute an offer to sell or a solicitation of an offer to buy any Offer Shares nor shall there be any offer, solicitation or sale of the Offer Shares in any jurisdiction where such offer, solicitation, or sale is not permitted.

# VISTAREIT, INC.

*(incorporated in the Republic of the Philippines)*

**Initial Public Offer of 2,500,000,000 Secondary Common Shares
with an Overallotment Option of up to 250,000,000 Secondary Common Shares**

**Offer Price of ₱1.75 per Common Share**
*to be listed and traded on the Main Board of
The Philippine Stock Exchange, Inc.*

***Sponsors and Selling Shareholders*[1]**
**COMMUNITIES PAMPANGA, INC.**
**CROWN ASIA PROPERTIES, INC.**
**MANUELA CORPORATION**
**MASTERPIECE ASIA PROPERTIES, INC.**
**VISTA RESIDENCES, INC.**

***Fund Manager***
VFund Management, Inc.

***Property Manager***
VProperty Management, Inc.,

***Issue Coordinator***

CHINABANK CAPITAL

***Joint Lead Underwriters and Bookrunners***

BDO Capital

CHINABANK CAPITAL

PNB Capital

RCBC Capital Corporation

SB CAPITAL
A Subsidiary of Security Bank

***Participating Underwriter***

Abacus Capital & Investment Corporation

***Selling Agents***

***REIT Eligible Trading Participants of The Philippine Stock Exchange, Inc.***

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS REIT PLAN IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

The date of this REIT Plan is May 26, 2022.

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[1] The Sponsors are all subsidiaries (direct or indirect) of Vista Land & Lifescapes, Inc.

**VistaREIT, Inc.**
Lower Ground Floor, Building B, Evia Lifestyle Center,
Daang Hari, Almanza Dos,
Las Piñas City, Metro Manila
www.vistareit.com.ph
Telephone: +632 3226 3552

This REIT plan (the "**REIT Plan**") relates to the offer and sale to the public of 2,500,000,000 secondary common shares (the "**Firm Shares**") with an Overallotment Option (as defined below) of up to 250,000,000 secondary common shares (the "**Option Shares**", and together with the Firm Shares, the "**Offer Shares**"), each common share with a par value of ₱1.00 (the "**Shares**"), of **VistaREIT, Inc. (formerly, Vista One, Inc.)** ("**we**", "**us**", "**our**", "**VistaREIT**" or our "**Company**"), a corporation organized and existing under Philippine law and operating as a real estate company.

Upon compliance with the requirements of Republic Act No. 9856, the Real Estate Investment Trust Act of 2009 (the "**REIT Law**", and together with the relevant implementing rules and regulations as issued by the Government, the "**REIT Regulations**"), VistaREIT shall operate as a real estate investment trust ("**REIT**"). Under the REIT Law, a REIT is a stock corporation established in accordance with Republic Act No. 11232, the Revised Corporation Code of the Philippines (the "**Corporation Code**"), and the rules and regulations promulgated by the Securities and Exchange Commission of the Philippines ("**SEC**") principally for the purpose of owning income-generating real estate assets. A REIT is referred to as a "trust" under the REIT Law; however, this term was adopted only to align with global best practices and terminology. A REIT organized under the REIT Law is subject to the Revised Corporation Code as a stock corporation and does not operate under the same regime as trusts generally under applicable Philippine laws and regulations governing trusts.

Communities Pampanga, Inc. ("**Communities Pampanga**"), Crown Asia Properties, Inc. ("**Crown Asia**"), Manuela Corporation ("**Manuela**"), Masterpiece Asia Properties, Inc. ("**MAPI**"), and Vista Residences, Inc. ("**Vista Residences**" and together with Communities Pampanga, Crown Asia, Manuela, MAPI, and Vista Residences, the "**Sponsors**") are the sponsors of VistaREIT. The Sponsors are all subsidiaries (direct or indirect) of Vista Land & Lifescapes, Inc. ("**Vista Land**"), one of the country's largest integrated real estate developers.

VistaREIT is envisioned to be the flagship office and mall REIT of the Vista Land Group, (consisting of Vista Land and its subsidiaries, including the Sponsors) and aims to be among the leading diversified commercial REITs in the Philippines in terms of portfolio, profitability, growth, sustainability, and dividend yield.

The Firm Shares will comprise of 2,500,000,000 issued Shares owned and to be offered and sold by the Sponsors (the "**Selling Shareholders**") by way of a secondary offer. The Option Shares will comprise up to 250,000,000 issued Shares owned by the Selling Shareholders to be offered by way of a secondary offer. The offer of the Offer Shares is referred to herein as the "**Offer**". For further discussion on the specific number of shares to be offered by each of the Selling Shareholders, please refer to page 271 of this REIT Plan, under the subheader "The Selling Shareholders".

The Company's current authorized capital stock is ₱15,000,000,000.00 divided into 15,000,000,000 common shares with a par value of ₱1.00 per share. As of the date of this REIT Plan, a total of 7,500,000,000 common shares are issued and outstanding. For further discussion, please refer to page 138 of this REIT Plan.

The Offer Shares shall be offered at a price of ₱1.75 per Offer Share (the "**Offer Price**"). The determination of the Offer Price is described on page 77 of this REIT Plan and was based on a book-building process and discussion between our Company, the Selling Shareholders, and China Bank Capital Corporation ("**China Bank Capital**"), as issue coordinator ("**Issue Coordinator**"), together with BDO Capital & Investment Corporation ("**BDO Capital**"), China Bank Capital, PNB Capital and Investment Corporation ("**PNB Capital**"), RCBC Capital Corporation ("**RCBC Capital**"), and SB Capital Investment Corporation ("**SB Capital**") as joint lead underwriters and bookrunners (together with the Issue Coordinator, the "**Joint Lead Underwriters and Bookrunners**"), and Abacus Capital and Investment Corporation ("**Abacus Capital**") as the participating underwriter (the "**Participating Underwriter**").

The Offer Shares will be listed and traded on the Main Board of The Philippine Stock Exchange, Inc. (the "**PSE**") under the trading symbol "**VREIT**".

Up to 750,000,000 Firm Shares (or 30% of the Firm Shares) (the "**Trading Participants and Retail Offer Shares**") are being offered in the Philippines through all of the REIT eligible Trading Participants of the PSE (the "**Eligible PSE Trading Participants**") and to local small investors ("**LSI**") under the Local Small Investors Program (subject to re-allocation as described below) (the "**Trading Participants and Retail Offer**"). The number of Offer Shares to be made available to the Eligible PSE Trading Participants and LSIs will be up to 500,000,000 Firm Shares and up to 250,000,000 Firm Shares, respectively, or 20% and 10%, respectively, subject to final allocation as may be determined by the Joint Lead Underwriters and Bookrunners.

At least 1,750,000,000 Firm Shares (or 70% of the Firm Shares) (the "**Institutional Offer Shares"**), are (subject to re-allocation as described below) being offered for sale to qualified buyers and other investors in the Philippines, by the Joint Lead Underwriters and Bookrunners and the Participating Underwriter (the "**Institutional Offer"**).

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, the Selling Shareholders and the Joint Lead Underwriters and Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Firm Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Firm Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the one hand, and the Institutional Offer, on the other hand.

Pursuant to the approval of the SEC dated May 25, 2022, the Selling Shareholders have appointed China Bank Securities Corporation to act as the stabilizing agent (the "**Stabilizing Agent**") in relation to the Offer. The Stabilizing Agent has an option exercisable in whole or in part for a period beginning on or after the initial listing of the Offer Shares on the PSE (the "**Listing Date**") and, if exercised, ending on a date no later than thirty (30) calendar days from and including the Listing Date, to purchase up to 250,000,000 Option Shares, representing 3.33% of the issued and outstanding capital of the Company, at the Offer Price from the Selling Shareholders, on the same terms and conditions as the Firm Shares as set forth in this REIT Plan, solely to cover overallotments, if any (the "**Overallotment Option**"). In connection with the Offer, the Stabilizing Agent or any person acting on its behalf may over-allot Offer Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Any stabilization activities may begin on or after the date on which adequate public disclosure of the final price of the Offer Shares is made and, if begun, may be ended at any time, but must end no later than thirty (30) calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, rules and regulations. The total number of Offer Shares which the Stabilizing Agent or any person acting in its behalf may purchase to undertake stabilization activities shall not exceed 10% of the aggregate number of the Firm Shares. If the Stabilizing Agent commences any stabilization activities (which would include thereafter disposing of or selling the Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Shares will not decline significantly before or after any such stabilizing activities end.

Once the Over-allotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Shares in the open market for the conduct of stabilization activities. To the extent the Over-allotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders, and the corresponding filing fee for the Over-allotment Option shall be forfeited. The Option Shares are not fully underwritten unlike the Firm Shares and consequently, the Option Shares may not be fully sold and taken up.

Upon completion of the Offer, a total of 7,500,000,000 common shares will be issued and outstanding. The number of the Company's outstanding shares will not change with the completion of the Offer. **The Offer Shares will represent approximately 36.67% of the issued and outstanding capital stock of VistaREIT after the completion of the Offer, while other existing shareholders[2] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT assuming the full exercise of the Overallotment Option, and approximately 33.33% of the issued and outstanding capital stock, assuming the Overallotment Option is not exercised. Upon completion of the Offer and full take up thereof by public shareholders, the Shares owned by the Sponsors will represent approximately 63.26% of the issued and outstanding capital stock of VistaREIT while other existing shareholders[3] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT, assuming the full exercise of the Overallotment Option, and approximately 66.59% of the issued and outstanding capital stock, assuming no exercise of any Overallotment Option.**

[2] Other existing shareholders include directors and officers of VistaREIT.
[3] Other existing shareholders include directors and officers of VistaREIT.

The Company will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. The total proceeds to be raised from the sale of the Firm Shares will be approximately ₱4,375,000,000.00. The net proceeds to be received by the Selling Shareholders from the sale of the Firm Shares (after deduction of estimated fees and expenses of the Offer of approximately ₱185,524,89469) will be approximately ₱4,189,475,105.31. Assuming full exercise of the Overallotment Option, the total proceeds to be raised by the Selling Shareholders from the sale of the Firm Shares and Option Shares will be approximately ₱4,812,500,000.00 and the Selling Shareholders will receive net proceeds of approximately ₱4,612,493,855.31 (after deducting fees and expenses payable by the Selling Shareholders of approximately ₱200,006,144.69). The entire proceeds of Secondary Offer will be used by the Selling Shareholders in accordance with its reinvestment plan. For a more detailed discussion on the use of net proceeds by the Selling Shareholders, see "*Use of Proceeds*" and Annex A (Reinvestment Plan). For a more detailed discussion on the Selling Shareholders, see "*Principal and Selling Shareholders*".

The Joint Lead Underwriters and Bookrunners and the Participating Underwriter will receive a transaction fee of up to 2.558% of the gross proceeds from the sale of the Offer Shares. The transaction fee is inclusive of the amounts to be paid to selling agents, including the Eligible PSE Trading Participants. The estimated underwriting and Trading Participant ("**TP**") fees amount to approximately ₱121,812,503.75, assuming that the Overallotment Option is fully exercised. The estimated underwriting and TP fees amount to approximately ₱110,875,003.75, assuming that the Overallotment Option is not exercised. Any Firm Shares left unsubscribed after the Offer Period will be underwritten on a firm commitment basis by the Joint Lead Underwriters and Bookrunners and the Participating Underwriter. For a detailed discussion on the underwriting commitment and the distribution of the Firm Shares, see "*Plan of Distribution*" on page 69.

All of the Offer Shares have identical rights and privileges, as the issued and outstanding Shares of the Company. For a detailed discussion of the rights and features of the shares of stock of the Company, including the Offer Shares, see "*The Formation and Structure of VistaREIT—Description of Shares*" on page 223.

Each shareholder will be entitled to such dividends as set forth and subject to the conditions under the REIT Regulations. In particular, the REIT Law requires a REIT to distribute annually a total of at least 90% of its net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with internationally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are reinvested by the REIT within one year from the date of the sale) as dividends to its shareholders. The percentage of dividends with respect to any class of stock to be received by Shareholders to the total dividends distributed by the Company from its distributable income shall not be less than such percentage of their aggregate ownership of the total outstanding shares of the Company. Such dividends shall be payable only from the unrestricted retained earnings of the Company, and the income distributable as dividends by the Company shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Board of Directors, including the unanimous vote of all our independent Directors, and stockholders representing not less than two-thirds of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the SEC within five (5) working days from receipt of the request for approval. If the SEC does not act on said request within such period, the declaration shall be deemed approved. For further discussion, see "*Dividends and Dividend Policy*" beginning on page 74.

On March 24, 2022, the Company submitted a Registration Statement with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "**SRC**") for the registration of all the issued and outstanding Shares of the Company and the Offer Shares. On May 5, 2022, the SEC approved the Registration Statement and issued a Pre-Effective Letter. Upon compliance with the requirements of the Pre-Effective Letter, we expect the SEC to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale.

The listing of the Offer Shares is subject to the approval of the PSE. On March 28, 2022, the Company filed the Listing Application for the listing and trading of the issued and outstanding Shares of the Company and the Offer Shares. On May 12, 2022, the PSE issued its Notice of Approval, subject to compliance with certain conditions. The PSE's approval of the listing is merely permissive and does not constitute a recommendation or endorsement of the Offer by the PSE. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in the REIT Plan. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the REIT Plan.

The purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to minimum public ownership requirements of the REIT Law and the nationality limits under Philippine law. In particular, the Philippine Constitution and other Philippine laws and regulations require that ownership of companies that own land be limited to citizens of the Philippines, or Philippine Nationals, which include corporations or associations organized under the laws of the Philippines of which at least 60% of the capital stock outstanding is owned and held by citizens of the Philippines. Currently, our Company does not own any land. Nevertheless, because the Company's Articles of Incorporation authorizes the Company to acquire land, which may include land in the Philippines, foreign shareholdings in our Company may not exceed (i) 40% of our issued and outstanding capital stock entitled to vote in the election of directors; and (ii) 40% of our total issued and outstanding capital stock, whether or not entitled to vote in the election of directors. See "*Regulatory and Environmental Matters*" on page 248.

We, together with the Selling Shareholders, reserve the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, and the Joint Lead Underwriters and Bookrunners and the Participating Underwriter reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, we shall make the necessary disclosures to the SEC and the PSE.

We, together with the Selling Shareholders, may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to Listing if any of the force majeure or fortuitous events set out under the Section *"Summary of the Offer - Withdrawal of the Offer"* of this REIT Plan occurs.

Unless otherwise indicated, all information in this REIT Plan is as of the date of this REIT Plan. Neither the delivery of this REIT Plan nor any sale made hereunder shall, under any circumstance, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

**Summary Information on VistaREIT and the Portfolio**

VistaREIT was incorporated under Philippine law on August 24, 2020 under the name of Vista One, Inc. with an authorized capital stock of ₱40,000,000.00 divided into 40,000,000 common shares with a par value of ₱1.00 per share. Vista One, Inc. was incorporated to own, manage, operate and engage in the leasing of income-generating real properties. Our Company did not have any business operation since its incorporation until the infusion of assets to its property portfolio under the Property-for-Share Swap (*discussed below*). On December 29, 2021, the SEC approved the increase in our authorized capital stock to ₱2,000,000,000.00 divided into 2,000,000,000 common shares with a par value of ₱1.00 per share and on March 14, 2022, the SEC approved the increase in our authorized capital stock to ₱15,000,000,000.00 divided into 15,000,000,000 common shares with a par value of ₱1.00 per share. On March 16, 2022, our Board of Directors approved the following amendments to our Articles of Incorporation and By-Laws: (a) changing our corporate name to VistaREIT, Inc.; (b) changing our Company's primary purpose to engage in the business of a real estate investment trust as provided under the REIT Regulations; (c) changing our Company's principal place of business; (d) increasing the number of our Board of Directors from five (5) to seven (7); (d) denying the stockholders' pre-emptive rights; (e) amendments on the PSE lock-up requirement; (f) corporate governance provisions for REITs and publicly listed companies; (h) qualifications of directors; (i) corporate governance revisions for independent directors; (j) changes on compensation clause; (k) constitute board committees including Executive Committee; Compensation and Remuneration Committee, Audit Committee, Related Party Transaction committee; (l) appointment of stock transfer agent; (m) schedule of regular annual meetings; (n) amendments on dividends; (o) the Fund Manager; and (P) the Property Manager. As of the date of this REIT Plan, we have 7,500,000,000 common shares issued and outstanding. We have no preferred shares and no shares held in treasury. On April 18, 2022, the SEC approved the foregoing amendments to our Articles of Incorporation and By-laws.

As of the date of this REIT Plan, the Sponsors own, in aggregate, 99.93% of our total issued and outstanding capital stock. Our Company presently does not have any Subsidiaries. Upon completion of the Offer, the Shares owned by the Sponsors will represent approximately 63.26% of the issued and outstanding capital stock of VistaREIT, while other existing shareholders[4] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT, assuming the full exercise of the Overallotment Option, and approximately 66.59% of the issued and outstanding capital stock of VistaREIT, while other existing shareholders[5] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT, assuming no exercise of any Overallotment Option.

VistaREIT owns a portfolio (the "**Portfolio**") of 10 community malls ("**Mall Properties**") and two (2) office buildings ("**Office Properties**", together with Mall Properties, the "**Properties**" and each, a "**Property**") with an aggregate GLA of 256,403.95 sqm as of the date of this REIT Plan.

The principal investment mandate and strategy of VistaREIT is to invest, on a long-term basis, in a diversified portfolio of income-generating commercial real estate assets strategically located within Vista Land Group's integrated developments or in key urban areas. We aim to maintain high occupancy rates and quality tenants with particular focus on those offering essential goods and/or services. Through the Property Manager, VistaREIT intends to maximize the operational efficiency of the Properties and, with the help of the Fund Manager, maximize investment yields and profitability margins. See "*Business and Properties—Investment Policy*."

In contemplation of the Offer and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, we entered into and implemented the "**REIT Formation Transactions**" as follows:

At the duly constituted meeting of the Board of Directors of the Company held on February 7, 2022, the increase in the authorized capital stock of the Company to ₱15,000,000,000.00, divided into 15,000,000,000 common shares, with a par value of One Peso (₱1.00) per share, was approved by the affirmative vote of at least a majority of the members of the Board of Directors.

The aforementioned increase in the authorized capital stock of the Company was approved by the affirmative vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Company at a meeting held on the same date and at the same venue. On March 14, 2022, the SEC approved the increase in authorized capital stock.

Out of the increase in the authorized capital stock of the Company, 6,990,000,000 common shares have been subscribed at an aggregate subscription price of ₱10,485,000,000.00, inclusive of premium in the amount of ₱3,495,000,000.00; and the subscribers, which are all Domestic corporations, have fully paid their respective subscriptions by way of transfer of property (the "**Property-for-Share Swap**"), as follows:

| Name of Subscriber | Properties Transferred | No. of Shares Subscribed | Par Value (₱1.00 per share) | Additional Paid-in Capital | Amount Subscribed and Paid |
|---|---|---|---|---|---|
| Vista Residences, Inc. | Vista Hub BGC | 1,917,919,815 | 1,917,919,815.00 | 958,959,907.50 | 2,876,879,722.50 |
| Masterpiece Asia Properties, Inc. | Starmall San Jose Del Monte; SOMO – A Vista Mall; Vista Mall Imus; Vista Hub Molino; Vista Mall General Trias; Vista Mall Tanza; and Starmall Talisay, Cebu | 3,721,736,378 | 3,721,736,378.00 | 1,860,868,189.00 | 5,582,604,567.00 |
| Crown Asia Properties, Inc. | Vista Mall Antipolo | 304,856,147 | 304,856,147.00 | 152,428,073.50 | 457,284,220.50 |
| Communities Pampanga, Inc. | Vista Mall Pampanga | 463,199,199 | 463,199,199.00 | 231,599,599.50 | 694,798,798.50 |
| Manuela Corporation | Vista Mall Las Piñas (Main); Starmall Las Piñas (Annex) | 582,288,461 | 582,288,461.00 | 291,144,230.50 | 873,432,691.50 |
| **Total** | | **6,990,000,000** | **₱6,990,000,000.00** | **₱3,495,000,000.00** | **₱10,485,000,000.00** |

Subject to the SEC's approval of the Property-for-Share Swap and the issuance by the BIR of the Certificate Authorizing Registration ("**CAR**"), a Deed of Assignment and Subscription of shares dated February 7, 2022 (the "**Deed of Assignment and Subscription**") was entered into between our Company and the Sponsors where the Sponsors transferred, assigned and conveyed absolutely in favor of the Company all of their rights,

[4] Other existing shareholders include directors and officers of VistaREIT.
[5] Other existing shareholders include directors and officers of VistaREIT.

title and interests in the Properties, free from liabilities, debts, liens and encumbrances, at the transfer value of ₱10,485.00 million in exchange for an aggregate of 6,990,000,000 common shares. Based on the Valuation Report, the aggregate appraised value of the properties transferred is ₱35,952.99 million. The Property-for-Share Swap further increased the Sponsors' ownership interests to 99.93% of the total issued and outstanding capital stock of the Company. The difference between the said fair value of the Assigned Properties and the issue price thereof to the Company (i.e., the issue price of the shares issued to the Sponsors in the Property-for-Share Swap) in the amount of ₱3,495.00 million is accounted for as additional paid-in capital.

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

On March 14, 2022, the SEC issued the Certificate of Approval of the Increase of Capital Stock on the Property-for-Share Swap. Then upon payment of the corresponding Documentary Stamp Tax on March 30, 2022, the Company issued an aggregate of 6,990,000,000 common shares to the Sponsors according to their respective subscriptions under the Property-for-Share Swap, and was recorded in our accounting books and stock transfer book on the same date. Subsequently, the CARs authorizing the transfer of legal title to the Properties from the Sponsors to the Company were issued on April 25, April 26, April 28, April 29 and May 2, 2022. Upon issuance of the shares on March 30, 2022 under the Property-for-Share Swap it was recorded in our accounting books and stock transfer book on the same date.

Our initial Portfolio comprising the 12 Properties have an aggregate GLA of 256,403.95 sqm as of December 31, 2021 and with an aggregate appraised value of ₱35,952.99 million based on the valuation report (the "**Valuation Report**") issued by Asian Appraisal Company, Inc. (the "**Valuer**"). Our community malls are located in Las Piñas City, Bacoor City, General Trias City, Imus City, Municipality of Tanza, Antipolo City, City of San Jose Del Monte, San Fernando City, and Talisay City. Our office buildings are located in Taguig City and Bacoor City. The value of the parcels of land where the buildings are situated were not included in the value of the Properties. Only the value of the buildings was considered and the terminal value considered in the valuation pertains only to the buildings.

The table below provides details of each Property as indicated as of December 31, 2021. All of the Properties were developed by the Sponsors. All of the Properties are owned by the Company and are located on land leased from the Company's affiliates, which are direct and indirect subsidiaries of Vista Land except for Vista Hub BGC because the ownership of the condominium units will be transferred to VistaREIT which include the associated ownership interest on the land where the building is located. As consideration for the land lease, the Company will pay the relevant lessor rental payments equivalent to 1% of Rental Income, inclusive of VAT, DST and other taxes which shall be borne by the Company. The impact of such rent payment will be reflected in the financial projection starting the fiscal year ending December 31, 2022 as an increase in expenses. As of the date of this REIT Plan, the remaining land lease tenure of each of our Properties is between 15 to 25 years, renewable at the option of the lessee. As of the date of this REIT Plan, all Properties enjoy occupancy rates of 93% to 100% of their respective GLAs.

The two (2) office properties are PEZA-registered. Despite the community quarantine imposed by the Government due to the COVID-19 pandemic, the Office Properties enjoy pre-COVID-19 occupancy levels largely due to the sustained operations of the BPO office tenants. The Office Properties have enjoyed consistently high occupancy rates thus earning stable rental revenues.

The ten (10) retail malls are typically around 30,000 sqm in Gross Floor Area (GFA) and 80% is occupied by essential retail formats, such as supermarkets, home improvement/appliance stores, drug stores, food establishments and financial services. Due to the pandemic, foot traffic in malls declined significantly. However, the impact to the Mall Properties was softened compared to other malls since most of the Company's tenants are essential, and the malls are located within or near Vista Land integrated developments/*communicities*. Tenants operating essential businesses remained operational even during the strictest quarantine classification implemented in the country, and the surrounding Vista Communities serving as the immediate catchment area for the Company's malls.

Over the last three years, the Properties have enjoyed consistently high occupancy rates ranging from 85% to 92%. Our Portfolio has a weighted average lease expiry ("**WALE**") of 5.09 years (by GLA) as of December 31, 2021.

The Properties contributed to the REIT met the criteria set by the company of location and tenant profile. All the Properties except for Vista Hub BGC (which is located in Taguig City) are located within or near Vista Land developments while Vista Hub BGC, although not located within or near the Vista Land developments, is in a prime location in Metro Manila with strong captive market. All the Properties also met the tenant profile of having stable occupancy rate and high-quality tenants. There are no existing mortgages, liens or encumbrances over the Properties.

There are no planned renovations or improvements yet in the near term. For Vista Mall Las Piñas (Main) and Starmall Las Piñas (Annex), the Company may undertake renovations or improvements in the next five (5) years.

*Please refer to succeeding page for a summary of the Company's Portfolio.*

**VISTAREIT PORTFOLIO**
*As of the date of this REIT Plan*

| Property | Classification | Storey | Year Completed | Year of Commercial Operations | Location | GLA (sqm) | Parking Levels and Area (sqm) | Parking Slots (units) | % of Total Portfolio GLA | Occupancy Rate | Appraised Value (₱ million) | Land Lease Term | Landowner |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Mall Properties** | | | | | | | | | | | | | |
| Vista Mall Las Piñas (Main) | Mall | 4 | 1982 | 1982 | Pamplona Dos, Las Piñas City | 20,605.02 | 4,236.00 | 353 | 8% | 89% | 3,907.22 | 25 years | Manuela Corporation |
| Starmall Las Piñas (Annex) | Mall | 3 | 1979 | 1979 | Pamplona Tres, Las Piñas City | 6,227.53 | 612.00 | 51 | 2% | 91% | 958.23 | 25 years | Manuela Corporation |
| Starmall San Jose Del Monte | Mall | 3 | 2012 | 2012 | SJDM Bulacan | 35,664.93 | 30,616.83 | 857 | 14% | 88% | 6,398.91 | 25 years | Masterpiece Asia Properties, Inc. |
| Vista Mall Pampanga | Mall | 3 | 2013 | 2013 | San Fernando, Pampanga | 25,526.84 | 3,112.50 | 249 | 10% | 93% | 1,848.26 | 25 years | Communities Pampanga, Inc. |
| SOMO – A Vista Mall | Mall | 2 | 2015 | 2015 | Bacoor City, Cavite | 31,849.91 | 2,687.50 | 215 | 12% | 90% | 4,461.54 | 25 years | Masterpiece Asia Properties, Inc. |
| Vista Mall Antipolo | Mall | 2 | 2013 | 2013 | Antipolo City, Rizal | 16,082.93 | 1,750.00 | 140 | 6% | 88% | 2,335.48 | 15 & 20 years | Crown Asia Properties, Inc. and Beatrice Realty Development. |
| Vista Mall General Trias | Mall | 2 | 2018 | 2018 | General Trias City, Cavite | 26,638.45 | 4,980.00 | 415 | 10% | 89% | 2,961.08 | 20 years | Household Development Corp. |
| Vista Mall Tanza | Mall | 2 | 2018 | 2018 | Tanza, Cavite | 25,012.82 | 5,475.00 | 365 | 10% | 87% | 2,611.18 | 20 years | Household Development Corp. |
| Starmall Talisay, Cebu | Mall | 2 | 2013 | 2013 | Talisay City, Cebu | 19,643.57 | 1,237.50 | 99 | 8% | 92% | 2,943.62 | 20 & 25 years | Communities Cebu, Inc., Cebu Realty, Inc. and Spouses Vicente Manigos, Jr. & Cerlita M. Manigos |
| Vista Mall Imus | Mall | 1 | 2015 | 2015 | Imus City, Cavite | 12,778.45 | 2,062.50 | 165 | 5% | 100% | 637.73 | 25 years | Masterpiece Asia Properties, Inc. |
| ***Subtotal – Mall Properties*** | | | | | | ***220,030.45*** | ***56,769.83*** | ***2,909*** | ***86%*** | ***90%*** | 29,063.25 | | |
| **Office Properties** | | | | | | | | | | | | | |
| Vista Hub Molino | Office | 7 | 2019 | 2020 | Bacoor City, Cavite | 15,631.08 | 3,100.00 | 248 | 6% | 91% | 2,827.38 | 25 years | Masterpiece Asia Properties, Inc. |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vista Hub BGC | Office | 14 | 2016 | 2017 | BGC, Taguig City | 20,742.42 | 3,825.00 | 306 | 8% | 98% | 4,062.36 | NA | Vista Residences, Inc. and Grand Sequoia Estate Development, Inc.* |
| | | | | | ***Subtotal – Office Properties*** | ***36,373.50*** | ***6,925.00*** | ***554*** | ***14%*** | ***95%*** | ***6,889.74*** | | |
| | | | | | **TOTAL** | **256,403.95** | **63,694.83** | **3,463** | **100%** | **91%** | **₱35,952.99** | | |

**Owns Office & Commercial Unit Spaces with Parking Slots as evidenced by Condominium Certificate of Titles*

**Summary Information on our Sponsors, the Fund Manager and the Property Manager**

The Sponsors of VistaREIT are direct or indirect subsidiaries of Vista Land.

Vista Land is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country with presence in more than 147 cities and municipalities and a land bank of approximately 3,000 hectares as of December 31, 2021, located in areas in proximity to major roads and primary infrastructure. Since it commenced operations in 1977, Vista Land has built over 400,000 homes. It believes that it is one of the few leading integrated property developers in the Philippines that is focused on the affordable market. In addition to providing a wide range of housing products to its customers across all income segments through its residential property development business, Vista Land is involved in commercial property development through its retail malls and BPO commercial centers. As of December 31, 2021, Vista Land has a total of 1,588,694 sqm of GFA of investment properties comprising of 31 malls, 7 office buildings and 69 commercial centers.

Historically, Vista Land's primary business has been the development and sale of horizontal real estate projects, which comprise residential lots and units in the affordable, upper mid-cost and high-end housing segments. Vista Land subsequently expanded into the development and sale of vertical residential projects, including low-rise to high-rise condominium developments. Vista Land harnesses over 40 years of professional expertise in residential real estate development and believes it has established a nationwide presence, superior brand recognition and proven track record in homebuilding. Its projects include *communicities* and stand-alone residential subdivisions which offer lots, house and lots and condominium units to customers in the affordable, upper mid-cost and high-end market segments.

***The Sponsors***

Masterpiece Asia Properties, Inc. and Manuela Corporation are both engaged in the operation and development of commercial properties for lease. Vista Land owns MAPI and Manuela through Vista Malls, Inc., its retail mall and BPO platform.

MAPI was incorporated in the Philippines on November 5, 2001. Its primary business is to develop and lease commercial mall spaces and Business Process Outsourcing ("**BPO**") centers. MAPI is currently engaged in leasing commercial centers including retail malls, Vista Malls and Starmalls, located in key cities and municipalities in the Philippines and office spaces.

Manuela was incorporated in the Philippines on February 22, 1972. The primary business of Manuela is to develop and lease commercial mall spaces and BPO centers. Manuela is currently engaged in leasing commercial centers including retail malls of Starmalls that are located in key cities and municipalities in the Philippines and office spaces. The company is also engaged in selling residential house and lots in Manuelaville and Augustine Grove.

Vista Residences was incorporated as Polar Mines Realty Ventures, Inc. on November 10, 2003. Vista Land acquired 100% of the voting shares of Polar Mines Realty Ventures, Inc. on October 29, 2009. On January 29, 2010, the SEC approved the change of the corporate name of the company from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc.". Vista Land had only begun developing vertical homes five years before the acquisition of Polar Mines Realty Ventures, Inc., which had a particular focus on the development and sales of residential high-rise condominium projects across the Philippines. The acquisition of Polar Mines Realty Ventures, Inc. was designed to increase Vista Land's presence in the vertical homes segment. The name change to Vista Residences, Inc. was designed to consolidate the development and sales of all of Vista Land's vertical and high-rise condominium projects under the brand name "Vista Residences," thus creating a uniform, clear and strong market identity for Vista Land's vertical development projects.

Crown Asia Properties, Inc. was established to cater primarily to the middle-income housing segment. Since 1996, Crown Asia had launched a large proportion of its projects under the "Crown Asia" brand name. Among these developments are Valenza in Sta. Rosa, La Mediterranea in Dasmariñas, Cavite, Maia Alta in Antipolo City, Ponticelli and Residenza in Bacoor, Cavite, and Citta Italia in Imus, Cavite.

Communities Pampanga, Inc. was incorporated in the Philippines on February 5, 2004. It was organized to carry out the business of a registered real estate dealer, and all alike undertakings pertinent to its business. Communities Pampanga is involved in the evaluation and acquisition of undeveloped land, planning and design of community development, securing regulatory approvals for development and sales, supervision of land development and house construction, and the marketing and selling of new houses. It is also engaged in leasing commercial centers including retail malls, Vista Malls, located in Pampanga. Communities Pampanga is a wholly-owned subsidiary of Communities Philippines, Inc. which is a wholly-owned subsidiary of Vista Land.

***The Fund Manager***

Our Fund Manager is VFund Management, Inc., formerly Communities Palawan, Inc. and incorporated on November 8, 2011 with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. The principal place of business of the Fund Manager is at Lower Ground Floor, Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The Fund Manager has an 11-year track record in the development of real estate industry. The Fund Manager has submitted the application for the amendment of the company's articles of incorporation (among others) to: (a) increase the authorized capital stock to ₱500,000,000.00 divided into 500,000,000 common shares with a par value of ₱1.00 per share, (b) change the corporate name to VFund Management, Inc.; and (c) change the primary purpose of the company to engage in the business of providing fund management services to REIT companies. On April 18, 2022, the SEC approved the foregoing amendments to the Fund Manager's articles of incorporation. Our Fund Manager is a wholly-owned subsidiary of Communities Philippines, Inc. Communities Philippines is a wholly-owned subsidiary of Vista Land. Our Fund Manager's main responsibility is to manage our Company's assets and liabilities for the benefit of our Shareholders, with a focus on investment yields and profitability margins.

The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a 5-year, renewable agreement defining the relationship between the Company and the Fund Manager. The Fund Manager is compliant with the minimum requirements of a REIT fund manager under the REIT Law and the REIT IRR.

***The Property Manager***

Our Property Manager is VProperty Management, Inc., incorporated as LET Ventures, Inc. on August 6, 2019. On October 22, 2020, the SEC approved the amendment of the company's articles of incorporation (among others) to: (a) change the corporate name to VistaREIT Property Managers, Inc.; and (b) change the primary purpose of the company to engage in the business of providing property management, lease management, marketing, and project management and such other duties and functions necessary and incidental to property management. The Property Manager's application for the amendment of the company's articles of incorporation to further change its corporate name to VProperty Management, Inc. was approved by the SEC on April 8, 2022. Our Property Manager is a wholly owned subsidiary of Vista Residences, one of the Sponsors.

Pursuant to the Property Management Agreement entered on March 18, 2022 between our Company and our Property Manager, our Property Manager shall have the overall responsibility for the day-to-day facilities management of the Properties, marketing of the office and retail spaces therein, management of client accounts, lease administration, operations management, and handling of tenant relations. Specifically, our Property Manager will oversee negotiation and execution of lease contracts, enforcement of lease terms and conditions, and awarding, extension, and termination of leases; supervision of billing and collection of rentals and other payments from tenants, as well as monitoring of past due accounts and receivables; and, building management operations relating to security, utilities, repairs, and maintenance, emergency management, including engagement of contractors for such purpose.

The operational structure of VistaREIT and its relationship with the Sponsors, Fund Manager, Property Manager, and Vista Land, as of date of this REIT Plan and after the Offer (assuming full exercise or no exercise of the Overallotment Option) are set out on page 148 of this REIT Plan.

**<u>Risk Factors</u>**

Before making an investment decision, prospective investors should carefully consider all the information contained in this REIT Plan, including the risks associated with an investment in the Offer Shares. These risks include:

1. Risks relating to our business and Properties;
2. Risks relating to our Operations.
2. Risks relating to the Philippines;
3. Risks relating to the Offer and the Offer Shares; and
4. Risks relating to the Presentation of Information in this REIT Plan.

See the section entitled "*Risk Factors*" on page 46 of this REIT Plan, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

## NOTICE TO INVESTORS

The Offer Shares are offered subject to receipt and acceptance of any order by us and subject to our right to reject any order in whole or in part in consultation with the Joint Lead Underwriters and Bookrunners and the Participating Underwriter. It is expected that the Offer Shares will be delivered in book-entry form against payment therefor to the PDTC.

The information contained in this REIT Plan relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. Each of the Company, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, and the Participating Underwriter has exercised due diligence to the effect that, and the Company confirms that, to the best of its knowledge and belief after having taken reasonable care to ensure that such is the case, as of the date of this REIT Plan, the information contained in this REIT Plan relating to the Company and its operations is true and there is no material misstatement or omission of fact which would make any statement in this REIT Plan misleading in any material respect. The Company accepts responsibility for the information contained in this REIT Plan. Each person contemplating an investment in the Offer Shares should make their own investigation and analysis of the creditworthiness of the Company and their own determination of the suitability of any such investment. The contents of this REIT Plan are not investment, legal or tax advice. Prospective investors should consult their own counsel, accountant, and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of us and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this REIT Plan, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited.

**THE OFFER SHARES ARE BEING OFFERED IN THE PHILIPPINES ONLY, ON THE BASIS OF THIS REIT PLAN. ANY DECISION TO PURCHASE THE OFFER SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.**

No person has been authorized to give any information or to make any representations other than those contained in this REIT Plan and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Shareholders, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, and the Participating Underwriter. This REIT Plan does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this REIT Plan nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

The distribution of this REIT Plan and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. We, the Selling Shareholders, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, and the Participating Underwriter require persons into whose possession this REIT Plan comes to inform themselves about and to observe any such restrictions. This REIT Plan does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or resells the Offer Shares or possesses and distributes this REIT Plan and must obtain any consents, approvals or permissions required for the purchase, offer, sale or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or resales, and none of the Issue Coordinator, Joint Lead Underwriters and Bookrunners, the Participating Underwriter, the Selling Shareholders or we shall have any responsibility therefor.

We, together with the Selling Shareholders, reserve the right to withdraw the offer and sale of Offer Shares at any time before the commencement of the Offer Period. In consultation with the Joint Lead Underwriters and Bookrunners and the Participating Underwriter, we reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allow to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, we shall subsequently notify the SEC and the PSE. The Joint Lead Underwriters and Bookrunners, the Participating Underwriter, and certain related entities may acquire for their own account a portion of the Offer Shares.

We, together with the Selling Shareholders, may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to Listing if any of the force majeure or fortuitous events set out under the Section *"Summary of the Offer - Withdrawal of the Offer"* of this REIT Plan occur.

Each offeree of the Offer Shares, by accepting delivery of this REIT Plan, agrees to the foregoing.

## BASIS FOR CERTAIN MARKET DATA

This REIT Plan contains industry information obtained from publicly available sources and an independent market research study conducted by Santos Knight Frank, Inc. ("**SKF**") to provide an overview of the property market generally in the Philippines (the "**Industry Report**"). SKF has relied upon external third-party information in producing the Industry Report and there is no assurance that such information is accurate or complete.

This REIT Plan also includes industry forecasts, market research, Government data, publicly available information and/or industry publications relating to the Philippines and have not been independently verified, and none of the Company, the Sponsors, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, and the Participating Underwriter makes any representation or warranty, express or implied, as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same. The extent to which the market and industry data used in this REIT Plan is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which our business is conducted, and methodologies and assumptions may vary widely among different industry sources. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed.

Certain Company information used throughout this REIT Plan has been calculated by us on the basis of certain assumptions, including reference to the independent property valuation reports prepared by Asian Appraisal Company, Inc. as set out in Annex C (Valuation Reports) to this REIT Plan. As a result, this operating information may not be comparable to similar operating information reported by other companies.

## PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are reported in Philippine Pesos and are prepared based on our accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standards Council of the Philippines.

The financial information included in this REIT Plan has been derived from our financial statements. Unless otherwise indicated, financial information relating to us in this REIT Plan is stated in accordance with PFRS.

Figures in this REIT Plan have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

Our fiscal year begins on January 1 and ends on December 31 of each year. SGV & Co., a member firm of Ernst & Young, has audited the combined carved-out financial statements of Vista Group REIT Properties (Vista Land and Lifescapes, Inc. and Subsidiaries' Commercial Properties to be transferred to VistaREIT, Inc. (formerly, Vista One, Inc.) (the "Assigned Properties") as of and for the years ended December 31, 2021, 2020, 2019 and 2018 , in accordance with Philippine Standards on Auditing ("**PSA**"). SGV &Co. has also audited the stand-alone financial statements of VistaREIT, Inc. (formerly, Vista One, Inc.) as of December 31, 2021 and 2020, and for the year ended December 31, 2021 and for the period from August 24 to December 31, 2020.

We appointed SGV & Co. as our independent auditor on November 29, 2020. SGV & Co. issued a report with an unqualified opinion on the combined carved-out financial statements of Vista Group REIT Properties as of and for the years ended December 31, 2019, 2020 and 2021 and the stand-alone financial statements of VistaREIT, Inc. (formerly, Vista One, Inc.) as of December 31, 2021 and 2020, and for the year ended December 31, 2021 and for the period from August 24 to December 31, 2020. For more information, please refer to our audited financial statements found in Appendix A-1 of this REIT Plan.

For further discussion on the Company's combined carved-out financial statements and pro-forma financial statements, please refer to page 81 of this REIT Plan.

## PRESENTATION OF NON-PFRS FINANCIAL INFORMATION

This REIT Plan includes certain non-PFRS financial measures, including FFO and AFFO.

Funds from operations ("**FFO**") is equal to net income, excluding gains or losses from sales of property and adding back non-cash expenses. Adjusted funds from operations ("**AFFO**") is calculated by subtracting from FFO the recurring capital expenditures that are capitalized by our Company and then amortized, but which are necessary to maintain the Company's properties and its revenue stream. We believe that the use of FFO and AFFO, combined with the required PFRS presentations, improves the understanding of our Company's operating results among investors. Non-cash expenses are added while capital expenditures on existing investment properties are deducted in the calculation of AFFO. Hence, we believe that AFFO provides a better measure of our ability to distribute dividends.

These non-PFRS financial measures are supplemental measures of our Company's performance that are not required by, or presented in accordance with, and should not be considered as an alternative to net profit, revenues or any other measure of our Company's financial performance derived in accordance with PFRS or as an alternative to cash flows from operations or as a measure of our Company's liquidity. Non-PFRS financial measures have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for, an investors' own analysis of the Company's financial condition or results of operations, as reported under PFRS. These non-PFRS financial measures are not standardized terms and other companies may calculate measures bearing the same titles differently, hence a direct comparison between companies using such terms may not be possible, which limits the usefulness of these non-PFRS financial measures.

**ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.**

**VISTAREIT, INC.**

By:

**MANUEL PAOLO A. VILLAR**
President

REPUBLIC OF THE PHILIPPINES )
CITY OF **MAKATI CITY** ) S.S.

Before me, a notary public for and in the city named above, personally appeared Mr. Manuel Paolo A. Villar, with Passport No. P3900440A issued on 02 August 2017 at DFA Manila, who was identified by me through competent evidence of identity to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAY 26 2022 at MAKATI CITY

Doc No. 355
Page No. 72;
Book No. VIII;
Series of 2022.

PAOLO DANIEL ROLANDO R. ANONUEVO
Appointment No. M-198
Notary Public for Makati City
Until December 31, 2022
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 75352
PTR No. 8855518/Makati City/01-04-2022
IBP No. 171541/RSM/01-03-2022
MCLE Exempted-Admitted to the bar in 2020

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## FORWARD-LOOKING STATEMENTS

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

- known and unknown risks;
- uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expected future results;
- performance or achievements expressed or implied by forward-looking statements;
- our overall future business, financial condition, and results of operations, including, but not limited to, financial position or cash flow;
- our goals for or estimates of future operational performance or results; and
- changes in the regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities.

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

- risks relating to our business and operations, including those relating to our limited operating history as a REIT and our ability to obtain and retain tenants in our properties;
- the Fund Manager's ability to successfully implement our current and future business strategies and to manage our expansion and growth;
- increases in maintenance and operational costs;
- changes in the Philippine real estate market and the demand for the office, BPO and other commercial property spaces and developments;
- any material adverse change in the quality of the tenants in our properties;
- risks (including political, social and economic conditions) relating to the Philippines;
- the condition and changes in the Philippine, Asian or global economies and future political instability in the Philippines;
- our ability to obtain financing or raise debt, changes in interest rates, inflation rates and the value of the Philippine Peso against the U.S. dollar and other currencies;
- changes in Government laws and regulations, including changes in REIT Regulations, tax laws, or licensing in the Philippines;
- competition in the commercial real estate market in the Philippines;
- material changes to any planned capital expenditures for our properties as a result of market demands, financial conditions, and legal requirements, among others;
- risks relating to the presentation of financial and other information in this REIT Plan;
- risks relating to the Offer and the Offer Shares; and

- any other matters not yet known to our Fund Manager or not currently considered material by our Fund Manager.

These forward-looking statements speak only as of the date of this REIT Plan. We, the Selling Shareholders, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, and Participating Underwriter expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions, assumptions, or circumstances on which any statement is based.

This REIT Plan includes statements regarding our expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "can," "could," and similar words identify forward-looking statements. Statements that describe our objectives, plans or goals are forward-looking statements. In addition, all statements other than statements of historical facts included in this REIT Plan are forward-looking statements.

In view of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this REIT Plan might not occur. Particularly, in light of the ongoing COVID-19 pandemic and associated uncertainties in the global financial markets and their contagion effect on the real economy, any forward-looking statements and forward-looking financial information contained in this REIT Plan must be considered with caution and reservation.

Actual results could differ materially from those contemplated in the relevant forward-looking statement and we give no assurance that such forward-looking statements will prove to be correct or that such intentions will not change. This REIT Plan discloses, under the section "*Risk Factors*", "*Profit Forecast and Profit Projection*", "*Industry Overview*" and elsewhere, important factors that could cause actual results to differ materially from our expectations. The projections and the information from the valuation reports included in this REIT Plan are subject to and based on certain assumptions and should be read together with the assumptions and notes therein.

All subsequent written and oral forward-looking statements attributable to us or persons acting on behalf of us are expressly qualified in their entirety by the above cautionary statements.

# GLOSSARY OF TERMS

*In this REIT Plan, unless the context otherwise requires, the following terms shall have the meanings set forth below.*

| | |
|---|---|
| Abacus Capital………………………….. | Abacus Capital and Investment Corporation |
| Application ………………………………. | An application to subscribe for Offer Shares pursuant to the Offer |
| Banking Days…………………………… | A day, other than Saturday, Sunday or legal holiday, on which the facilities of the Philippine banking system are open and available for clearing, and banks are open for business in Metro Manila, Philippines |
| BDO Capital …………………………….. | BDO Capital & Investment Corporation |
| BIR ……………………………………… | The Philippine Bureau of Internal Revenue |
| Board of Directors or Board ……………. | The board of directors of VistaREIT |
| BPO …………………………………….. | Business process outsourcing |
| BSP ……………………………………... | *Bangko Sentral ng Pilipinas*, the central bank of the Philippines |
| CAGR …………………………………… | Compound Annual Growth Rate |
| CBD ……………………………………... | Central business district |
| China Bank Capital ……………………… | China Bank Capital Corporation |
| Committed Leases ………………………. | Leases with executed contracts |
| Committed Occupancy Rate …………….. | The percentage of occupied GLA with executed contracts in each Property at a given time, regardless of the type of tenant (i.e., BPO/traditional office or retail), which is calculated by dividing the total GLA occupied by all tenants with executed contracts by the total number of GLA available for lease, multiplied by 100 |
| Competitive Investment Return ………… | A comparable or better return than other investment instruments available in the market relative to the associated risks. For this purpose, investment return refers to total return, including from dividends dividend growth, and/ or capital appreciation. Such sources of return could include lease rental, future rental escalation or price appreciation of the shares.<br><br>Specifically, the Company compares its dividend yield and potential dividend growth to (a) the current 10-year BVAL benchmark rate, (b) rates of return of recent comparable local debt issuances and instruments, and (c) the dividend yield and dividend yield growth for comparable equity investments and instruments taking into account, among others, the Sponsors' strength, portfolio quality and sector outlook. |
| Communicity ……………………………. | Shall mean Vista Land Group's development model, or fully integrated developments with residential, retail and office/BPO components along with additional components such as utilities and township infrastructure, hotels, healthcare facilities or educational institutions. |
| Communities Pampanga…………………. | Communities Pampanga, Inc. |
| Communities Philippines………………... | Communities Philippines, Inc. |
| Control ………………………………….. | The power of a corporation to direct or govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Control is |

presumed to exist when the parent owns, directly or indirectly, through Subsidiaries, more than one-half of the voting power of an enterprise, unless, in exceptional circumstances, it can clearly be demonstrated that such ownership does not constitute Control. Control also exists even when the parent corporation owns one-half or less of the voting power of an enterprise when there is power: (i) over more than one-half of the voting rights by virtue of an agreement with investors; (ii) to direct or govern the financial and operating policies of the enterprise under a statute or an agreement; (iii) to appoint or remove the majority of the members of the board of directors or equivalent governing body; or (iv) to cast the majority votes at meetings of the board of directors or equivalent governing body.

Corporation Code ………………………..Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines

Crown Asia……………………………….Crown Asia Properties, Inc.

CUSA ……………………………………Common use service area

Deposited Property ……………………… means the total value of VistaREIT's assets reflecting the fair market value of the total assets held by the REIT and under management by the Fund Manager

DST ……………………………………..Documentary stamp tax

Dues ……………………………………. Net recoveries from tenants for usage of common area services

Eligible PSE Trading Participants………. Duly licensed securities brokers who are active REIT-eligible trading participants of the PSE

Foreign Investments Act …………………Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991, as amended

Firm Shares ……………………………… 2,500,000,000 secondary Shares

Fund Management Agreement …………...The fund management agreement, dated March 18, 2022, between the Company and the Fund Manager.

Fund Manager ……………………………VFund Management, Inc., a corporation organized and existing under the law of the Philippines

GFA ………………………………………means Gross Floor Area

GLA or "Gross Leasable Area" …………means a total area of 256,403.95 sqm of the Properties that are leasable to tenants, which primarily comprise mall and office space, as of December 31, 2021. Each GLA figure presented in this REIT Plan should be read as "more or less" to account for the margin of error (+/-5 sqm) which is accepted in industry practice when measuring such space.

Government …………………………….. Government of the Republic of the Philippines and all its instrumentalities

Greenshoe Agreement ……………………The Greenshoe Agreement dated May 26, 2022 among the Company, the Selling Shareholders and China Bank Securities Corporation.

Gross Revenue …………………………..The gross revenue of the Company, consisting of Rental Income, any Interest Income, and Income from Dues, before expenses, in any financial year ending on December 31 in each year or other specified period.

Institutional Offer ……………………….. The offer for sale to certain qualified buyers and other investors in the Philippines.

Institutional Offer Shares ……………….. At least 1,750,000,000 Offer Shares being offered pursuant to the Institutional Offer

Interest Expense ………………………… Interest Expense pertains to accretion of security deposits. It has been estimated based on the discount rate at the time of receipt of security deposits.

Interest Income …………………………..Interest Income pertains to the interest received from our Company's cash deposits in the bank.

Issue Coordinator……………………….. China Bank Capital Corporation

Joint Lead Underwriters and Bookrunners …………………………….. Collectively, BDO Capital, China Bank Capital, PNB Capital, RCBC Capital, and SB Capital.

Listing Date ……………………………...The date on which the trading of the Offer Shares on the PSE begins, expected to be on or about June 15, 2022.

Local small investors or LSIs……………..Local small investors under the PSE's Local Small Investors program

Manuela…………………………………. Manuela Corporation

MAPI……………………………………. Masterpiece Asia Properties, Inc.

Metro Manila……………………………. The metropolitan area comprising the cities of Caloocan, Las Piñas, Navotas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Parañaque, Pasay, Pasig, Quezon, San Juan, Taguig and Valenzuela and the municipality of Pateros

Net Asset Value ………………………… Net Asset Value is computed by reflecting the fair market value of total assets and investible funds held by our Company, less total liabilities.

Net Operating Income …………………..Gross Revenue less operating expenses, exclusive of depreciation, interest and amortization

Occupancy Rate …………………………The percentage of occupied GLA in each Property at a given time, regardless of the type of tenant (i.e., BPO/traditional office or retail), which is calculated by dividing the total GLA occupied by all tenants by the total number of GLA available for lease, multiplied by 100

Offer …………………………………….. The offer and sale of the Offer Shares on, and subject to, the terms and conditions stated herein

Offer Implementing Guidelines ………. Implementing guidelines for the reservation and allocation of the Trading Participants and Retail Offer Shares through the PSE, prepared for the Offer and approved by the PSE

Offer Price ………………………………₱1.75 per Offer Share

Offer Shares ……………………………...The Firm Shares and the Option Shares

Option Shares …………………………… Up to 250,000,000 secondary Shares to be sold by the Selling Shareholders and purchased by the Stabilizing Agent upon exercise of the Overallotment Option

Overallotment Option …………………... An option granted by the Selling Shareholders to the Stabilizing Agent to purchase the Option Shares at the Offer Price, on the same terms and conditions as the Firm Shares, solely to cover overallotments and effect price stabilization transactions

Parent ………………………………….A corporation, which has Control over another corporation, directly or indirectly, through one or more intermediaries

Participating Underwriter ………………..Abacus Capital and Investment Corporation

PCD …………………………………... Philippine Central Depository

PDTC …………………………………… The Philippine Depositary & Trust Corp.

PEZA …………………………………… Philippine Economic Zone Authority

Philippine National ………………………As defined under the Foreign Investments Act, a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

Pursuant to SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the Foreign Investments Act of 1991 and other existing laws, amendments thereto, and implementing rules and regulations of the said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

PNB Capital………………………………PNB Capital and Investment Corporation

Portfolio ………………………………….The initial REIT portfolio comprising the Properties held by the Company as of the Listing Date

Properties ………………………………...The 10 community malls and 2 offices that comprise the Portfolio as of the Listing Date, namely VistaMall Las Piñas (Main), Starmall Las Piñas (Annex), Starmall SJDM, VistaMall Pampanga, VistaMall Molino, VistaMall Antipolo, VistaMall General Trias, VistaMall Tanza, Starmall Talisay - Cebu, VistaMall Imus, Vista Hub Molino, and Vista Hub BGC, and "Properties, Assigned Properties, or Vista Group REIT Properties" means any one of them

Property Management Agreement ……… The property management agreement dated March 18, 2022, between the Company and the Property Manager.

Property Manager ………………………. VProperty Management, Inc.

PSE ……………………………………… The Philippine Stock Exchange, Inc.

Public Shareholder ……………………… A shareholder of the Company, other than the following persons ("**Non-public Shareholders**"):

(i) Any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the Company;

(ii) A director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than 10% of any class of securities of (i);

(iii) A director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than 10.0% of any class of securities of the Company;

(iv) An associate of (ii) and (iii);

(v) A Parent, Subsidiary, or Affiliate of the Company or anyone listed in (i); and

(vi) Any person who holds legal title to the shares of stock of the Company for the benefit of another for the purpose of circumventing the provisions of the REIT Law.

QBs………………………………………… Qualified buyers under Rule 10.1(3) of the SRC Rules, namely:

(i) Bank;

(ii) Registered investment house;

(iii) Insurance company;

(iv) Pension fund or retirement plan maintained by the Government of the Philippines or any political subdivision thereof or managed by a bank or other persons authorized by the BSP to engage in trust functions;

(v) Registered Securities Dealer;

(vi) An account managed by a Registered Broker under a discretionary arrangement as provided for in the other relevant provisions in the SRC 2015 Rules;

(vii) Registered Investment Company (e.g., mutual fund companies);

(viii) Provident fund or pension fund maintained by a government agency or by a government or private corporation and managed by an entity authorized accordingly by the BSP or the SEC to engage in trust function or in fund management;

(ix) A trust corporation that is authorized by the BSP to perform the acts of a trustee;

(x) Unit investment trust funds that are established in accordance with rules and regulations of the BSP;

(xi) A fund established and covered by a trust or IMA agreement under a discretionary arrangement in accordance with rules and regulations of the BSP; a discretionary arrangement means that the entity managing the fund is granted authority to decide on the investment of the trust funds or IMA funds;

(xii) A fund established and covered by a trust or IMA agreement under a non- discretionary arrangement in accordance with rules and regulations of the BSP, provided that the beneficial owner/s or principal/s of such fund possess the qualifications on financial capacity and sophistication as specified in 2015 SRC Rules 10.1.11.1 for natural persons, and 10.1.11.2 for juridical persons; and provided also, that the treatment of such fund as qualified buyer does not contravene the trust or IMA agreement;

(xiii) A fund established and covered by a trust or IMA agreement wherein the beneficial owner or principal of the fund has been deemed or conferred as a qualified buyer under SRC Sec. 10.1 (l) or SRC Rule 10.1.11;

(xiv) An entity with quasi bank license issued by BSP;

(xv) Pre-need company authorized by the Insurance Commission;

(xvi) Collective Investment Scheme authorized by the relevant regulatory authority pursuant to existing laws and regulations;

(xvii) A listed entity on the PSE, or a related body corporate of a PSE-listed entity provided that it engages the service of a professional fund manager, through direct hire or via outsourcing to an authorized fund management entity;

(xviii) A foreign entity not being established or incorporated in the Philippines that, if established or incorporated in the Philippines, would be covered by one of the preceding paragraphs; and

(xix) Such other person as the SEC may by rule or order determine as qualified buyers, on the basis of such factors as financial sophistication, net worth, knowledge, and experience in financial and business matters, or amount of assets under management.

RCBC Capital……………………………… RCBC Capital Corporation

Receiving Agent ……………………….. Stock Transfer Service, Inc.

REIT …………………………………….. Real estate investment trust. The REIT Law defines a REIT as a stock corporation established in accordance with the Corporation Code of the Philippines and the rules and regulations promulgated by the SEC principally for the purpose of owning income-generating real estate assets. Although under the REIT Law, such entity is called a "trust," the term was adopted for the sole purpose of aligning with global best practices and terminology, and a REIT organized under Philippine laws is subject to the Corporation Code as a stock corporation and does not operate under the same regime as trusts generally under applicable laws and regulations governing trusts.

REIT Formation Transactions ………….. The capital increase, Property-for-Share-Swap, and the lease agreements discussed on page 16 of this REIT Plan.

REIT Law ………………………………..Republic Act No. 9856, the Real Estate Investment Trust (REIT) Act of 2009 together with the REIT Regulations.

| | |
|---|---|
| REIT Regulations or REIT IRR ………… | The rules and regulations implementing the REIT Law, including Memorandum Circular No. 1, Series of 2020 issued by the SEC and Revenue Regulations No. 13-2011 and 3-2020 issued by the BIR |
| Rental Income ………………………….. | Rental Income shall mean the sum of the gross rental income and common use service area (CUSA) charges, arising from the operation of the Leased Property, whether or not actually received or collected. |
| Retention Rate …………………………… | The proportion of tenants in any given fiscal year who have renewed their leases with us, in terms of renewed occupied GLA over total expiring GLA in the same fiscal year |
| SB Capital ………………………………. | SB Capital Investment Corporation |
| SEC …………………………………….. | The Securities and Exchange Commission |
| Selling Agents ………………………….. | Eligible PSE Trading Participants |
| Selling Shareholders/Sponsors ………… | MAPI, Manuela, Vista Residences, Crown Asia, and Communities Pampanga |
| Shares …………………………………… | The common shares of VistaREIT, with par value of ₱1.00 per share |
| Shareholders ……………………………. | Public Shareholders and non-Public Shareholders |
| sqm …………………………………….. | Square meters |
| SRC …………………………………….. | Republic Act No. 8799, otherwise known as the Securities Regulation Code, as amended from time to time, and including the rules and regulations issued thereunder |
| Stabilizing Agent ……………………… . | China Bank Securities Corporation |
| Stock Transfer Agent …………………… | Stock Transfer Service, Inc. |
| Subsidiary ………………………………. | A corporation which is controlled, directly or indirectly, by another corporation which thereby becomes its Parent. |
| Tax Code ……………………………….. | The National Internal Revenue Code of the Philippines, as amended |
| Top 10 Tenants …………………………. | The 10 largest tenants in terms of GLA across our Portfolio as of a given date. |
| Trading Participants and Retail Offer …... | The offer for sale of the Trading Participants and Retail Offer Shares to be made in the Philippines |
| Trading Participants and Retail Offer Shares ……………………… | Up to 750,000,000 Offer Shares being offered pursuant to the Trading Participants and Retail Offer |
| Trading Participants and Retail Offer Settlement Date ………………………… | The date on which settlement of the Trading Participants and Retail Offer Shares is to be made, expected to be on or about June 3, 2022 |
| Valuer ………………………………….. | Asian Appraisal Company, Inc. |
| VAT …………………………………….. | Value-added tax |
| Vista Land……………………………….. | Vista Land & Lifescapes, Inc. |
| Vista Land Group ……………………… | Vista Land and all its direct and indirect subsidiaries, including the Sponsors |
| Vista Residences………………………… | Vista Residences, Inc. |

# REIT PLAN SUMMARY

*The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this REIT Plan, including our audited financial statements and the notes thereto, appearing elsewhere in this REIT Plan.*

## OVERVIEW

VistaREIT was incorporated under Philippine law on August 24, 2020 under the name of Vista One, Inc. with an authorized capital stock of ₱40,000,000.00 divided into 40,000,000 common shares with a par value of ₱1.00 per share. Vista One, Inc. was incorporated to own, manage, operate and engage in the leasing of income-generating real properties. Our Company did not have any business operation since its incorporation until the infusion of assets to its property portfolio under the Property-for-Share Swap. On December 29, 2021, the SEC approved the increase in our authorized capital stock to ₱2,000,000,000.00 divided into 2,000,000,000 common shares with a par value of ₱1.00 per share and on March 14, 2022, the SEC approved the increase in our authorized capital stock to ₱15,000,000,000.00 divided into 15,000,000,000 common shares with a par value of ₱1.00 per share. On March 16, 2022, our Board of Directors approved the following amendments to our Articles of Incorporation and By-Laws: (a) changing our corporate name to VistaREIT, Inc.; (b) changing our Company's primary purpose to engage in the business of a real estate investment trust as provided under the REIT Regulations; (c) changing our Company's principal place of business; (d) increasing the number of our Board of Directors from five (5) to seven (7); (d) denying the stockholders' pre-emptive rights; (e) amendments on the PSE lock-up requirement; (f) corporate governance provisions for REITs and publicly listed companies; (h) qualifications of directors; (i) corporate governance revisions for independent directors; (j) changes on compensation clause; (k) constitute board committees including Executive Committee; Compensation and Remuneration Committee, Audit Committee, Related Party Transaction committee; (l) appointment of stock transfer agent; (m) schedule of regular annual meetings; (n) amendments on dividends; (o) the Fund Manager; and (p) the Property Manager. As of the date of this REIT Plan, we have 7,500,000,000 common shares issued and outstanding. We have no preferred shares and no shares held in treasury. On April 18, 2022, the SEC approved the foregoing amendments to our Articles of Incorporation and By-laws.

As of the date of this REIT Plan, the Sponsors own, in the aggregate, 99.93% of our total issued and outstanding capital stock as follows:

| Sponsor | No. of Shares | % Ownership |
|---|---|---|
| Manuela Corporation | 686,788,461 | 9.16% |
| Masterpiece Asia Properties, Inc. | 3,821,736,378 | 50.96% |
| Vista Residences, Inc. | 2,017,919,815 | 26.91% |
| Crown Asia Properties, Inc. | 404,856,147 | 5.40% |
| Communities Pampanga, Inc. | 563,199,199 | 7.51% |
| **TOTAL** | **7,494,500,000** | **99.93%** |

Our Company presently does not have any Subsidiaries. Upon completion of the Offer, the Shares owned by the Sponsors will represent approximately 63.26% of the issued and outstanding capital stock of VistaREIT, while other existing shareholders[6] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT, assuming the full exercise of the Overallotment Option, and approximately 66.59% of the issued and outstanding capital stock of VistaREIT, while other existing shareholders[7] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT , assuming no exercise of any Overallotment Option.

VistaREIT owns an initial portfolio (the "**Portfolio**") of 10 community malls ("**Mall Properties**") and two (2) office buildings ("**Office Properties**", together with Mall Properties, the "**Properties**" and each, a "**Property**") with an aggregate GLA of 256,403.95 sqm as of date of this REIT Plan.

The principal investment mandate and strategy of VistaREIT is to invest on a long-term basis, in a diversified portfolio of income-generating commercial real estate assets strategically located within Vista Land integrated developments or in key urban areas. We aim to maintain high occupancy rates and quality tenants with particular focus on those offering essential goods and/or services. Through the Property Manager, VistaREIT intends to maximize the operational efficiency of the Properties and, with the help of the Fund Manager, maximize investment yields and profitability margins. See "*Business and Properties—Investment Policy*."

[6] Other existing shareholders include directors and officers of VistaREIT.
[7] Other existing shareholders include directors and officers of VistaREIT.

The Company's Portfolio consists of 12 Properties with an aggregate GLA of 256,403.95 sqm as of December 31, 2021 and an aggregate appraised value of ₱35,952.99 million based on the Valuation Report issued by Asian Appraisal Company, Inc. (the "**Valuer**"). The community malls are located in Las Piñas City, Metro Manila; Bacoor City, Cavite; General Trias City, Cavite, Imus City, Cavite; Municipality of Tanza, Cavite; Antipolo City, Rizal; City of San Jose Del Monte, Bulacan; San Fernando City, Pampanga; and Talisay City, Cebu. Our office buildings are located in Taguig City, Metro Manila and Bacoor City, Cavite. The value of the parcels of land where the buildings are situated were not included in the value of the Properties. Only the value of the buildings were considered and the terminal value considered in the valuation pertains only to the buildings.


The Properties contributed to the REIT met the criteria set by the company of location and tenant profile. All the Properties except for Vista Hub BGC (which is located in Taguig City) are located within or near Vista Land developments while Vista Hub BGC, although not located within or near the Vista Land developments, is in a prime location in Metro Manila with strong captive market. All the Properties also met the tenant profile of having stable occupancy rate and high-quality tenants.

There are no planned renovations or improvements yet in the near term. For Vista Mall Las Piñas (Main) and Starmall Las Piñas (Annex), the Company may undertake renovations or improvements in the next five (5) years.

Please refer to the succeeding page for a table summarizing the details of each Property as indicated as of December 31, 2021.

**VISTAREIT PORTFOLIO**
*As of the date of this REIT Plan*

| Property | Classification | Storey | Year Completed | Start of Commercial Operations | Location | GLA (sqm) | Parking Levels and Area (sqm) | Parking Slots (units) | % of Total Portfolio GLA | Occupancy Rate | Appraised Value (₱ million) | Land Lease Term | Landowner/Lessor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Mall Properties** | | | | | | | | | | | | | |
| Vista Mall Las Piñas (Main) | Mall | 4 | 1982 | 1982 | Pamplona Dos, Las Piñas City | 20,605.02 | 4,236.00 | 353 | 8% | 89% | 3,907.22 | 25 years | Manuela |
| Starmall Las Piñas (Annex) | Mall | 3 | 1979 | 1979 | Pamplona Tres, Las Piñas City | 6,227.53 | 612.00 | 51 | 2% | 91% | 958.23 | 25 years | Manuela |
| Starmall San Jose Del Monte | Mall | 3 | 2012 | 2012 | SJDM Bulacan | 35,664.93 | 30,616.83 | 857 | 14% | 88% | 6,398.91 | 25 years | MAPI |
| Vista Mall Pampanga | Mall | 3 | 2013 | 2013 | San Fernando, Pampanga | 25,526.84 | 3,112.50 | 249 | 10% | 93% | 1,848.26 | 25 years | Communities Pampanga |
| SOMO – A Vista Mall | Mall | 2 | 2015 | 2015 | Bacoor City, Cavite | 31,849.91 | 2,687.50 | 215 | 12% | 90% | 4,461.54 | 25 years | MAPI |
| Vista Mall Antipolo | Mall | 2 | 2013 | 2013 | Antipolo City, Rizal | 16,082.93 | 1,750.00 | 140 | 6% | 88% | 2,335.48 | 15 & 20 years | Crown Asia Properties Beatrice Realty Development. |
| Vista Mall General Trias | Mall | 2 | 2018 | 2018 | General Trias City, Cavite | 26,638.45 | 4,980.00 | 415 | 10% | 89% | 2,961.08 | 20 years | Household Development Corp. |
| Vista Mall Tanza | Mall | 2 | 2018 | 2018 | Tanza, Cavite | 25,012.82 | 5,475.00 | 365 | 10% | 87% | 2,611.18 | 20 years | Household Development Corp. |
| Starmall Talisay, Cebu | Mall | 2 | 2013 | 2013 | Talisay City, Cebu | 19,643.57 | 1,237.50 | 99 | 8% | 92% | 2,943.62 | 20 & 25 years | Communities Cebu, Inc., Cebu Realty, Inc. and Spouses Vicente Manigos, Jr. & Cerlita M. Manigos |
| Vista Mall Imus | Mall | 1 | 2015 | 2015 | Imus City, Cavite | 12,778.45 | 2,062.50 | 165 | 5% | 100% | 637.73 | 25 years | MAPI |
| | | | | | ***Subtotal – Mall Properties*** | ***220,030.45*** | ***56,769.83*** | ***2,909*** | ***86%*** | ***90%*** | 29,063.25 | | |
| **Office Properties** | | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vista Hub Molino | Office | 7 | 2019 | 2020 | Bacoor City, Cavite | 15,631.08 | 3,100.00 | 248 | 6% | 91% | 2,827.38 | 25 years | Masterpiece Asia Properties, Inc. |
| Vista Hub BGC | Office | 14 | 2016 | 2017 | BGC, Taguig City | 20,742.42 | 3,825.00 | 306 | 8% | 98% | 4,062.36 | NA | Vista Residences and Grand Sequoia Estate Development, Inc.* |
| ***Subtotal – Office Properties*** | | | | | | ***36,373.50*** | ***6,925.00*** | ***554*** | ***14%*** | ***95%*** | **6,889.74** | | |
| **TOTAL** | | | | | | **256,403.95** | **63,694.83** | **3,463** | **100%** | **91%** | **₱35,952.99** | | |

**Owns Office & Commercial Unit Spaces with Parking Slots as evidenced by Condominium Certificate of Titles*

All of the Properties were developed by the Sponsors. All of the Properties are owned by our Company and are located on land leased from the Company's affiliates and Sponsors, which are direct and indirect subsidiaries of Vista Land. As consideration for the land lease, our Company will pay the relevant lessor rental payments equivalent to 1% of Rental Income, inclusive of VAT, DST and other taxes which shall be borne by our Company. The impact of such rent payment will be reflected in the financial projection for the fiscal year ending December 31, 2022 as an increase in expenses. As of the date of this REIT Plan, the remaining land lease tenure of each of our Properties is between 15 to 25 years, renewable at the option of the lessee. As of the date of this REIT Plan, all Properties enjoy occupancy rates between 93% to 100% of their respective GLAs.

Our two (2) office properties are PEZA-registered. In spite of the community quarantine imposed by the Government due to the COVID-19 pandemic, the Office Properties enjoy pre-COVID-19 occupancy levels due largely to the sustained operations of the BPO office tenants. The Office Properties have enjoyed consistently high occupancy rates thus earning stable rental revenues.

Our ten (10) retail malls are typically around 30,000 sqm in Gross Floor Area (GFA) and 80% is occupied by essential retail formats, such as supermarkets, home improvement/appliance stores, drug stores food establishments and financial services. Due to the pandemic, foot traffic in malls declined significantly. However, the impact to our Mall Properties was softened compared to other malls since most of our tenants are essential, and the malls are located within or near Vista Land integrated developments/*communicities*.

Over the last 3 years, the Properties have enjoyed consistently high occupancy rates ranging from 85% to 92%. Our Portfolio has a weighted average lease expiry ("**WALE**") of 5.09 years (by GLA) as of December 31, 2021.

**Insurance**

The Properties are insured against all risks of sudden and accidental physical loss of or damage to the properties. This includes insuring against, but not limited to, (a) catastrophic perils such as earthquake, typhoons, flood, and volcanic eruption, lahar and other convulsion of nature; (b) water-related damages other than typhoon and flood; (c) machinery and electrical breakdown; (d) electronic equipment, including portable equipment; and, (e) business interruption. In addition, under our lease agreements, our tenants are required to obtain their own insurance.

Pursuant to the REIT IRR, each Property is insured for up to the market replacement value and at the time of the loss, with such value to be determined at the time of loss (according to a formula pursuant to the relevant insurance coverage) and loss of rental.

We believe that our insurance coverage is in accordance with its business exposure and in line with prevailing industry standards.

The insurance companies which issued the insurance policies were secured and approved by the Sponsors. Moving forward, all renewals will be approved by the Fund Manager.

**Investment Policy**

The principal investment mandate and strategy of VistaREIT is to invest on a long-term basis in income-generating real estate that will deliver enhanced recurring income and profitability that meets a select set of criteria, such as location and tenant profile. The primary location criteria of the potential property should be located within the Vista Land integrated development or in a prime location in Metro Manila or key cities in the Philippines to ensure a strong captive market. In terms of tenant profile, the potential property should have a stable occupancy rate and high-quality tenants.

The Fund Manager and the Property Manager intend to work towards maximizing investment yields and profitability margins by increasing Gross Revenue as well as Net Operating Income Margins over time through active management of our Properties.

There are no plans yet at this time for the acquisition of third party properties, but the Company may consider properties that meet its criteria in the future.

***Investments***

Our Company generally may only make investments in accordance with the REIT Law. For further discussion, please refer to page 166 of this REIT Plan. At least 75.0% of our Deposited Property must be invested in, or consist of, income generating real estate which is held for the purpose of generating a regular stream of income such as, but not limited to, rentals, toll fees, user's fees, ticket sales, parking fees, and storage fees. Geographically, at least 35.0% of the Deposited Property should be invested in property located in the Philippines, and in no case may our Company's investments in such property fall below 35.0% of the Deposited Property. Additionally, our Company may invest in income generating real estate located outside of the Philippines, however, such an investment must not exceed 40.0% of the Deposited Property. Investment in such foreign properties is also subject to special authorization from the SEC. In issuing such authorization, the SEC shall consider, among other things, satisfactory proof that the valuation of assets is fair and reasonable.

A REIT may also invest in real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued, or traded. However, not more than 15.0% of the funds of a REIT that can be placed in investment vehicles other than income-generating real estate, as allowed under these REIT Law, may be invested in any one issuer's securities or any one managed fund. If the REIT's investment is in Philippine government securities, then the limit is increased to 25.0%.

***Borrowing***

Pursuant to the REIT Law, the Company has adopted a policy that total borrowing and deferred payments of the Company shall not exceed 35.0% of the Deposited Property. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35.0% limit, but in no circumstances may its total borrowing and deferred payments exceed 70.0% of the Deposited Property. In the event that our Company intends to borrow beyond 35.0% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. Under no circumstances may our Fund Manager borrow on behalf of our Company from any of the funds under its management.

The Company's target/optimal capital structure is to limit its total borrowings and deferred payments to 35% of its Deposited Property Value.

***Property Development***

Pursuant to the REIT Law, as a general rule, a REIT shall not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies. For further discussion, please refer to page 167 of this REIT Plan.

***Exit Strategy***

As a general practice, VistaREIT arranges for the terms of the land leases from the Sponsor to be consistent with the useful life of the Properties in the portfolio.

VistaREIT has no current joint ownership arrangement. In the event of divestment(s), our Company shall abide by the REIT Law requirement of ensuring an arms-length transaction is carried out among the parties, especially if transacted with a related party. This includes approval of the Related Party Transaction Committee, unanimous vote of all independent directors, valuation in accordance with appraised fair value, among others.

## THE FORMATION AND STRUCTURE OF VISTAREIT

### Capital Increase, Property-for-Share Swap and Lease Agreements

At the duly constituted meeting of the Board of Directors of the Company held on February 7, 2022, the increase in the authorized capital stock of the Corporation to ₱15,000,000,000.00, divided into 15,000,000,000 common shares, with a par value of One Peso (₱1.00) per share, was approved by the affirmative vote of at least a majority of the members of the Board of Directors.

The aforementioned increase in the authorized capital stock of the Company was approved by the affirmative vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Company at a meeting held on the same date at the same venue. On March 14, 2022, the SEC approved the increase in authorized capital stock.

Out of the increase in the authorized capital stock of the Company, 6,990,000,000 common shares have been subscribed at an aggregate subscription price of ₱10,485,000,000.00, inclusive of premium in the amount of ₱3,495,000,000.00; and the subscribers, which are all Domestic corporations, have fully paid their respective subscriptions by way of transfer of property (the "**Property-for-Share Swap**"), as follows:

| Name of Subscriber | Properties Transferred | No. of Shares Subscribed | Par Value (₱1.00 per share) | Additional Paid-in Capital | Amount Subscribed and Paid |
|---|---|---|---|---|---|
| Vista Residences, Inc. | Vista Hub BGC | 1,917,919,815 | 1,917,919,815.00 | 958,959,907.50 | 2,876,879,722.50 |
| Masterpiece Asia Properties, Inc. | Starmall San Jose Del Monte; SOMO – A Vista Mall; Vista Mall Imus; Vista Hub Molino; Vista Mall General Trias; Vista Mall Tanza; Starmall Talisay, Cebu | 3,721,736,378 | 3,721,736,378.00 | 1,860,868,189.00 | 5,582,604,567.00 |
| Crown Asia Properties, Inc. | Vista Mall Antipolo | 304,856,147 | 304,856,147.00 | 152,428,073.50 | 457,284,220.50 |
| Communities Pampanga, Inc. | Vista Mall Pampanga | 463,199,199 | 463,199,199.00 | 231,599,599.50 | 694,798,798.50 |
| Manuela Corporation | Vista Mall Las Piñas (Main); Starmall Las Piñas (Annex) | 582,288,461 | 582,288,461.00 | 291,144,230.50 | 873,432,691.50 |
| **Total** | | **6,990,000,000** | **₱6,990,000,000.00** | **₱3,495,000,000.00** | **₱10,485,000,000.00** |

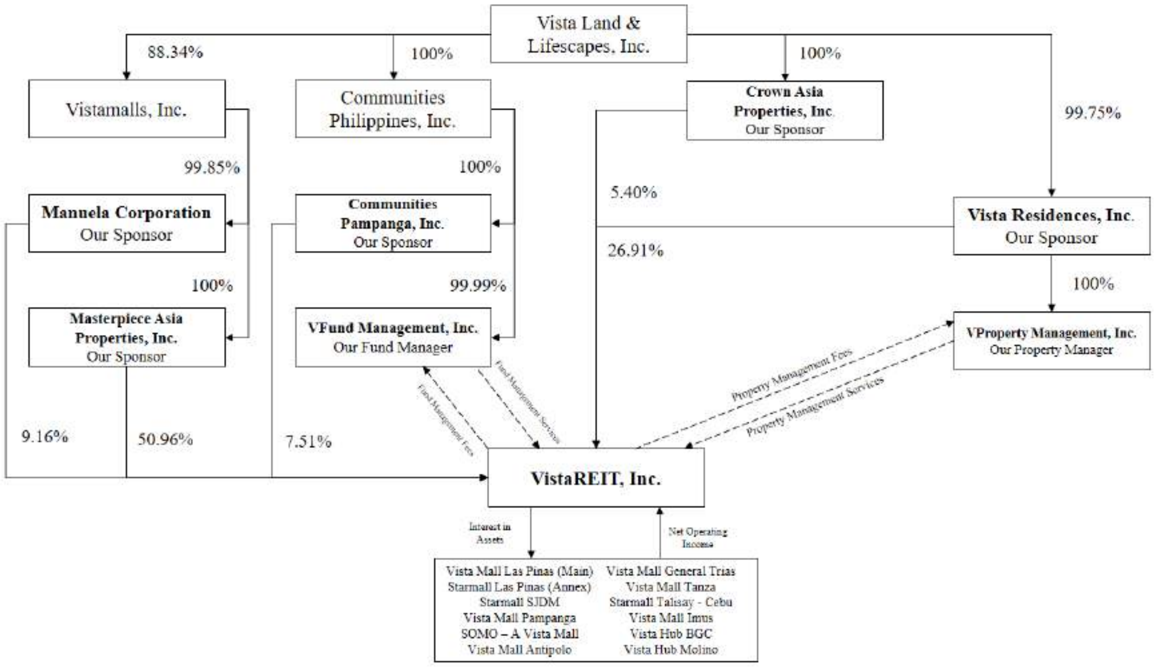
Subject to the SEC's approval of the Property-for-Share Swap and the issuance by the BIR of the Certificate Authorizing Registration ("**CAR**"), a Deed of Assignment and Subscription of shares dated February 7, 2022 (the "**Deed of Assignment and Subscription**") was entered into between our Company and the Sponsors where the Sponsors transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in the Properties, free from liabilities, debts, liens and encumbrances, at the transfer value of ₱10,485.00 million in exchange for an aggregate 6,990,000,000 common shares. Based on the Valuation Report, the aggregate appraised value of the properties transferred is ₱35,952.99 million. The Property-for-Share Swap further increased the Sponsors' ownership interest to 99.93% of the total issued and outstanding capital stock of the Company. The difference between the said fair value of the Assigned Properties and the issue price thereof to the Company (i.e., the issue price of the shares issued to the Sponsors in the Property-for-Share Swap) in the amount of ₱3,495.00 million is accounted for as additional paid-in capital.

All of the Properties were developed by the Sponsors. All of the Properties are owned by our Company and are located on land leased from the Company's affiliates and Sponsors, which are direct and indirect subsidiaries of Vista Land. As consideration for the land lease, our Company will pay the relevant lessor rental payments equivalent to 1% of Rental Income, inclusive of VAT, DST and other taxes which shall be borne by our Company. The impact of such rent payment will be reflected in the financial projection for the fiscal year ending December 31, 2022 as an increase in expenses. As of the date of this REIT Plan, the remaining land lease tenure of each of our Properties is between 15 to 25 years, renewable at the option of the lessee. As of the date of this REIT Plan, all Properties enjoy occupancy rates between 93% to 100% of their respective GLAs.

On March 16, 2022, pursuant to the Deed of Assignment and Subscription for the transfer, assignment and conveyance in favor of our Company of all of the Sponsors' rights, title and interests in the Properties in exchange for our Company's common shares, our Company and the Sponsors entered into a Deed of Assignment of Leases assigning all of the Sponsor's rights and interests in and to the Contracts of Lease over portions of the Properties leased out to various entities (the "**Leases**") effective upon the issuance of our Company's common shares in the name of the Sponsors. As of March 16, 2022, the Leases have been assigned and transferred to the Company.

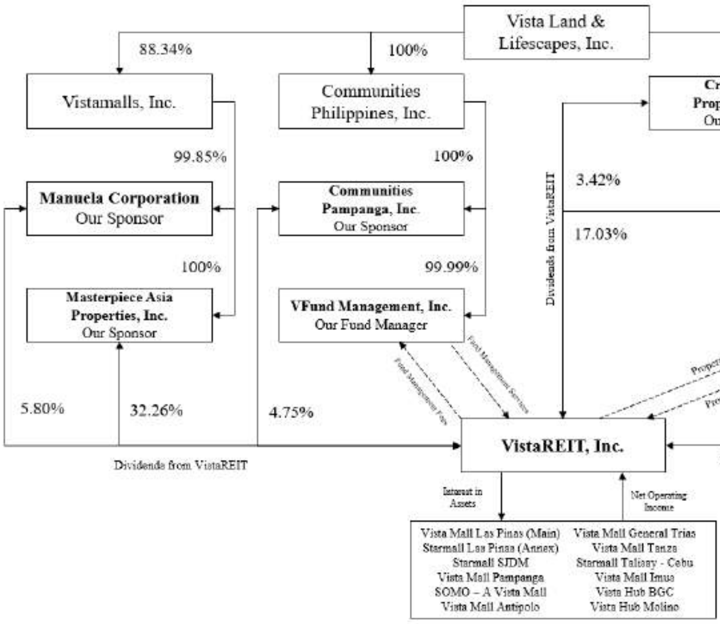
On March 14, 2022, the SEC issued the Certificate of Approval of the Increase of Capital Stock on the valuation of the Property-for-Share. Then upon payment of the corresponding Documentary Stamp Tax on March 30, 2022, the Company issued an aggregate of 6,990,000,000 common shares to the Sponsors according to their respective subscriptions under the Property-for-Share Swap, and was recorded in our accounting books and stock transfer book on the same date. Subsequently, the CARs authorizing the transfer of legal title to the Properties from the Sponsors to the Company were issued on April 25, April 26, April 28, April 29 and May 2, 2022. Upon issuance of the shares on March 30, 2022 under the Property-for-Share Swap, it was recorded in our accounting books and stock transfer book on the same date.

Our Company is a domestic corporation, established to invest in income-generating real estate. The operational and ownership structure and the relationship of the various parties, as of the date of this REIT Plan, are illustrated in the diagram:

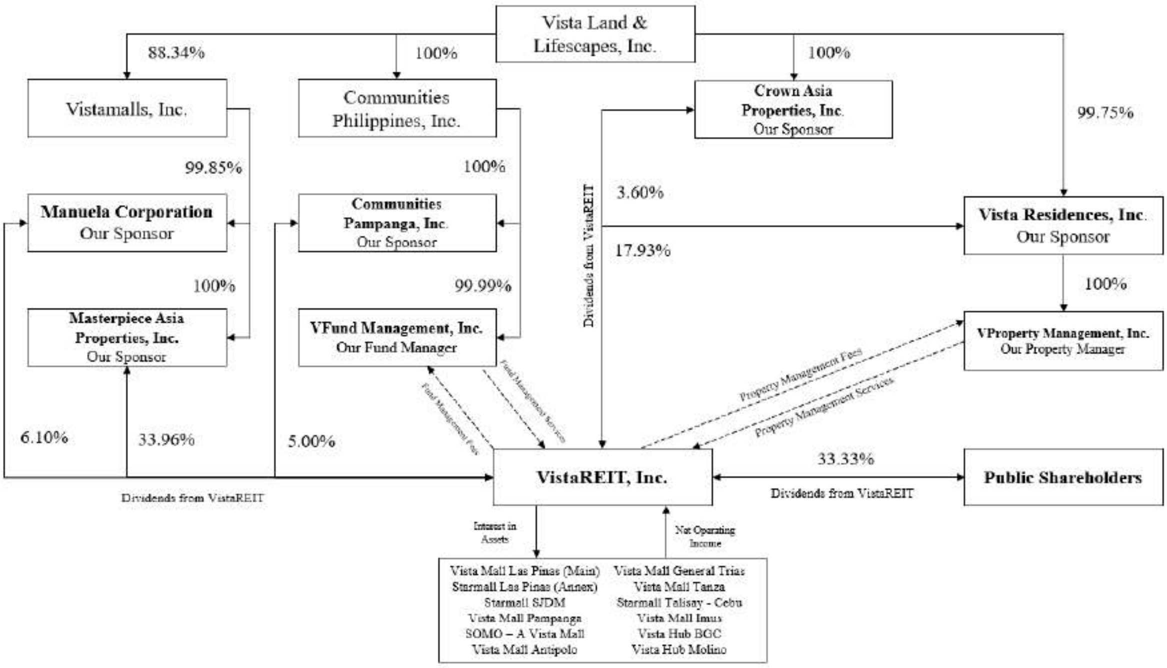


Meanwhile, the operational structure of VistaREIT and its relationship with the Sponsors, Fund Manager, Property Manager, and Vista Land after the Offer (assuming full exercise or no exercise of the Overallotment Option) are set out as follows:

(i) Assuming the full exercise of the Overallotment Option:




(ii) Assuming non-exercise of the Overallotment Option:



## DIVIDEND POLICY

The REIT Law requires a REIT to distribute annually a total of at least 90% of its net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with internationally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are reinvested by the REIT within one year from the date of the sale) as dividends to its shareholders. The percentage of dividends with respect to any class of stock to be received by Shareholders to the total dividends distributed by the Company from its distributable income shall not be less than the percentage of their aggregate ownership of the total outstanding shares of the Company. Such dividends shall be payable only from the unrestricted retained earnings of the Company, and the income distributable as dividends by the Company shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Board of Directors, including the unanimous vote of all our independent Directors, and stockholders representing not less than two-thirds of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the SEC within five working days from receipt of the request for approval. If the SEC does not act on said request within such period, the declaration shall be deemed approved.

The Company intends to declare and pay out at least 90% of its distributable income as dividends on a quarterly basis each year.

On March 31, 2022, the Company declared and paid dividends amounting to of ₱1 million for shareholders on record as of March 1, 2022.

For further discussion, see "*Dividends and Dividend Policy*" beginning on page 74.

## THE SPONSORS

Manuela, MAPI, Vista Residences, Crown Asia, and Communities Pampanga are the sponsors of VistaREIT. The Sponsors are all direct or indirect subsidiaries of Vista Land.

Vista Land is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country with presence in more than 147 cities and municipalities and a land bank of approximately 3,000 hectares as of December 31, 2021, located in areas in proximity to major roads and primary infrastructure. Since it commenced operations in 1977, Vista Land has built over 400,000 homes. It believes that it is one of the few leading integrated property developers in the Philippines that is focused on the affordable market. In addition to providing a wide range of housing products to its customers across all income segments through its residential property development business, Vista Land is involved in commercial property development through its retail mails and BPO commercial centers. As of December 31, 2021, Vista Land has a total of 1,588,694 sqm of GFA of investment properties comprising of 31 malls, 7 office buildings and 69 commercial centers.

Historically, Vista Land's primary business has been the development and sale of horizontal real estate projects, which comprise residential lots and units in the affordable, upper mid-cost and high-end housing segments. Vista Land subsequently expanded into the development and sale of vertical residential projects, including low-rise to high-rise condominium developments. Vista Land harnesses over 40 years of professional expertise in residential real estate development and believes it has established a nationwide presence, superior brand recognition and proven track record in homebuilding. Its projects include *communicities* and stand-alone residential subdivisions which offer lots, house and lots and condominium units to customers in the affordable, upper mid-cost and high-end market segments.

MAPI and Manuela are both engaged in the operation and development of commercial properties for lease. Vista Land owns MAPI and Manuela through Vista Malls, Inc., its retail mall and BPO platform.

MAPI was incorporated in the Philippines on November 5, 2001. Its primary business is to develop and lease commercial mall spaces and Business Process Outsourcing ("**BPO**") centers. MAPI is currently engaged in leasing commercial centers including retail malls, Vista Malls and Starmalls, located in key cities and municipalities in the Philippines and office spaces.

Manuela was incorporated in the Philippines on February 22, 1972. The primary business of Manuela is to develop and lease commercial mall spaces and BPO centers. Manuela is currently engaged in leasing commercial centers including retail malls of Starmalls that are located in key cities and municipalities in the Philippines and office spaces. The company is also engaged in selling residential house and lots in Manuelaville and Augustine Grove.

Vista Residences was incorporated as Polar Mines Realty Ventures, Inc. on November 10, 2003. Vista Land acquired 100% of the voting shares of Polar Mines Realty Ventures, Inc. on October 29, 2009. On January 29, 2010, the SEC approved the change of the corporate name of the company from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc.". Vista Land had only begun developing vertical homes five years before the acquisition of Polar Mines Realty Ventures, Inc., which had a particular focus on the development and sales of residential high-rise condominium projects across the Philippines. The acquisition of Polar Mines Realty Ventures, Inc. was designed to increase Vista Land's presence in the vertical homes segment. The name change to Vista Residences, Inc. was designed to consolidate the development and sales of all of Vista Land's vertical and high-rise condominium projects under the brand name "Vista Residences," thus creating a uniform, clear and strong market identity for Vista Land's vertical development projects.

Crown Asia was established to cater primarily to the middle-income housing segment. Since 1996, Crown Asia had launched a large proportion of its projects under the "Crown Asia" brand name. Among these developments are Valenza in Sta. Rosa, La Mediterranea in Dasmariñas, Cavite, Maia Alta in Antipolo City, Ponticelli in Bacoor, Cavite, Citta Italia in Imus, Cavite and Residenza in Bacoor, Cavite.

Communities Pampanga was incorporated in the Philippines on February 5, 2004. It was organized to carry out the business of a registered real estate dealer, and all alike undertakings pertinent to its business. Communities Pampanga is involved in the evaluation and acquisition of undeveloped land, planning and design of community development, securing regulatory approvals for development and sales, supervision of land development and house construction, and the marketing and selling of new houses. It is also engaged in leasing commercial centers including retail malls, Vista Malls, located in Pampanga. Communities Pampanga is a wholly-owned subsidiary of Communities Philippines, Inc., which is a wholly-owned subsidiary of Vista Land.

## THE FUND MANAGER

Our Fund Manager is VFund Management, Inc., formerly Communities Palawan, Inc. and incorporated on November 8, 2011 with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. The principal place of business of the Fund Manager is at Lower Ground Floor, Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The Fund Manager has an 11-year track record in the development of real estate industry. The Fund Manager has submitted the application for the amendment of the company's articles of incorporation (among others) to: (a) increase the authorized capital stock to ₱500,000,000.00 divided into 500,000,000 common shares with a par value of ₱1.00 per share, (b) change the corporate name to VFund Management, Inc.; and (c) change the primary purpose of the company to engage in the business of providing fund management services to REIT companies. On April 18, 2022, the SEC approved the foregoing amendments to the Fund Manager's articles of incorporation. Our Fund Manager is a wholly-owned Subsidiary of Communities Philippines, Inc. Communities Philippines is a wholly-owned subsidiary of Vista Land. Our Fund Manager's main responsibility is to manage our Company's assets and liabilities for the benefit of our Shareholders, with a focus on investment yields and profitability margins.

The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a 5-year, renewable agreement defining the relationship between the Company and the Fund Manager. The Fund Manager is compliant with the minimum requirements of a REIT fund manager under the REIT Law and the REIT IRR.

### *Fund Management Fee*

Under the Fund Management Agreement, the Fund Manager will receive an annual fund management fee equivalent to 1.50% of the Gross Rental Revenue, inclusive of value-added tax (the "**Fund Management Fee**").

In addition, the Fund Manager shall be entitled to receive from VistaREIT an Acquisition Fee equivalent to 1% of the acquisition price, for every acquisition, exclusive of value-added taxes ("**Acquisition Fee**"). The Fund Manager shall likewise be entitled to receive a Divestment Fee of 0.50% of the sales price for every property divested, exclusive of value-added taxes ("**Divestment Fee**").

The total amount of Fund Management Fee, Acquisition Fee, and Divestment Fee, paid to the Fund Manager in any given year shall not exceed 1.00% of the Net Asset Value of the Properties for that year. In computing the Fund Management Fee, the formula to be used shall be as follows:

*Fund Management Fee = (0.015 X Gross Rental Income(1)) + (0.01 X Acquisition Price of every property acquired) + (0.005 X Sales Price of every real property divested)*

## THE PROPERTY MANAGER

Our Property Manager is VProperty Management, Inc., incorporated as LET Ventures, Inc. on August 6, 2019. On October 22, 2020, the SEC approved the amendment of the company's articles of incorporation (among others) to: (a) change the corporate name to VistaREIT Property Managers, Inc.; and (b) change the primary purpose of the company to engage in the business of providing property management, lease management, marketing, and project management and such other duties and functions necessary and incidental to property management. The Property Manager's application for the amendment of the company's articles of incorporation to further change its corporate name to VProperty Management, Inc. and was approved by the SEC on April 8, 2022. Our Property Manager is a wholly owned subsidiary of Vista Residences, one of the Sponsors.

Pursuant to the Property Management Agreement entered on March 18, 2022 between our Company and our Property Manager, our Property Manager shall have the overall responsibility for the day-to-day facilities management of the Properties, marketing of the office and retail spaces therein, management of client accounts, lease administration, operations management, and handling of tenant relations. Specifically, our Property Manager will oversee negotiation and execution of lease contracts, enforcement of lease terms and conditions, and awarding, extension, and termination of leases; supervision of billing and collection of rentals and other payments from tenants, as well as monitoring of past due accounts and receivables; and, building management operations relating to security, utilities, repairs, and maintenance, emergency management, including engagement of contractors for such purpose.

***Property Management Fee***

Under the Property Management Agreement, the Property Manager shall be entitled to receive from VistaREIT an annual management fee equivalent to 1.50% of the Gross Rental Revenue, inclusive of value added tax (the "**Property Management Fee**"), provided that such Property Management Fee shall not exceed 1.00% of the Net Asset Value of the Properties. In computing the Property Management Fee, the formula to be used shall be as follows:

*Property Management Fee = 0.015 X Gross Rental Income(1)*

*Note: (1) Gross rental income pertains to billed rental income.*

## STRENGTHS AND STRATEGIES

A summary of our Company's strengths and strategies is set out below. For further information, see "*Business— Strengths and Strategies*" beginning on page 150 of this REIT Plan.

## COMPETITIVE STRENGTHS

We believe that the Company benefits from the following strengths:

- Solid backing from the Sponsors' parent company, Vista Land, which is one of the largest integrated real estate developers in the Philippines;
- Synergies with the Villar Group's growing retail ecosystem;
- Investment in community-based commercial and PEZA-accredited office properties with high- quality stable tenant base;
- Solid expansion program with robust, geographically diverse pipeline of profitable assets within the Villar Group for potential future acquisitions;
- Experienced, competent and founder-led management team with a proven track record of managing retail and commercial property operations; and
- Poised to take advantage of the post-pandemic economic and retail recovery.

## BUSINESS STRATEGIES

The principal strategy of VistaREIT is to invest on a long-term basis in a diversified portfolio of income-generating commercial real estate assets strategically located within Vista Land integrated developments or in key urban areas. Through the Property Manager, VistaREIT intends to maximize the operational efficiency of the Properties and, with the help of the Fund Manager, maximize investment yields and profitability margins.

- Fund Manager
  - *Achieve organic growth through proactive asset management and enhancement;*
  - *Pursue inorganic growth through new acquisitions and investments; and*
  - *Implement a sound capital and risk management strategy.*

- Property Manager
  - *Achieve organic growth through proactive asset management and enhancement; and*
  - *Deliver a pro-active leasing and tenant management & superior service to tenants.*

- Strengthen environmental, social and governance initiatives while improving operating and cost efficiencies
- Continue to elevate mall standards through innovative concepts in the retail experience

## RISK FACTORS

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. These risks include:

1. Risks relating to our business and Properties
   a) The Company's business and prospects are heavily dependent on the performance of the Philippine economy and the Philippine real estate market. Any downturn in the general economic conditions in the Philippines or the Philippine real estate market could have a material adverse impact on the Company.

   b) The COVID-19 global pandemic could have an adverse effect on the Company's business and results of operations.

   c) Delays or defaults in payment from our lessees and building tenants may affect our revenues.

   d) Certain Properties were constructed in 1982 and 1979 and they may require major maintenance and renovation

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

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

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

   h) The valuation reports on the Properties are based on various assumptions and may not be indicative of the actual realizable value and are subject to change.

   i) Our Fund Manager and our Property Manager do not have an established track record and operating history.

   j) Our Fund Manager may not implement our Company's investment policies or successfully implement our Company strategy.

   k) Our Sponsors, Fund Manager, and Property Manager are Subsidiaries of Vista Land. There may be potential conflicts of interest between our Company, our Fund Manager, our Property Manager, our Sponsors, and Vista Land, which may cause damage or loss to our Company and Shareholders.

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

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

2. Risks relating to our Operations

a) We have no prior operating history as a REIT and we may be unable to manage our business successfully or generate sufficient cash flows to make or sustain dividends. Further, the Combined Carve-out Financial Statements were prepared for this REIT Plan and may not necessarily represent our consolidated financial position, results of operations and cash flows.

b) Our Company is exposed to general risks relating to ownership and operation of retail mall and office real estate.

c) The illiquidity of high value real estate may have a material adverse effect on the Company's business, financial condition, and results of operation.

d) Our Company does not own the land on which our twelve (12) Properties in the Portfolio are situated.

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

f) Legal and other proceedings

g) The Company enters into Related Party Transactions

h) Risk on Tenants leasing more than 10% of the total leasable area

i) The implementation of tax reforms may have a negative effect on BPO companies.

j) The loss of the PEZA-accreditation of some of our Company's Properties or other similar benefits could result in the loss of tenants.

k) Our Company may fail to fulfill the terms and conditions of licenses, permits and other authorizations, or fail to renew these upon expiration.

l) The Properties might be adversely affected if they require major maintenance and our Property Manager does not provide adequate maintenance services for the Properties.

3. Risks relating to the Philippines

a) Our business activities and assets are based in the Philippines, therefore, any downturn in the Philippine economy could have a material adverse impact on our business, financial condition, results of operations, and prospects.

b) Political instability in the Philippines may have a negative effect on the Philippine economy and business environment which could have a material adverse impact on our business.

c) Natural or other catastrophes, including severe weather conditions, may materially disrupt our operations and financial condition.

d) Acts of terrorism could destabilize the country and could have a material adverse effect on our assets and financial condition.

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

f) Further escalation and widening of the Russian-Ukraine conflict can lead to potential global political, security and economic disruption which might affect, directly or indirectly, countries such as the

Philippines.

g) Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.

h) Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect our Company's business.

4. Risks relating to the Offer and the Offer Shares

a) The Shares may not be a suitable investment for all investors.

b) There has been no prior market for the Offer Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

c) There can be no guarantee that the Offer Shares will be listed on the PSE.

d) Future sales of shares in the public market could adversely affect the prevailing market price of the shares and shareholders may experience dilution in their holdings.

e) Property yield on the Properties is not equivalent to distribution yield on the Shares.

f) Investors may incur immediate and substantial dilution as a result of purchasing Shares in the Offer.

g) There can be no assurance that we will be able to pay dividends or maintain any given level of dividends.

h) Our Company faces risks arising from compliance with the requirements to pay out its Distributable Income to Shareholders.

i) Shareholders may bear the effects of tax adjustments on income distributed in prior periods.

j) The Shares may be subject to Philippine foreign ownership limitations.

k) Shareholders may be subject to limitations on minority shareholders' rights and regulations may differ from those in more developed countries.

l) The Company is required to maintain a minimum public ownership of 33.33%.

5. Risks relating to the presentation of information in this REIT Plan.

a) Certain information contained herein is derived from unofficial publications.

See the section entitled "*Risk Factors*" on page 46 of this REIT Plan, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

**INVESTOR RELATIONS OFFICE**

The investor relations office will implement the investor relations program in order to reach out to all shareholders and keep them informed of corporate activities. The office will also handle communication of relevant information to our stakeholders as well as to the broader investor community. The investor relations office will also be responsible for receiving and responding to investor and shareholder queries relating to the Company.

Melissa Camille Z. Domingo has been appointed by the Board as the head of the investor relations office and to serve as our Investor Relations Officer ("**IRO**"). The IRO will ensure that we comply with and file on a timely basis all required disclosures and continuing requirements of the SEC and the PSE. In addition, the IRO will oversee most aspects of the shareholder meetings, press conferences, investor briefings, and management of the investor relations portion of our website, which will contain information, including but not limited to:

(a) Company information (organizational structure, board of directors and management team);

(b) Company news (analyst briefing report, press releases, latest news, newsletters (if any);

(c) Financial report (annual and quarterly reports for the past two years;

(d) Disclosures (recent disclosures to PSE and SEC for the past two years;

(e) Investor FAQs;

(f) Investor Contact (email address and phone numbers for feedback/comments, shareholder assistance and service); and

(g) Stock Information.

The investor relations office will be located in our principal place of business with contact details as follows:

Landline: +632 3226 3552
E-mail: ir@vistareit.com.ph
Website: www.vistareit.com.ph

**COMPANY AND FUND MANAGER INFORMATION**

We are a Philippine corporation organized under the laws of the Philippines. Our principal office address is at the Lower Ground Floor, Building B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City, Metro Manila, with telephone number +63(2) 3226 3552. Our corporate website is www.vistareit.com.ph. Information on the website is not incorporated by reference into this REIT Plan.

VFund Management, Inc. is a Philippine corporation organized under the laws of the Philippines. The Fund Manager's principal office address is at LGF Building B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City with telephone number: +63(2) 3226 3552 and e-mail address: ir@vistareit.com.ph.

# SUMMARY OF THE OFFER

*The following does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Offer Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Offer Shares. Each prospective investor must rely on its own appraisal of the Company and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the significance, adequacy, or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis. A specific time of day refers to Philippine Standard Time.*

| | | |
|---|---|---|
| **Company** | : | VistaREIT, Inc. (formerly, Vista One, Inc.) ("**VistaREIT**") |
| **Sponsors** | : | Communities Pampanga, Inc. ("**Communities Pampanga**"), Crown Asia Properties, Inc. ("**Crown Asia**"), Manuela Corporation ("**Manuela**"), Masterpiece Asia Properties, Inc. ("**MAPI**"), and Vista Residences, Inc. ("**Vista Residences**") |
| **Selling Shareholders** | : | MAPI, Manuela, Vista Residences, Crown Asia, and Communities Pampanga |
| **Fund Manager** | : | VFund Management, Inc. |
| **Property Manager** | : | VProperty Management, Inc. |
| **Issue Coordinator** | : | China Bank Capital Corporation |
| **Joint Lead Underwriters and Bookrunners** | : | Collectively, BDO Capital & Investment Corporation, China Bank Capital Corporation, PNB Capital and Investment Corporation, RCBC Capital Corporation, and SB Capital Investment Corporation |
| **Participating Underwriter** | : | Abacus Capital and Investment Corporation |
| **The Offer** | : | Offer of up to 2,750,000,000 Offer Shares comprising 2,500,000,000 Firm Shares owned by the Selling Shareholders (the "**Firm Shares**") and up to 250,000,000 Option Shares by the Selling Shareholders pursuant to the Overallotment Option (as described below). |
| **Firm Shares** | : | 2,500,000,000 Firm Shares to be offered by the Selling Shareholders |
| **Option Shares** | : | Up to 250,000,000 Shares to be offered by the Selling Shareholders pursuant to the Overallotment Option |
| **Institutional Offer** | : | At least 1,750,000,000 Firm Shares (or 70% of the Firm Shares) (the "Institutional Offer Shares"), are (subject to re-allocation as described below) being offered for sale to qualified buyers ("**QBs**") and other investors in the Philippines, by the Joint Lead Underwriters and Bookrunners and the Participating Underwriter (the "**Institutional Offer**").<br><br>The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to readjustment as agreed between the Company, the Selling Shareholders and the Joint Lead Underwriters and Bookrunners. See "—*Reallocation*" below. |

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| **Trading Participants and Retail Offer** | : | Up to 750,000,000 Firm Shares (or 30% of the Firm Shares) (the "**Trading Participants and Retail Offer Shares**") are being offered in the Philippines through all of the REIT eligible Trading Participants of the PSE (the "**Eligible PSE Trading Participants**") and to local small investors ("**LSI**") under the Local Small Investors Program (subject to re-allocation as described below) (the "**Trading Participants and Retail Offer**"). Up to 500,000,000 Firm Shares or 20% of the Firm Shares are being allocated to Eligible PSE Trading Participants at the Offer Price (the "**Trading Participants Offer Shares**") and up to 10% of the Firm Shares are being offered to LSIs (the "**Retail Offer Shares**"), respectively, subject to final allocation as may be determined by the Joint Lead Underwriters and Bookrunners.<br><br>Each Eligible PSE Trading Participant shall initially be allocated 4,065,000 Firm Shares. Based on the initial allocation for each PSE Trading Participant, there will be a total of 5,000 residual Firm Shares to be allocated as may be determined by the Joint Lead Underwriters and Bookrunners.<br><br>Each LSI applicant may subscribe to a minimum of 1,000 Firm Shares and up to a maximum of 571,000 Firm Shares at the Offer Price.<br><br>The Joint Lead Underwriters and Bookrunners and Participating Underwriter shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer or otherwise not taken up by the Eligible PSE Trading Participants or clients of the Joint Lead Underwriters and Bookrunners and the Participating Underwriter or the general public pursuant to the terms and conditions of the Underwriting Agreement.<br><br>The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, the Selling Shareholders and the Joint Lead Underwriters and Bookrunners. See "*Reallocation*" below. |
| **Offer Shares** | : | The Firm Shares and the Option Shares |
| **Offer Price** | : | ₱1.75 per Offer Share. |
| **Stabilizing Agent** | : | China Bank Securities Corporation |
| **Overallotment Option** | : | Pursuant to the approval of the SEC dated May 25,2022, the Selling Shareholders have granted the Stabilizing Agent, China Bank Securities Corporation an option, exercisable in whole or in part, to purchase the Option Shares at the Offer Price from the Selling Shareholders, on the same terms and conditions as the Firm Shares as set out in this REIT Plan, solely to cover overallotments, if any, and effect price stabilization transactions. The Overallotment Option is exercisable from time to time for a period which shall not exceed thirty (30) calendar days from and including the Listing Date. The Overallotment Option, to the extent not fully exercised by the Stabilizing Agent, shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders. The Option Shares are not fully underwritten unlike the Firm Shares and consequently, the Option Shares may not be fully sold and taken up. See "*Plan of Distribution—The Overallotment Option*." |

**Eligible Investors** : The Offer Shares may be purchased by any natural person of legal age regardless of nationality, or any corporation, association, partnership, trust account, fund or entity residing in and organized under the laws of the Philippines or licensed to do business in the Philippines, regardless of nationality, subject to our right to reject an Application or reduce the number of our Offer Shares applied for subscription and subject to restrictions on ownership as set out below.

**Restriction on Ownership** : The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to the nationality limits under Philippine law. In particular, the Philippine Constitution and other Philippine laws and regulations require that ownership of companies that own land be limited to citizens of the Philippines, or Philippine Nationals, which include corporations or associations organized under the laws of the Philippines of which at least 60% of the capital stock outstanding is owned and held by citizens of the Philippines.

Currently, our Company does not own any land. Nevertheless, because the Company's Articles of Incorporation authorizes the Company to acquire land, which may include land in the Philippines, foreign shareholdings in our Company may not exceed (i) 40% of our issued and outstanding capital stock entitled to vote in the election of directors; and (ii) 40% of our total issued and outstanding capital stock, whether or not entitled to vote in the election of directors. See "*Regulatory and Environmental Matters*" on page 248.

For more information relating to restrictions on the ownership of the Shares, see "*Risk Factors*", "*Business and Properties*" and "*Regulatory and Environmental Matters – Nationality Restriction*".

In the event that foreign ownership of our Company's outstanding capital stock will exceed such allowable maximum percentage, we have the right to reject a transfer request by a stockholder to persons other than Philippine Nationals and the right not to record such purchases in our Company's books. Moreover, if any share is inadvertently issued and/or transferred in violation of the said restriction, the shares issued and/or transferred in excess of the allowable maximum percentage shall be null and void, and we may immediately proceed to cancel and demand the surrender of the certificate of stock covering such shares. Should any stockholder acquire shares in excess of the foregoing restriction, such stockholder shall not be considered a stockholder and shall have no right with respect to such shares except to demand payment therefor from us or transferor, as the case may be, or to dispose of the same to qualified shareholders within thirty (30) days of receipt of notice from us.

Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the

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| | | laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares. |
| **Use of Proceeds** | **:** | The Company will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. The total proceeds to be raised from the sale of the Firm Shares will be approximately ₱4,375,000,000.00. The net proceeds to be received by the Selling Shareholders from the sale of the Firm Shares (after deduction of estimated fees and expenses of the Offer of approximately ₱185,524,894.69) will be approximately ₱4,189,475,105.31. Assuming full exercise of the Overallotment Option, the total proceeds to be raised by the Selling Shareholders from the sale of the Firm Shares and Option Shares will be approximately ₱4,812,500,000.00 and the Selling Shareholders will receive net proceeds of approximately ₱4,612,493,855.31 (after deducting fees and expenses payable by the Selling Shareholders of approximately ₱200,006,144.69). The entire proceeds from the Offer Shares will be used by the Selling Shareholders in accordance with the reinvestment plan. For a more detailed discussion on the use of net proceeds by the Selling Shareholders' shareholdings, see "*Use of Proceeds*" and Annex A (Reinvestment Plan). For a more detailed discussion on the Selling Shareholders' shareholding see "*Principal and Selling Shareholders*". |
| **Minimum Subscription** | **:** | Each application must be for a minimum of 1,000 Offer Shares, and thereafter, in multiples of 1,000 Offer Shares. Applications for multiples of any other number of Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion. |
| **Reallocation** | **:** | The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed by the Company, the Selling Shareholders, and the Joint Lead Underwriters and Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the one hand, and the Institutional Offer, on the other hand. |
| **Lock-up** | **:** | Under the PSE Consolidated Listing and Disclosure Rules, an applicant company shall cause existing shareholders who own an equivalent of at least 10.0% of the issued and outstanding shares of stock of the company to refrain from selling, assigning, or in any manner disposing of their shares for a period of:<br><br>● 180 days after the listing of said shares if the applicant company meets the track record requirements in Section 1, Article III, Part D of the PSE Consolidated Listing and Disclosure Rules; or<br><br>● 365 days after the listing of said shares if the applicant company is exempt from the track record and operating |

history requirements of the PSE Consolidated Listing and Disclosure Rules.

In addition, if there is any issuance or transfer of Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Shares (i.e., convertible bonds, warrants or a similar instrument) completed and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price in the initial public offering, all such Shares issued or transferred shall be subject to a lock-up period of at least 365 days from full payment of such Shares.

The following shall be subject to a 365-day lock-up period counted from full payment of such Shares up to 365 days after Listing Date:

Assuming the Overallotment Option is fully exercised:

| Shareholder | No. of Shares Subject to 365-day Lock-up Period counted from full payment of such Shares up to 365 days after Listing Date |
|---|---|
| Manuela | 434,781,220 Shares |
| MAPI | 2,419,404,663 Shares |
| Vista Residences | 1,277,472,888 Shares |
| Crown Asia | 256,299,952 Shares |
| Communities Pampanga | 356,541,277 Shares |
| Melissa Camille Z. Domingo | 62,500 Shares |
| Justina F. Callangan | 62,500 Shares |
| Leticia A. Moreno | 62,500 Shares |
| Raul Juan N. Esteban | 62,500 Shares |

Assuming the Overallotment Option is not exercised:

| Shareholder | No. of Shares Subject to 365-day Lock-up Period counted from full payment of such Shares up to 365 days after Listing Date |
|---|---|
| Manuela | 457,690,969 Shares |
| MAPI | 2,546,889,364 Shares |
| Vista Residences | 1,344,786,245 Shares |
| Crown Asia | 269,805,061 Shares |
| Communities Pampanga | 375,328,361 Shares |
| Melissa Camille Z. Domingo | 62,500 Shares |
| Justina F. Callangan | 62,500 Shares |
| Leticia A. Moreno | 62,500 Shares |
| Raul Juan N. Esteban | 62,500 Shares |

To implement the lock-up requirement, the Company and Selling Shareholders shall enter into an escrow agreement with China Banking Corporation – Trust and Asset Management Group.

The PSE has approved a request for the waiver of the lockup rule for the shares issued to our Sponsors as a part of the Property-for-Share Swap, subject to the following conditions: (i) our Sponsor may only sell up to 49% of such shares during the IPO; and (ii) the shares not sold during the IPO shall lose their lock-up exemption and be subject to lock-up counted from full payment up to 365 days after the Listing Date.

See "*Principal and Selling Shareholders—PSE Lock-up Requirement*" and "*Plan of Distribution— Lock-Up*."

**Listing and Trading** : The Company has filed an application with the SEC for the registration, and an application with the PSE for the listing, of all its issued and outstanding stock thereof (including the Offer Shares). The SEC is expected to issue an Order of Effectivity and Permit to Sell on or about May 27, 2022 and the PSE issued its Notice of Approval on May 12, 2022, subject to compliance with certain listing conditions.

All of the Offer Shares in issue or to be issued are expected to be listed on the Main Board of the PSE under the symbol "VREIT". See "*The Formation and Structure of* VistaREIT—*Description of the Shares*." All of the Offer Shares are expected to be listed on the PSE on or about June 15, 2022. Trading of the Offer Shares that are not subject to lock-up is expected to commence on the same date.

**Dividends and Dividend Policy** : We are required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are reinvested in the REIT within one year from the date of the sale) as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of our Company's Board, including the unanimous vote of all our independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the SEC within five working days from receipt of the request for approval. If the SEC does not act on said request within such period, the declaration shall be deemed approved. See "*Dividends and Dividend Policy*".

**Registration and Lodgment of Shares with PDTC** : The Offer Shares will be in scripless form and are required to be lodged with the PDTC upon listing. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC, and a certification to that effect shall be submitted to the PSE at least three (3) trading days prior to the Listing Date. As required under the PSE Amended REIT Listing Rules, all of the shares of stock of the Company shall be issued in the form of uncertificated securities and a shareholder may not require the Company to issue a certificate in respect of any share recorded in their name.

**Registration of Foreign Investments** : The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP only if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See "*Regulatory and Environmental Matters—Foreign Investment Laws and Restrictions—Registration of Foreign Investments and Exchange Controls.*"

**Tax Considerations** : See "*Taxation*" for further information on the Philippine tax consequences of the purchase, ownership and disposal of the Offer Shares.

**Offer Period** : The "**Offer Period**" shall commence at 12:00 noon. on May 30, 2022 and shall end at 12:00 noon on June 3, 2022. The Company and the Joint Lead Underwriters and Bookrunners reserve the right to extend, shorten, or terminate the Offer Period, subject to the approval of the SEC and the PSE.

**Procedure for Application for the Trading Participants and Retail Offer** : Applications must be received by the Receiving Agent for Eligible PSE Trading Participant applications or through PSE EASy for LSI applications, as applicable, by 12:00 noon on June 3, 2022 and shall be subject to the terms and conditions of the Offer as stated in the REIT Plan and in the Application. Applications received thereafter or without the required documents will be rejected. The actual purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE and upon the obligations of the Joint Lead Underwriters and Bookrunners and the Participating Underwriter under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled on or before the Listing Date in accordance with the provisions of such agreement.

<u>For Eligible PSE Trading Participants:</u>

Application forms to purchase the Trading Participants Offer Shares and signature cards may be obtained from the Joint Lead Underwriters and Bookrunners and the Participating Underwriter, from the Receiving Agent or from any participating Eligible PSE Trading Participants, and shall be made available for download on the Company's website.

Applicants shall complete the application form, indicating all pertinent information, such as the applicant's name, address, contact number, taxpayer's identification number, citizenship and all other information required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of the Offer Shares. Failure to complete the application form may result in the rejection of the application.

An Eligible PSE Trading Participant's Application should be submitted in quadruplicate and accompanied by the following documents:

- The required attachments as enumerated in the Application;

- Two properly filled-out specimen signature cards, each bearing the specimen signature of the Eligible PSE Trading Participant's designated signatories, and if the applicant is a corporation, duly authenticated and certified by its Corporate Secretary;

- Photocopy of one (1) valid and current government-issued IDs (e.g. SSS, GSIS, Driver's License, Passport or PRC ID) of (a) the authorized signatory/ies, duly certified as a true copy by the Corporate Secretary and (b) the Corporate Secretary, duly certified as true copy by an authorized officer of the corporation;

- Proof of payment; and

- Notarized Affidavit of Undertaking to Submit Original Copies of the Documents ("**Undertaking to Submit**"), attached as Annex H to the Implementing Guidelines for the Reservation and Allocation of the Company Offer Shares to the Eligible Trading Participants of the PSE through the Joint Lead Underwriters and Bookrunners (the "**TP Guidelines**"), within five (5) Banking Days from the submission of the electronic mail of the scanned copies.

In addition, Eligible PSE Trading Participants must submit the following:

- Properly accomplished sales report in excel and pdf format, duly certified by the respective authorized signatories of the Eligible PSE Trading Participant. For physical copies, there must be four (4) copies each bearing the wet ink signature of the certifying authorized signatories of the Eligible PSE Trading Participant;

- A certified true copy of the applicant's Philippine BIR certificate of registration duly certified by its corporate secretary (or managing partner in the case of a partnership); and

- The Eligible PSE Trading Participant's notarized Endorsement and Certification, attached as Annex G, to the TP Guidelines.

If the Applicant is a corporation, partnership or trust account, the Application must be accompanied by the following documents:

- Two properly filled-out specimen signature cards of the authorized signatories, duly authenticated and certified by the Applicant's Corporate Secretary (or equivalent corporate officer);

- Photocopy of one (1) valid and current government-issued IDs (e.g. SSS, GSIS, Driver's License, Passport or PRC ID) of (a) the authorized signatory/ies, duly certified as a true copy by the Corporate Secretary and (b) the

Corporate Secretary, duly certified as true copy by an authorized officer of the corporation;

- A certified true copy of the applicant's latest articles of incorporation and by-laws (or articles of partnership, in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership);

- A certified true copy of the applicant's Philippine SEC certificate of registration duly certified by its corporate secretary (or managing partner in the case of a partnership);

- A duly notarized corporate secretary's certificate (or certificate of the managing partner in case of partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying to the percentage of the applicant's capital or capital stock held by Philippine nationals;

- Proof of payment; and

- Such other documents as may be reasonably required by the Joint Lead Underwriters and Bookrunners and the Participating Underwriter in compliance with their respective internal policies regarding "knowing your customer", anti-money laundering, and combating the financing of terrorism.

Applicants must represent and warrant, through the Application, that their purchase of the Trading Participants and Retail Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Trading Participants and Retail Offer Shares in the form as set out in the TP Guidelines.

<u>For Local Small Investors:</u>

With respect to the LSIs, applications to purchase the Trading Participants and Retail Offer Shares must be done online through the PSE Electronic Allocation System ("**PSE EASy**"). The system will generate a unique reference number and payment instruction. Applications for the Offer Shares must be settled within the Offer Period.

An LSI applicant should nominate in the Application the Eligible PSE Trading Participant through which its shares will be lodged with the Philippine Depository & Trust Corp. ("**PTDC**") under the LSI applicant's Name on Central Depository ("**NoCD**") facility. Otherwise, the Application shall not be accepted.

In the event that an LSI applicant does not have an Eligible PSE Trading Participant, the LSI applicant may open a trade account with Abacus Securities Corporation ("MyTrade"), COL Financial Group, Inc. ("COL Financial"), First Metro Securities Brokerage Corp. ("First Metro Sec"), PNB Securities, Inc., RCBC Securities

Inc., and SB Equities, Inc., and nominate said entity as its endorsing Eligible PSE Trading Participant by accomplishing an account opening form and submitting the same to the nominated entity, together with any required attachments prior to submission of the Application.

LSI applications will be processed on a first-come, first-served basis while final allocation of the Trading Participants and Retail Offer Shares will be determined pursuant to the allocation mechanics. This section should be read in conjunction with the Application and Settlement Procedures for Local Small Investors under the Local Small Investors Program of the PSE through the PSE EASy (the "**LSI Guidelines**" and collectively with the TP Guidelines, the "**Offer Implementing Guidelines**") to be published on the PSE EDGE website.

**Payment Terms for the Trading Participants and Retail Offer Purchased through Eligible PSE Trading Participants** : The purchase price must be paid in full in Philippine Pesos upon the submission of the duly completed and signed application form and signature card together with the requisite attachments.

For Eligible PSE Trading Participants, payment for the Offer Shares shall be made through (i) over-the-counter cash or check deposit payment in any operating BDO branch via Bills Payment under the merchant account "**VISTAREIT INC IPO**", (ii) online payment via BDO Online Banking or BDO Mobile Banking under the merchant account "**VISTAREIT INC IPO**", (iii) or any other mode of payment prescribed by the Receiving Agent. Eligible PSE Trading Participants must include the payment reference number in the cash or check deposit slip for over-the-counter payments or under the subscriber reference number field for online payments. The payment reference number will be included in the notice of final allocation to the participating Eligible PSE Trading Participants.

For LSIs, payment for the Offer Shares shall be made either by: (i) over-the-counter cash or check deposit payment in any BDO branch under the merchant account "**VISTAREIT INC IPO**", (ii) online payment via BDO Online Banking or BDO Mobile Banking under the merchant account "**VISTAREIT INC IPO**" or (iii) any other mode of payment prescribed by the Receiving Agent. Participating LSIs in the Retail Offer may contact the Receiving Agent for alternative modes of payment. LSIs must ensure that the PSE EASy reference number should be indicated in the cash or check deposit slip for over-the-counter payments or under the subscriber reference number field for online payments.

For check payments, all checks should be made payable to "**VISTAREIT INC IPO**" dated before or as of the date of submission of the Application and crossed "Payee's Account Only". Only checks with a clearing period of no more than one (1) Banking Day from date of receipt will be acceptable.

As applicable, the applications and required documents (including proof of payments) shall be transmitted to the Receiving Agent by electronic mail at vistareitincipo@stocktransfer.com.ph on or before the end of the Offer Period, with the physical copies delivered to the Receiving Agent's address at the 34th Floor, Unit-D, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City no later than 12:00 noon, five (5) Banking Days after the end of the Offer Period or on June 10, 2022.

For more details on the Procedure for Application for the Offer, please refer to the Offer Implementing Guidelines which will be published on the PSE EDGE website prior to the start of the Trading Participants and Retail Offer Period.

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| **Acceptance or Rejection of Applications for the Trading Participants and Retail Offer** | **:** | Applications for the Trading Participants and Retail Offer Shares are subject to the confirmation of the Joint Lead Underwriters and Bookrunners and our final approval. We, together with the Selling Shareholders and in consultation the Joint Lead Underwriters and Bookrunners reserve the right to accept, reject or scale down the number and amount of Trading Participants and Retail Offer Shares covered by any application. We, the Selling Shareholders and the Joint Lead Underwriters and Bookrunners have the right to reallocate available Trading Participants and Retail Offer Shares in the event that the Trading Participants and Retail Offer Shares are insufficient to satisfy the total applications received. The Trading Participants and Retail Offer Shares will be allotted in such manner as we and the Joint Lead Underwriters and Bookrunners may, in our sole discretion, deem appropriate, subject to distribution guidelines of the PSE.<br><br>Applications may be rejected if: (i) the subscription price is unpaid or not fully paid; (ii) payments are insufficient or where checks, as applicable, are dishonored upon first presentation; (iii) the Applications are not received by the Receiving Agent on or before the end of the Offer Period; (iv) the number of Offer Shares subscribed is less than the minimum amount of subscription; (v) the Applications do not comply with the terms of the Offer; (vi) the sale of the Offer Shares will result in a violation of foreign ownership and single entity ownership restrictions; (vii) the Applicant is not an Eligible Investor; (viii) the Applications do not have sufficient information as required in the application form or are not supported by the required documents; (ix) the underwriting agreement is suspended, terminated or cancelled on or before the Listing Date; or (x) there is failure to create a valid Name-on Central Depository sub-account for the Applicant with the PDTC on or before five (5) Banking Days prior to the Listing Date.<br><br>An Application, when accepted, shall constitute a binding and effective agreement between the applicant and the Company for the subscription to the Offer Shares notwithstanding any provision to the contrary as may be found in the Application, the REIT Plan, and other offer-related document. |
| **Withdrawal of the Offer** | **:** | The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and PSE.<br><br>The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Listing Date, if there is a supervening force majeure or fortuitous event, such as:<br><br>a. An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; |

or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the REIT Plan, or would have a material adverse effect on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the REIT Plan, or the Philippine economy or on the securities or other financial or currency markets of the Philippines;

b. Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution or listing of the Offer Shares by any court or governmental agency or authority with jurisdiction on the matter, the SEC or the PSE;

c. Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell;

d. Cancellation or suspension of trading in the PSE for at least three (3) consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by PSE;

e. A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Company to engage in the business it is presently engaged in; or (b) the capacity and due authorization of the Company or the Selling Shareholders to offer, issue or sell the Offer Shares and enter into the transaction documents in connection with the Offer, or (ii) renders illegal the performance by any of the underwriters of its underwriting obligations hereunder;

f. Any significant, adverse, and unforeseeable change or development in the Company’s long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;

g. The Company decides to or is compelled to stop its operations which is not remedied within five (5) Banking Days;

h. The Company shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Company shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Company shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Company; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Company; or (vi) any event occurs which under the laws of the Philippines or to other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

j. Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against the underwriters in connection with or with respect to the issuance or sale by the Company or the Selling Shareholders of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;

k. Any event occurs which makes it impossible for the underwriters to perform their underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the underwriters, or directing the underwriters to cease, from performing their underwriting obligations;

l. Any representation, warranty or statement of the Company in the REIT Plan shall prove to be untrue or misleading in any material respect or the Company shall be proven to have omitted a material fact necessary in order to make the statements in the REIT Plan not misleading, which untruth or omission: (a) was not known and could not have been known to the underwriters on or before the commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Company’s long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;

m. Unavailability of PDTC and PSE facilities used for the Offer and/or listing and such unavailability impacts the ability of the Issuer and underwriters to fully comply with the listing requirements of PSE; and

n. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Company’s long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of (i) the inability of the Company or underwriters to sell or market the Offer Shares or (ii) the refusal or failure by the Company, the underwriter, or any other entity/person to comply with any undertaking or commitment by the Company, the underwriter, or any other entity/ person to take up any shares remaining after the Offer Period.

Notwithstanding the foregoing, the Company, each of the Joint Lead Underwriters and Bookrunners and the Participating Underwriter acknowledge that the PSE is as a self-regulatory organization with a mandate to maintain a fair and orderly market. In this regard, the PSE may impose appropriate and reasonable sanctions and penalties on the relevant party if the PSE determines that the cancellation or termination of the underwriting commitment or the Underwriting Agreement was not warranted based on the facts gathered by PSE and properly evaluated by the PSE after due and proper proceedings initiated by the PSE not later than five (5) Banking Days after such cancellation or termination.

Notwithstanding the acceptance of any Application, the actual issuance or crossing of the Offer Shares to an applicant shall take place only upon the listing of the Offer Shares on the PSE. The PSE issued its Notice of Approval on May 12, 2022 approving the listing application, subject to compliance by the Company with certain conditions. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to the Listing Date pursuant to this section, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.

If the Offer Shares are not listed on the PSE on the Listing Date, all application payments will be returned to the Applicants without interest starting on the fifth ($5^{th}$) Banking Day after the end of the Offer Period or on June 10, 2022.

**Underwriters' Firm Commitment to Purchase** : The Joint Lead Underwriters and Bookrunners and the Participating Underwriter will underwrite, on a firm commitment basis, the Firm Shares, to the extent of their respective underwriting commitments set out under the section *"Plan of Distribution"* in this REIT Plan.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended or terminated on or solely by reason of (i) the inability of the Company or underwriters to sell or market the Offer Shares or (ii) the refusal or failure by the Company, the underwriter, or any other entity/ person to comply with any undertaking or commitment by the Issuer, the underwriter, or any other entity/ person to take up any shares remaining after the Offer Period.

In undertaking the underwriters' firm commitment to purchase, the underwriters hereby manifest their conformity to comply with and be bound by all duly promulgated and applicable listing and disclosure rules, requirements and policies of the PSE.

**Refunds of the Trading Participants and Retail Offer** : In the event that the number of Trading Participants and Retail Offer Shares to be received by an applicant, as confirmed by us and the Joint Lead Underwriters and Bookrunners, is less than the number covered by the application, or if an application is rejected, then the applicant is entitled to a refund, without interest, of all or a portion of the applicant's payment corresponding to the number of Trading Participants and Retail Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent, at the applicant's risk.

Check refunds shall be available for pick-up at the office of the Receiving Agent starting on the fifth ($5^{th}$) Banking Day after the end of the Offer Period or on June 10, 2022. If such check refunds are not claimed after thirty (30) calendar days following the beginning of the refund period, such checks shall be mailed to the Applicant's registered address at the Applicant's risk.

Subject to the final mechanics to be included in the LSI Implementing Guidelines, refunds to Local Small Investors, if any, may be coursed directly through their nominated Eligible PSE Trading Participant (subject to confirmation by such Eligible PSE Trading Participant). The refunds will be processed by the Receiving Agent directly to the nominated Eligible PSE Trading Participant by transferring immediately available funds to the relevant bank account of, or via check to, each relevant nominated Eligible PSE Trading Participant in such amount representing the total refund due to all the clients of the relevant Eligible PSE Trading Participant on or before the fifth (5th) Banking Day after the end of the offer period or on June 10, 2022. The affected LSI Applicants may coordinate directly with their respective nominated Eligible PSE Trading Participant, as indicated in the submitted LSI Application.

**Expected Timetable** : The timetable of the Offer is expected to be as follows:

| | |
|---|---|
| Bookbuilding Period | May 19 to May 25 2022 |
| Pricing | May 25, 2022 |
| Notice of final Offer Price to the SEC and the PSE | May 26, 2022 |
| Receipt of Permit to Sell from the SEC | May 27, 2022 |
| Trading Participants and Retail Offer Period | May 30 to June 3, 2022 |
| Submission of Firm Order and Commitments by Eligible PSE Trading Participants | June 1, 2022 |
| Trading Participants and Retail Offer Settlement Date | June 3, 2022 |
| Listing Date and Commencement of Trading in the PSE | June 15, 2022 |

The dates included above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.

If, for any reason, any day of the above periods or dates is a not a Banking Day, then such period or date may be extended or moved, as the case may be, to the next immediately succeeding Banking Day, or such other date as may be agreed upon by the Company and the Joint Lead Underwriters and Bookrunners. Notice of any adjustment to the Listing Date shall be made by publication by the Company in two (2) newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the PSE.

**Risks of Investing** : In making an investment decision, investors are advised to carefully consider all the information contained in the REIT Plan, including the risks associated with an investment in the Offer Shares. These risks include:

- risks relating to our business and our Properties;
- risks relating to the Philippines;

- risks relating to the Offer and the Offer Shares; and
- risks relating to the presentation of information in the REIT Plan.

For a more detailed discussion on certain of these risks, see "*Risk Factors*" beginning on page 46, which while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares. The Offer Shares are offered solely on the basis of the information contained in the REIT Plan.

| | | |
|---|---|---|
| **Stock and Transfer Agent** | : | Stock Transfer Service, Inc. |
| **Receiving Agent** | : | Stock Transfer Service, Inc. |
| **Escrow Agent** | : | China Banking Corporation – Trust and Asset Management Group |
| **Counsel for the Issuer** | : | Picazo Buyco Tan Fider & Santos |
| **Counsel for the Issue Coordinator, Joint Lead Underwriters and Bookrunners, and Participating Underwriter** | : | Romulo Mabanta Buenaventura Sayoc & de los Angeles |
| **Independent Auditors** | : | SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited |

## SUMMARY OF PRO-FORMA FINANCIAL INFORMATION

*The following tables present the summary of pro-forma financial information as at and for the year ended December 31, 2021 for VistaREIT and has been prepared solely for the inclusion in the REIT Plan. The selected pro-forma financial information should be read in conjunction with the audited combined carve-out financial statements of Vista Group REIT Properties as of and for the year ended December 31, 2021 and the audited stand-alone financial statements of the Company as of and for the year ended December 31, 2021. The unaudited pro-forma financial information has been prepared in accordance with Section 9, Part II of the Revised Philippine Securities Regulation Code Rule 68 ("SRC Rule 68") while the audited combined carve-out financial statements and audited stand-alone financial statements have been prepared in accordance with Philippine Financial Reporting Standards. The unaudited pro-forma financial information has not been prepared in accordance with the requirements of Article 11 of the Regulation S-X under the U.S. Exchange Act.*

*The unaudited pro-forma financial information has been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting. The Company carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The pro-forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances.*

*The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note 2 of the Pro-Forma Condensed Financial Information occurred at an earlier date. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 2 of the Pro Forma Financial Statements actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.*

*SGV & Co. has conducted its assurance engagement in accordance with Philippine Standard on Assurance Engagements (PSAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the pro forma condensed financial information on the basis of the applicable criteria described in Note 2 to the pro-forma condensed financial information. For purposes of this engagement, SGV & Co. is not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro-forma condensed financial information nor has it, in the course of this engagement, separately performed an audit or review of the interim financial information used in compiling the pro-forma condensed financial information.*

**PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME**
**As of December 31, 2021**

| | **Pro-Forma Balances (Unaudited)** |
|---|---|
| | **in ₱ millions** |
| Revenue | 2,305.73 |
| Fair value changes in investment properties | 2,007.96 |
| Cost and expenses | 526.52 |
| **Operating profit** | 3,787.19 |
| Interest income | 0.02 |
| **Profit (Loss) before tax** | 3,787.19 |
| Tax expense | 923.09 |
| **Net profit (loss)** | 2,864.10 |
| Other comprehensive income | - |
| **Total comprehensive income (loss)** | 2,864.10 |

**PRO-FORMA STATEMENT OF FINANCIAL POSITION**
**As of December 31, 2021**

| | Pro-Forma Balances (Unaudited) in ₱ millions |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| Cash in bank | 510.07 |
| Due from related parties | 293.32 |
| Other current assets | 53.34 |
| Total Current Assets | 856.73 |
| | |
| **Noncurrent Assets** | |
| Property and equipment | 27.01 |
| Investment properties | 35,952.99 |
| Other noncurrent assets | 128.04 |
| Total Noncurrent Assets | 36,108.05 |
| Total Assets | 36,964.78 |
| | |
| **LIABILITIES AND EQUITY** | |
| **Current Liabilities** | |
| Accrued expenses | 5.18 |
| Security deposits and advance rent | 406.80 |
| Due to related parties | 4.58 |
| Total Current Liabilities | 416.57 |
| | |
| **Noncurrent Liabilities** | |
| Other noncurrent liabilities | 94.91 |
| Total Liabilities | 511.47 |
| | |
| **Equity** | |
| Paid-in capital (Note 3.I.g) | 7,500.00 |
| Additional paid-in capital | 28,962.99 |
| Deficit | (9.69) |
| Total Equity | 36,453.30 |
| Total Liabilities and Equity | 36,964.78 |

**PRO-FORMA STATEMENT OF CASH FLOWS**
**As of December 31, 2021**

| | Pro-Forma Balances (Unaudited) in ₱ millions |
|---|---|
| **Cash flows from operating activities** | |
| Net cash flows from operating activities | 1,539.94 |
| **Cash flows from investing activities** | |
| Net cash flows from investing activities | (107.50) |
| **Cash flows from financing activities** | |
| Net cash flows from financing activities | 495.09 |
| Other proforma adjustments | (1,427.45) |
| **Net increase in cash** | 500.08 |
| Cash at beginning of year | 10.00 |
| **Cash at end of year** | 510.08 |

# RISK FACTORS

*An investment in the Offer Shares involves a number of risks. You should carefully consider all the information contained in this REIT Plan, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on our business, prospects, financial condition, results of operations, the market price of the Offer Shares and our ability to make dividend distributions to our Shareholders. All or part of an investment in the Offer Shares could be lost. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Our past performance is not a guide to our future performance. There may be a large difference between the buying price and the selling price of the Offer Shares. For investors that deal in a range of investments, each investment carries a different level of risk.*

*This section does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Investors should undertake independent research and study the trading of securities before commencing any trading activity. You should seek professional advice if you are uncertain of, or have not understood, any aspect of this Offer or the nature of risks involved in purchasing, holding and trading the Offer Shares. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of an investment in the Offer Shares. Investors may request publicly available information on the Shares and the Company from the SEC.*

*The means by which the Company intends to address the risk factors discussed herein are principally presented under the captions "Business," particularly under "Strengths and Strategies", Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," and "Board of Directors and Senior Management—Corporate Governance" of this REIT Plan.*

*The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, results of operations, financial condition and prospects.*

## RISKS RELATING TO OUR BUSINESS

***The Company's business and prospects are heavily dependent on the performance of the Philippine economy and the Philippine real estate market. Any downturn in the general economic conditions in the Philippines or the Philippine real estate market could have a material adverse impact on the Company.***

The Properties are all located in the Philippines, particularly in Metro Manila, Cavite, Rizal, Bulacan, Pampanga, and Cebu. Any downturn in the general economic conditions in the Philippines, in general, or the Philippine real estate market, in particular, could have a material adverse impact on the Company. The Company derives a substantial portion of its recurring revenue from rents relating to its retail mall and BPO platform. The performance of the property markets and the demand for, and prevailing prices of, shopping mall and office leases in the Philippines have historically been directly impacted by the performance of the Philippine economy in general, with property rates being affected by the supply and demand for comparable properties, the rate of Philippine economic growth and political and social developments.

Factors that have historically adversely affected and that may adversely affect the Philippine economy or the real estate market include the following:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global market;
- decreases in the amount of remittances received from overseas Filipinos, including OFWs and Filipino expatriates;
- decreases in or changes in consumption habits in the Philippines;
- general demand and supply of properties in the Philippines;
- decreases in property values;

- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the global market;
- the sovereign credit ratings of the Philippines;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, political, social or economic developments in or affecting the Philippines.

The Company believes this risk can be managed through the Company's strengths and strategies to ensure competitiveness in the market. For a more detailed discussion please refer to the Company's Competitive Strengths on page 150 of this REIT Plan. However, there is no assurance that the Company can provide an effective mitigation to such risk.

***The COVID-19 global pandemic could have an adverse effect on the Company's business and results of operations.***

The infectious novel coronavirus acute respiratory disease 2019 ("**COVID-19**") has created significant public health concerns as well as economic disruption, uncertainty, and volatility, all of which have affected and may continue to affect the Company's businesses. While the Company has implemented numerous initiatives to mitigate the adverse effects of the pandemic, the duration and extent of these effects are beyond the control of the Company. As of the date of this REIT Plan, quarantine restrictions are still in place in the Philippines and may be made more stringent if COVID-19 cases rise. As of the Date of this REIT Plan, Metro Manila, Cavite, Rizal, and Pampanga are under Alert Level 1 of the quarantine restrictions.

Due to numerous uncertainties and factors surrounding the pandemic that is beyond the Company's control, it may be difficult to predict the pandemic's long-term bearing on the Company, its businesses, results of operations, cash flows, and financial condition. These factors and uncertainties include, but are not limited to:

- the severity and duration of the pandemic, including whether there are subsequent waves or other additional periods of increases or spikes in the number of COVID-19 cases in future periods in areas in which the Company operates;
- the extent and timeliness of the national and local government's response to the pandemic, including but not limited to, quarantine restrictions as well as vaccination procurement and deployment programs;
- restrictions on business operations, including complete or partial closure of our malls and office buildings;
- economic measures, fiscal policy changes, or additional measures that have not yet been implemented;
- the health of, and effect of the pandemic on, the Company's personnel and the Company's ability to maintain staffing needs to effectively sustain its operations;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- impact—financial, operational or otherwise—on the Company's business ecosystem, including tenants and third-party contractors;
- volatility in the credit and financial markets during and after the pandemic;

- the impact of any litigation or claims from customers, suppliers, regulators or other third parties relating to COVID-19 or the Company's actions in response thereto; and

- the pace of recovery considering the rebound in consumer confidence, driven by government and economic response.

The above factors and uncertainties, may result in adverse effects to the Company's businesses, results of operations, cash flows, and financial condition due to, among other factors:

- decline in consumer demand due to the general decline in business activity and more permanent behavioral and work policy changes, such as increased use of online channels for shopping, payments and social gatherings, and wider acceptance of work-from-home arrangements;

- further destabilization of the markets and decline in business activity negatively impacting our tenants;

- government moratoriums or other regulatory or legislative actions that limit changes in pricing;

- delays or inability to access equipment or the availability of personnel to perform planned and unplanned maintenance, which can, in turn, lead to disruption in operations;

- deterioration of economic conditions, demand, and other related factors resulting in impairments to goodwill or long-lived assets; and

- delay or inability in obtaining regulatory actions and outcomes that could be material to our business.

The extent to which the COVID-19 pandemic will continue to impact the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19, in the Philippines and internationally, by governments, central banks, healthcare providers, health system participants, other businesses, and individuals, all of which are highly uncertain and unpredictable. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company, it may also have the effect of heightening many of the other risks described in this REIT Plan.

The Company believes this risk brought about by the COVID-19 pandemic can be managed by leveraging on the Company's strengths and strategies. Particularly, since most of its mall tenants are essential and are located within or near Vista Land integrated developments/*communicities*. Essential tenants, including supermarkets, drug stores, food establishments, and financial services, remained operational even during the strictest quarantine classification implemented in the country, and the surrounding Vista Communities served as the immediate catchment area for our malls; thereby softening the impact to our Mall Properties. With respect to the financial performance of the Company, the impact of COVID-19 pandemic was not significant, as the rent concessions given to the tenants amounted only to ₱37.8 million and ₱75.97 million in 2021 and 2020, respectively. The rent concession was extended to the tenants on a case-to-cases basis based on the tenant's profile and nature of business. Nonetheless, there is no assurance that the Company can provide a complete insulation from such risk. For a more detailed discussion please refer to the Company's Strengths and Strategies on page 150 of this REIT Plan.

***Delays or defaults in payment from our lessees and building tenants may affect our revenues.***

Income from the lease of our Properties is fundamental to our operations and we rely to a great extent on the timely and full payment of rent from our tenants. In particular, we rely on the Top 10 tenants of our Properties which accounted for 77.33% of our total Portfolio GLA and contributed almost 86.57% of our Rental Income for December 31, 2021. From time to time, there may be instances of delay or default by our tenants on their rental payments arising in the ordinary course of business, which under the terms of our standard lease terms are subject to interest and penalties equivalent to 5% per month of any and all arrearages in the amounts to be paid, including, but not limited to, rent, CUSA and the reimbursement of the appropriate realty taxes, if applicable, computed from the date of delinquency until paid in full. There is no assurance that our tenants will not default on their payments, will pay their rent on time, or will not become insolvent or bankrupt in the future. The occurrence of any of the foregoing could negatively impact our income from rentals, which may adversely affect our business, financial condition, and results of operations as well as dividend distribution.

To mitigate this risk, the Company collects advance rent and security deposit from its tenants. In addition, the Company believes this risk can be managed through the Company's strengths and strategies. For a more detailed discussion please refer to the Company's Competitive Strengths on page 150 of this REIT Plan. However, there is no assurance that the Company can provide an effective mitigation to such risk.

***Certain Properties were constructed in 1982 and 1979 and they may require major maintenance and renovation***

Vista Mall Las Piñas (Main) and Starmall Las Piñas (Annex) were constructed in 1982 and 1979, respectively. Considering the age of these buildings, they may, in the future, require substantial maintenance and upkeep or upgrades and refurbishment to keep current tenants, attract new tenants and prolong the useful life of the said Properties. Such maintenance may include maintenance of elevators, air-conditioning, and restrooms, repainting, parking improvement, landscape enhancement, waterproofing, building refurbishment, and equipment upgrades. In the event our Property Manager, or any other person appointed by our Property Manager to assist with managing the Properties fails to provide adequate and timely maintenance services for the Properties, the value of the Properties might be adversely affected and may also result in a loss of tenants, thereby adversely affecting our Company's financial condition and results of operations, and affecting the ability of our Company to make distributions regularly or at expected levels.

To manage the foregoing risks, the Company also undertakes regular maintenance and renovation work to extend the remaining useful life of its Properties. Further, in the event that the Property Manager is unable to provide the necessary services to the Company, the Company has the ability to replace its Property Manager and procure other property management services.

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

The Company operates in the highly competitive retail mall segment and BPO office segment of the Philippine real estate market. Our future growth and development are dependent, in large part, on the availability of retail mall and office spaces suitable for acquisition, development or lease. It may become more difficult to find suitable properties in locations and at prices acceptable to us. To the extent that we are unable to grow our portfolio at acceptable prices, our growth prospects could be limited and our business and results of operations could be adversely affected.

Competition from other real estate developers and real estate services companies may also adversely affect our ability to grow our portfolio, or attract and retain tenants. In addition, continued development by other market participants could result in the saturation of the market for retail malls and office spaces.

The Company believes this risk can be managed through the Company's strengths and strategies to ensure competitiveness in the market. For a more detailed discussion please refer to the Company's Competitive Strengths on page 150 of this REIT Plan. However, there is no assurance that the Company can provide an effective mitigation to such risk.

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

In order to acquire additional assets for our Portfolio, we may require debt financing or undertake capital raising activities. There can be no assurance that the Company will be able to fund its capital expenditure requirements or that it will be able to externally obtain sufficient funds at acceptable rates to fund its capital expenditure budgets. Failure to obtain the requisite funds could delay or prevent the growth of our Portfolio and such delay or failure to acquire additional assets could materially and adversely affect the Company's growth prospects, business, financial condition and results of operations.

In addition, obtaining financing for our asset acquisitions may subject the Company to risks normally associated with debt financing, including the risk that its cash flow will be insufficient to pay dividends at expected levels and meet required payments of principal and interest under such financing. Our Company may also be subject to the risk that it may not be able to refinance its indebtedness or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. In addition, our Company may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect operations and the ability to declare dividends. Such covenants may restrict our ability to acquire properties or require us to set aside funds for maintenance or the paying back of security deposits. The REIT Law also establishes an aggregate leverage limit on REITs of total borrowings and deferred payments equal 35% of their respective Deposited Property Value. As of the date of this REIT Plan, the Company is compliant with such limit.

The Company may also mortgage the Properties to secure payment of indebtedness. In the event a Property is mortgaged and we are unable to meet interest or principal payments on the debt, the mortgaged Property may be foreclosed by or otherwise transferred to our creditor, or our creditor could require a forced sale of a Property with a consequent loss of income and asset value to our Company.

To mitigate this risk, the Fund Manager is required to closely monitor and prudently manage the Company's financial requirements, continuously striving to be efficient in utilizing our capital.

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

The Company's retail mall and BPO platform is subject to risks relating to the management of mall, BPO and other commercial tenants and could be affected by a number of factors including: (a) competition for tenants; (b) changes in market rates; (c) the inability to renew leases; (d) bankruptcy of tenants; (e) the increase in operating expenditures due to periodic repair and renovations; (f) the ability to attract and retain anchor tenants and leading names in the retail market; and (g) efficiency in collection, property management and tenant relations. In addition, adverse trends in the BPO industry could result in lower demand for leases of our BPO spaces or the inability of existing BPO tenants to honor their lease commitments. In addition, the age, construction quality, building conditions and design of a particular property may affect the occupancy level as well as the rent that the Company may charge. Given this, the Company is also expected to incur increasing costs over time for the maintenance and capital improvements of the Properties. The inability of the Company to lease spaces in its mall and BPO commercial centers could materially and adversely affect the Company's business, financial condition and results of operations.

The Company also has 41,976.27 sqm of expiring GLA in 2022 which represent 18.02% of our total leased GLA representing 11.10% of our Mall Property tenants and 57.28% of our Office Property tenant and 16.47% of our Rental Income. We are currently in discussions with the tenants for the renewal of the expiring contracts. However, there is no assurance that we will be able to renew such contracts and on similar or more favorable terms. This could have a material adverse effect on our Company's business, financial condition and results of operations and impair our ability to declare dividends.

To mitigate this risk, our leasing group initiates negotiation/renewal talks at least a year prior the expiration of the lease. The Company also employs third party brokers to source potential tenants for our Office Properties.

We also leverage on Vista Land's Communicities, where residential developments are complemented by retail malls, BPO facilities and other commercial assets, which will sustain the demand for both retail and commercial spaces, thereby enhancing its revenue streams. The Company also believes that there will be stronger demand from tenants in retail malls located within the Communicities due to a larger catchment area and stronger and more regular footfall from the resident population, resulting in profitable rental rates and occupancy rates. In addition, the Company believes that BPO operators will be willing to pay higher rental rates, since locating within a Communicity provides them greater access to potential employees and enhances employee productivity.

***The valuation reports on the Properties are based on various assumptions and may not be indicative of the actual realizable value and are subject to change.***

The appraised values of our Properties are contained in the valuation reports attached to this REIT Plan (the "**Valuation Reports**") and prepared by Asian Appraisal Company, Inc. ("**Asian Appraisal**" or the "**Valuer**"). In preparing the Valuation Reports, the Valuer made multiple assumptions containing elements of subjectivity and uncertainty. The valuation was made on the basis of market value. The Valuer adopted two valuation methods, the income approach or discounted cash flow approach, and the market approach via replacement cost and fair market value considering that these are investment properties that generate income for the Company. Specifically, the discounted cash flow method was adopted. Based on the Valuation Reports, the income approach "provides an indication of value by converting future cash flow to a single current value", as such the value of an asset is determined by reference to the value of income, cash flow, or cost saving generated by the asset. Under fair value accounting, the Properties are measured using the fair value model using the Income Approach, with changes at the end of the reporting period recorded in the statement of comprehensive income. The appraisal reports using the Market Approach was also considered in the valuation. In addition, the recording of the investment properties under fair value accounting is based on the fair value model using the income approach.

For details on the assumptions, disclaimers and methodology used in the Valuation Reports, see Annex C (Valuation Reports) of this REIT Plan. The value of the parcels of land where the buildings are situated were not included in the valuation of the Properties. Only the value of the buildings was considered and the terminal value considered in the valuation pertains only to the buildings.

The market capitalization as of March 24, 2022 is at ₱18,750 million while the appraised value using the discounted cash flow method is ₱35,952 million while the net book value of the Properties is at ₱10,030 million as of December 31, 2021.

The valuation is a best estimate and not a guarantee, and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. The assumptions made and conclusions derived may turn out to be inaccurate, which may affect the valuation of the Properties. There is no assurance that other valuation methodologies would not have led to different valuations. Further, in the event that the Valuer does not continue to value the Portfolio subsequent to the listing of the Company, and a new valuer is appointed for the purpose of the ongoing valuation of the Portfolio, there can be no assurance that such new valuer will adopt the same methodology and assumptions and provide the same valuation for the Properties. Accordingly, the appraised values of our Properties may differ materially from the price we could receive in an actual lease or sale of the Properties in the market and should not be taken as their actual realizable value or a forecast of their realizable value.

Unforeseeable changes to our Properties, as well as national and local economic conditions, may also affect the value of our Properties. In particular, the valuation of our properties could stagnate or even decrease if the market for comparable properties in the Philippines experiences a downturn.

To manage such risks, the Property Manager would undertake to enhance the Properties' profile to a wide range of retail and office tenants, monitoring the mix of tenants in each of the Properties, and offering tenants prime locations.

The Valuation Reports do not purport to contain all the information that may be necessary or desirable to fully evaluate our Company or the Portfolio or an investment in the Shares. The Valuation Reports do not confer rights or remedies upon investors or any other person, and does not constitute and should not be construed as any form of assurance as to our financial condition or future performance or as to any other forward looking statements included therein, including those relating to macro-economic factors, by or on behalf of our Company, the Sponsors, the Fund Manager, the Property Manager, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, and the Participating Underwriter. The Valuation Reports have not been updated since the date of their issue, and do not consider any subsequent developments and should not be considered as a recommendation by our Company, the Sponsors, the Fund Manager, the Property Manager, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, and the Participating Underwriter or any other party, that any person should take any action based on such valuation. Accordingly, investors should not rely on the Valuation Reports in making an investment decision to purchase Shares.

***Our Fund Manager and our Property Manager do not have an established track record and operating history.***

Our Fund Manager has no operating history relating to the management of REITs. There can be no assurance that the Fund Manager will be able to effectively manage our Company to generate sufficient revenue from operations to allow the Company to declare dividends at expected levels. However, we believe that this risk is mitigated by the fact that the directors and officers of the Fund Manager have extensive experience in fund management, corporate finance and other relevant finance-related functions in the real estate industry. See "*The Fund Manager and the Property Manager—Our Fund Manager—Directors and Executive Officers of the Fund Manager*."

Our Property Manager has no track record of operations and property management by which investors may be guided in assessing the likely future performance of our Property Manager, and in turn, our Company's likely future performance. However, we believe that this risk is mitigated by the fact that the directors and officers of our Property Manager have gained many years of valuable experience in commercial real estate operations, leasing, and property management while working with our Sponsors and Vista Land. *See "The Fund Manager and the Property Manager—Our Property Manager—Directors and Executive Officers of the Property Manager*."

***Our Fund Manager may not implement our Company's investment policies or successfully implement our Company strategy.***

Our Company's investments and acquisitions will be determined by our Fund Manager in accordance with this REIT Plan and our investment strategy. The Fund Manager will have the overall responsibility for the allocation of the Company's assets to the allowable investment outlets and selection of income-generating real estate in accordance with the Company's investment strategies. Notwithstanding the written instructions of the Company, the Fund Manager has the fiduciary responsibility to objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions.

There is no assurance that the Fund Manager will be able to successfully implement and execute our investment strategy or that it will be able to acquire assets to grow the Portfolio. There are also risks and uncertainties arising from the selection of investments including the risk that the costs of undertaking an acquisition may exceed original estimates or that occupancy levels and rents of acquired assets will yield the intended return on investments.

We believe that these risks could be addressed by our Fund Manager's legal and fiduciary obligation to act on behalf of and in the best interest of our Company and the provision of our investment strategy as described in this REIT Plan. See "*The Fund Manager and the Property Manager—The Fund Manager*" on page 211.

***Our Sponsors, Fund Manager, and Property Manager are Subsidiaries of Vista Land. There may be potential conflicts of interest between our Company, our Fund Manager, our Property Manager, our Sponsors, and Vista Land, which may cause damage or loss to our Company and Shareholders.***

Our Sponsors are subsidiaries of Vista Land. Vista Land develops and leases market retail malls and BPO commercial centers across the Philippines. In addition, our Fund Manager and Property Manager are also subsidiaries of Vista Land. As a result, the strategy and activities of our Company may be influenced by the overall interests of Vista Land, our Sponsors, our Fund Manager, our Property Manager, or all of them. See "*Certain Agreements Relating to our Company and the Properties*."

The Company is envisioned to be the flagship REIT of the Vista Land Group, and our Fund Manager may prioritize the acquisition of assets from Vista Land or its related parties. To manage these potential conflicts of interest, our Fund Manager is required to obtain valuations from independent property valuers and to comply with all other requirements applicable to such transactions under the REIT Law. See "*The Fund Manager and the Property Manager—Our Fund Manager*" and "*The Fund Manager and the Property Manager—Related Party Transactions*." Furthermore, under our investment strategy, any property to be acquired by the Company must create value through further development of the existing integrated development, and satisfaction of the management-set financial KPIs, among others. See "*Business and Properties—Investment Policy*."

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

As of December 31, 2021, a total of 504,500,000 Shares of the Company are owned, in the aggregate, by the Sponsors which are subsidiaries of Vista Land. In turn, Fine Properties, Inc. ("**Fine Properties**") and its subsidiaries own a total of 9,113,046,142 common shares in Vista Land, representing 71.77% of its total issued and outstanding listed shares and 3,300,000,000 preferred shares. In turn, Fine Properties is controlled by members of the Villar Family, who either individually or collectively have controlled Fine Properties since its inception. Certain members of the Villar Family also serve as directors and executive officers of the Company, Vista Land, and Fine Properties and other companies forming part of Vista Land, as well as their respective subsidiaries.

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

We believe that the corporate governance provisions and related party transaction policies adopted by the Company, the Fund Manager, and the Property Manager would help manage the risk of conflicts of interest relating to related party transactions.

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

Certain members of the Villar family have been and are currently involved in Philippine politics. Manuel B. Villar, Jr., patriarch of the Villar Family and Chairman of the Board of Directors of the Company, was until June 30, 2013, a Senator of the Philippines who also ran for President in the May 2010 elections. Although Manuel B. Villar, Jr. is no longer a Senator, his wife Cynthia was elected Senator in the 2013 Philippine elections and reelected in the May 2019 elections (and presently serves as such), his son Mark was the Secretary of the Department of Public Works and Highways from 2016 to October 2021 and was elected Senator in the 2022 national elections, and his daughter Camille currently serves and was re-elected as Congresswoman for the lone district of Las Piñas City. Given the Villar family's involvement in politics, allegations of conflicts of interest, improper influence, or corruption on the part of members of the Villar Family may have an adverse effect on the Company's business and goodwill.

The Company believes this risk can be managed through the Company's strengths and strategies. For a more detailed discussion please refer to the Company's Competitive Strengths on page 150 of this REIT Plan. However, there is no assurance that the Company can provide an effective mitigation to such risk.

## RISKS RELATING TO OUR OPERATIONS

***We have no prior operating history as a REIT and we may be unable to manage our business successfully or generate sufficient cash flows to make or sustain dividends. Further, the Combined Carve-out Financial Statements were prepared for this REIT Plan and may not necessarily represent our consolidated financial position, results of operations and cash flows.***

Subject to compliance with the REIT Law, VistaREIT will operate as a real estate investment trust. We have not engaged in any business activities or operations and do not have an operating history as a REIT by which investors may evaluate our performance. Accordingly, there is no assurance that we will be able to achieve our investment objectives and provide our investors a Competitive Investment Return.

In addition, the Combined Carve-out Financial Statements have been prepared by separating the historical financial information pertaining to the Properties subject to the Property-for-Share Swap out of the Sponsor's financial statements in accordance with PFRS. On March 14, 2022, the SEC approved the increase in our authorized capital stock supported by the Property-for-Share Swap with the Sponsors. PFRS does not provide specific guidance for the preparation of combined carve-out financial statements and there can be no assurance that our future performance will be consistent with the past financial information presented in the Combined Carve-out Financial Statements.

The Combined Carve-out Financial Statements included in this REIT Plan have been prepared so as to present the financial position, results of operations and cash flows of the Properties on a combined historical basis for the years ended December 31, 2018, 2019, 2020, and 2021, and do not necessarily represent our consolidated financial position, results of operations and cash flows had the Properties been acquired as of such dates. There can be no assurance that our future performance will be consistent with the past financial performance included elsewhere in this REIT Plan.

However, we believe this risk is mitigated by the fact that the directors and officers of our Fund Manager and Property Manager possess valuable experience in commercial real estate operations, leasing, and property management while working with our Sponsors and Vista Land. *See "The Fund Manager and the Property Manager—Our Property Manager—Directors and Executive Officers of the Property Manager*."

***Our Company is exposed to general risks relating to ownership and operation of retail mall and office real estate.***

As part of our Company's operations, we are subject to the risks relating to ownership and operation of mass retail mall and office real estate which may affect our Company's business, financial condition, and results of operations. These risks include:

- downturns in the national and international economic climate;
- trends in the retail industry and the BPO industry;
- the quality and strategy of management;
- the oversupply of, or reduced demand for retail space and office space;
- tight competition for tenants;
- reduction in market rental rates;
- annual rental escalation rates may fall below inflation rates in the future;
- vacancies following expiry and non-renewal or termination of leases that lead to reduced occupancy levels, which in turn reduce Rental Income and the ability to recover certain operating costs such as finance charges;

- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rent payment, or which could hinder or delay the sale of a property, or inability to collect rentals at all or the termination of the tenant's lease;

- tenants failing to comply with the terms of their leases or commitments to lease;

- the amount of rent and the terms on which lease renewals and new leases are agreed being less favorable than current leases;

- increase in operating costs for periodic renovation and maintenance;

- the availability of adequate maintenance and insurance; and

- changes in laws and governmental regulations relating to real estate including those governing usage, zoning, taxes and government charges.

We believe this risk can be mitigated by leveraging on the anchor tenants of our Properties being related parties of the Company. Furthermore, we believe we will be able to leverage on our strengths and strategies to ensure competitiveness in the market. For a more detailed discussion please refer to the Company's Competitive Strengths on page 150 of this REIT Plan. However, there is no assurance that the Company can provide an effective mitigation to such risk.

***The illiquidity of high value real estate may have a material adverse effect on the Company's business, financial condition, and results of operation.***

High value properties such as retail malls and office buildings are relatively illiquid. This may affect our Company's ability to modify and adapt its investment portfolio or to liquidate part of its assets in response to changes in economic, real estate market, or other conditions. This could have an adverse effect on our Company's business, financial condition and results of operations and impair our ability to declare dividends.

To manage this risk, the Company, through the Fund Manager, will closely monitor and manage the Company's balance sheet and resources while preserving the long-term financial health of the Company and by tapping the capital markets as appropriate to support the Company's funding requirements, and assessing alternative forms of capital and other capital management strategies.

***Our Company does not own the land on which our twelve (12) Properties in the Portfolio are situated.***

The Properties are situated on land owned by our Sponsors or other related parties of Vista Land. While the Company owns the ten (10) retail malls and two (2) office buildings, we lease the underlying land pursuant to separate lease agreements for each of the buildings. Pursuant to the Deed of Assignment and Subscription, the Company and the Sponsors entered into lease agreements for the long-term lease of the land where the Properties are located with terms ranging from 15 to 25 years while rent is a percentage of the Rental Income for each Property with rental rates ranging from 0.07% to 1.00%. Lease payments are purely based on variable rates. As such, right-of-use asset will not be recognized. For further details on the Company's lease agreements for the land covering the Properties, please refer to the "Businesses and Properties – Properties" section of this REIT Plan.

Any substantial changes to the land lease contracts, our Sponsors' or other Vista Land related parties' ownership or right over the leased land, or the cancellation or termination of the lease, may adversely affect our Company's financial condition and results of operations and ability to declare dividends. This risk is mitigated by the continuing majority ownership of Vista Land in the Company after the completion of the Offer. Moreover, the Fund Manager will ensure renewal of the land lease before its expiry. We believe this will align the interests of Vista Land and its related parties with the Company.

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

The Company operates in a highly regulated environment and is subject to national and local laws and regulations for building standards, human health and safety, sanitation, and environmental protection. We are also required to maintain licenses, permits and other authorizations, including those relating to certain construction activities for our Properties, and are also required to obtain and renew various permits, including business permits and permits concerning, for example, health and safety and environmental standards. In 2021, the Company incurred expenses of about 1.00% of total revenue to comply with health and safety environmental standards such as waste management and disposal, and maintenance of sewerage treatment plant. Our licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. If we fail to meet the terms and conditions of any of our licenses, permits or other authorizations necessary for our operations, these may be suspended or terminated, leading to temporary or potentially permanent closing of our Properties, suspension of construction activities or other adverse consequences. In addition, we cannot be certain that any given license, permit or authorization will be deemed sufficient by the relevant governmental authorities to fully cover activities conducted in reliance on such license, permit or authorization. We regularly monitor our permits and approvals to ensure that all are properly renewed and maintained. See "*Regulatory and Environmental Matters*". There can be no assurance that we will continue to be able to renew the necessary licenses, permits and other authorizations for our Properties as necessary or that such licenses, permits and other authorizations will not be revoked. If we are unable to obtain or renew them or are only able to do so on unfavorable terms, this could have an adverse effect on our business, financial condition and results of operations.

There are also laws and regulations that govern the classification of land available for property development, foreign exchange restrictions, property financing, taxation, acquisition and development of land, and foreign ownership restrictions. See "*Regulatory and Environmental Matters*."

Failure to comply with the various regulatory requirements and authorizations may result in the imposition of fines and penalties, implementation of remedial measures, or the suspension or termination of our permits and licenses which may lead to the closure or cessation of operations in our Properties.

Furthermore, there can be no assurance that changes in legislation or regulations, or changes in their interpretation or enforcement that are applicable to the Company or the Properties will not increase the costs of conducting its business above currently projected levels or require future capital expenditures.

To mitigate this risk, the Company believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has established a strong compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner.

***Legal and other proceedings***

The Company may, from time to time, be involved in disputes with various parties in the operations of its businesses, including those relating to commercial or contractual matters, and may be subject to investigations by regulatory and administrative bodies. Regardless of the outcome, these disputes and investigations may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and management's attention. In addition, we may also have disagreements with regulatory bodies in the course of operations, which may subject us to administrative proceedings and decisions that may result in penalties or other liabilities. Any of these outcomes could materially and adversely affect the Company's business, financial condition, and results of operations.

In the event that we become involved in future litigation or other proceedings or be held responsible in any future litigation and proceedings, we will endeavor to amicably settle the legal proceedings and in the event of any adverse ruling or decision, diligently exhaust all legal remedies available to it.

***The Company enters into Related Party Transactions***

In the ordinary course of business, we enter into various transactions with related parties and affiliates, principally consisting of leases of commercial space, and land, and management fees for services received. Our policy is to settle intercompany receivables and payable on a net basis. Transactions entered with related parties are made at terms equivalent to those that prevail in arm's length transactions on terms comparable to those available from or to unrelated third parties, as the case may be. Outstanding balances owed to related parties at a certain reporting date are non-interest bearing, unsecured and payable/collectible in cash on demand. For further discussion on our related party transactions please refer to page 272 under the section "*Related Party Transactions*" of this REIT Plan.

Under Section 50 of the Philippine Tax Code, in the case of two or more businesses owned or controlled directly or indirectly by the same interests, the Bureau of Internal Revenue ("**BIR**") Commissioner is authorized to distribute, apportion, or allocate gross income or deductions between or among such businesses upon determination of the necessity to prevent evasion of taxes or to clearly reflect the income of any such business. On January 23, 2013, the BIR issued Regulation No. 2-2013 on Transfer Pricing Regulations (the "**Transfer Pricing Regulations**") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines in addressing Base Erosion and Profit Shifting (BEPS). The Transfer Pricing Regulations are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing

Regulations defines “related parties” as two or more enterprises where one enterprise participates directly or indirectly in the management, control, or capital of the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises. The arm’s length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party, such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm’s length. In such a case, the BIR pursuant to the BIR Commissioner’s authority to distribute, apportion or allocate gross income or deductions between or among two or more businesses owned or controlled directly or indirectly by the same interests (if such is necessary in order to clearly reflect the income of such business), may make the necessary transfer pricing adjustments to the taxable profits of the related parties to ensure that taxpayers clearly reflect income attributable to controlled transactions and to prevent the avoidance of taxes with respect to such transactions. Although we have instituted internal policies with respect to related party transactions, including establishing a board committee to oversee such matters, and believes that all past related party transactions have been conducted at arm’s length on commercially reasonable terms and documented pursuant to the Transfer Pricing Regulations, there can be no assurance that the BIR may confirm these transactions as arm’s length on the basis of the Transfer Pricing Regulations and there can be no assurance that any transfer pricing adjustments by the BIR will not have a material adverse effect on the Company’s business, financial condition, and results of operations.

For the last three fiscal years, Related Party tenants contributed 63.70%, 74.72% and 74.50% of the Company’s rental income for 2019, 2020, and 2021, respectively. The Company is reliant on the income generated from Related Parties. There is also a risk on the inability of the REIT (and ultimately, the REIT shareholders) to capture the potential upside in the repricing/renegotiation of escalation rates of leases with Related Parties. To mitigate this risk, Related Party transactions are done on an arm’s length basis. Our top two tenants, AllHome Corp. (“AllHome”) and AllDay Marts, Inc. (“AllDay”), are publicly listed companies and they are engaged in essential businesses. In addition, the Company will subject Related Party transactions to the review of the Related Party Transactions Committee once constituted after Listing Date.

We believe that the corporate governance provisions and related party transaction policies adopted by the Company, the Fund Manager and the Property Manager would help manage the risk of conflicts of interest relating to related party transactions.

***Risk on Tenants leasing more than 10% of the total leasable area***

No single third party tenant accounted more than 10% of our Rental Income and 10% of our total Portfolio GLA as of December 31, 2021. However, two related parties, AllHome and AllDay, occupy 47.65% and 10%, respectively, of the total occupied GLA of our Portfolio. In the event the lease agreements with AllHome and AllDay are terminated and we are unable to lease the space to other tenants, it could have a material adverse effect on the business, operations, and financial condition of the Company.

As of December 31, 2021, 68.70% of the total GLA Portfolio and 74.50% of our Rental Income are leased by the following related parties (with the corresponding percentage to total GLA as of December 31, 2021): AllHome Corp. at 42.63%, AllDay Marts, Inc. at 8.94%, Parallax, Inc. at 4.69%, Family Shoppers Unlimited, Inc. at 4.44% and CMSTAR Management, Inc. at 1.80%. *See – Related Party Transactions on page 272 this REIT Plan*.

The Company’s related party transactions have a significant impact on the Company’s operations. Specifically, related party lease rates are based on minimum guaranteed rent with annual escalation or a variable rate, whichever is higher, or fixed amount with annual escalation rate.

To mitigate this risk, our related party transactions are done on an arm’s length basis. Our top two tenants, AllHome and AllDay, are also publicly listed companies and they are engaged in essential businesses.

We believe the risk of termination of the lease agreements with AllHome and AllDay may be mitigated through the Company’s strengths and strategies, including our synergies with the Villar Group and the essential nature of these tenants. For further discussion, please refer to page 150 of this REIT Plan.

***The implementation of tax reforms may have a negative effect on BPO companies.***

On December 17, 2017, President Rodrigo Duterte signed into law Republic Act No. 10963 (the “TRAIN Law”) and was implemented beginning January 1, 2018. The TRAIN Law, which contains the first package of the tax reforms, increased the excise tax on fuel and other petroleum products, the capital gains tax, and the stock transaction tax on sale of shares, among others. This was followed by the CREATE Law, the second package of the tax reforms, which was signed into law on March 26, 2021. The CREATE Law reforms corporate income tax rates and certain tax incentives such as income tax holidays currently being enjoyed by entities such as those registered with the PEZA. The CREATE Law repeals several provisions of the Omnibus Investments Code, as amended, the PEZA Law, as amended, and the various statutes creating the special economic zones, such as the Clark and Subic economic zones. The CREATE Law provides the following sunset provisions for corporations registered with these investment promotion agencies:

- Those enjoying the income tax holiday ("ITH") are allowed to continue the available incentive for the remaining period of the ITH as specified in the terms of their registration;

- Those granted ITH but have not yet availed of the incentive may use the ITH for the period as specified in the terms of their registration;

- Those granted ITH and are entitled to the 5% tax on gross income earned may be allowed to avail of the 5% tax provided the 5% tax shall be allowed only for 10 years; and

- Those availing of the 5% tax on gross income earned shall be allowed to continue to avail of the incentive for 10 years.

BPO companies, which may be PEZA-registered information technology enterprises, will lose the benefit of the 5% special tax on gross income (which is imposed in lieu of all national and local taxes, except real property taxes on machineries) after 10 years and will instead be subjected to the corporate income tax rate of regular corporations.

Moreover, the BIR has recently issued BIR RR No. 9-2021, which imposes the collection of 12% VAT on transactions which were previously taxed at 0%, which include, among others, the sale of services and use or lease of properties under subparagraphs (1) and (5) of Section 108(B) of the Tax Code of 1997, as follows:

- Processing, manufacturing or repacking foods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP; and

- Services performed by subcontractors and/or contractors in processing, converting, or manufacturing goods for an enterprise whose export sales exceed 70% of the total annual production.

BIR RR No. 9-2021 implements the imposition of 12% VAT on certain transactions previously taxed at the 0% VAT rate after satisfaction of the conditions set forth in the TRAIN Law. Based on this issuance, suppliers shall now impose a 12% VAT on their sale of goods or services to export-oriented enterprises such as BPO companies, including lease rentals and utilities. The PEZA issued a letter dated July 6, 2021 stating its position that BIR RR No. 9-2021 is contrary to the provisions of the CREATE Law, as well as the separate customs territory principle provided under R.A. No. 7916 or the PEZA Law and certain Philippine jurisprudence. The PEZA has requested the Department of Finance ("DOF") and the BIR for the deferment of the implementation of BIR RR No. 9-2021. On July 21, 2021, BIR RR No. 15-2021 was issued deferring the implementation of BIR RR No. 9-2021 until the issuance of amendatory revenue regulations.

These tax reforms may affect the overall competitiveness of doing business in the Philippines, thereby affecting the number of BPO companies that may wish to conduct, expand, or continue their business operations in the Philippines, which may adversely affect the demand for office building space. Any of these events may have a material and adverse effect on the Company's business, results of operations and financial condition.

***The loss of the PEZA-accreditation of some of our Company's Properties or other similar benefits could result in the loss of tenants.***

The Office Properties of the Company are PEZA-accredited buildings that offer competitive amenities and technology to our Company's lessees. In connection with the Property-for-Share Swap, these properties were transferred to the Company. Pursuant to the terms of the PEZA-accreditation of the Office Properties, the transfer thereof requires the consent of the PEZA. On April 28, 2022, the PEZA Board approved the transfer of the PEZA-accreditation to the Company. The Company believes it has complied with the requirements for the PEZA to issue its consent to the transfer of the accreditation and is not aware of any cause for the revocation of such application.

PEZA-registered IT-BPM and BPO companies that lease office space from our Company enjoy the benefit of the 5% special tax on gross income (which is imposed in lieu of all national and local taxes (except real property taxes on machineries). Any substantial changes to these benefits, including the loss or revocation of the Properties' PEZA-accreditation or the implementation of any tax reforms that would result in the loss of the 5% special tax on gross income enjoyed by certain PEZA-registered entities, could increase such company's tax liability and decrease its net income, which may also impact their ability to make their rental payments or to continue to locate at our Properties. Our tenants may find the Properties less desirable and may decide not to continue to lease the Properties. Similarly, potential tenants may decide not to lease at all. If, as a result, a substantial number of potential tenants decide not to lease or if key tenants decide not to renew their leases, our Company's financial condition and results of operations and ability to make distributions may be adversely affected.

***Our Company may fail to fulfill the terms and conditions of licenses, permits and other authorizations, or fail to renew these upon expiration.***

Our Company is required to maintain business licenses, permits and other authorizations for its operations and for the operations of its properties. These licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. In addition and as a result of the REIT Formation Transactions, there are certain licenses and permits that were issued to our Sponsors that will need to be transferred from the name of our Sponsor to the name of the Company, which are expected to be transferred in the ordinary course of business and in accordance with the applicable permitting cycle of the relevant issuing authority. See "*Permits and Licenses*" on page 243. If our Company is unable to timely arrange for the transfer of such licenses and permits or otherwise fails to meet the terms and conditions of any of these licenses, permits or other authorizations, our operations or the operations of the relevant property may be suspended or terminated, leading to temporary or potentially permanent closure or other adverse consequences. In addition, there can be no assurance that the Company will continue to be able to obtain, transfer or otherwise renew the necessary licenses, permits and other authorizations for its properties as necessary, or that such licenses, permits and other authorizations will not be revoked, or that we will not become subject to any administrative action or other legal proceeding on account of not having obtained, transferred or renewed such approvals, licenses and permits as may be required.

If our Company is unable to obtain, transfer or renew these licenses or permits or are only able to do so on unfavorable terms, our Company's business, financial condition and results of operations may be adversely affected. To mitigate this risk, the Company believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has established a strong compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner.

***The Properties might be adversely affected if they require major maintenance and our Property Manager does not provide adequate maintenance services for the Properties.***

Our Properties may, in the future, require substantial maintenance and upkeep or upgrades and refurbishment to keep current tenants and attract new tenants. Such maintenance may include maintenance of elevators, airconditioning, and restrooms, repainting, parking improvement, landscape enhancement, waterproofing, building refurbishment, and equipment upgrades. Under the Property Management Agreement, the Property Manager is fully responsible for the formulation and implementation of policies and programs in respect of building management, maintenance, and improvement of the Properties for and on behalf of the Company. Therefore, if our Property Manager, or any other person appointed by our Property Manager to assist with managing the Properties fails to provide adequate maintenance services for the Properties, the value of the Properties might be adversely affected and may also result in a loss of tenants, thereby adversely affecting the ability of our Company to make distributions regularly or at expected levels. In addition, if the Property Management Agreement is terminated and our Company is unable to obtain property management services from an alternative service provider in a timely manner or on competitive terms, our Company could face a substantial disruption in on-going or planned maintenance operations.

In the event that our Property Manager is unable to provide the necessary services, our business, financial condition and results of operations could be adversely affected. We believe this risk may be mitigated through the Company's strengths and strategies, including our strategy to achieve organic growth through proactive asset management and enhancement. For further discussion, please refer to page 150 of this REIT Plan.

## RISKS RELATING TO THE PHILIPPINES

***Our business activities and assets are based in the Philippines, therefore, any downturn in the Philippine economy could have a material adverse impact on our business, financial condition, results of operations, and prospects.***

The Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso, and the imposition of exchange controls. We cannot assure prospective investors that one or more of these factors will not negatively impact the purchasing power of Philippine consumers. Demand for many of the products carried by the tenants in our Properties is tied closely to domestic consumer purchasing power and disposable income levels. Any decrease in consumer purchasing power and disposable income levels could have a material adverse effect on the business, operations, and financial condition of the Company.

In 2020, the COVID-19 pandemic crippled the global economy, including that of the Philippines. COVID-19 was declared as a pandemic by the World Health Organization and spread globally over the course of 2020. Countries around the world have taken numerous measures in varying degrees to contain the spread of COVID-19, including community quarantine or lockdowns, social distancing directives, suspension of operations of non-essential businesses and the imposition of travel restrictions which greatly affected businesses, eventually leading to a global economic recession. The Philippine government implemented a prolonged lockdown in 2020, considered one of the strictest in the world, to control the spread of the virus but at the great expense to the economy. The Philippine economy contracted by -9.6% year-on-year in 2020, its steepest economic contraction on record. The figure was also the country's first economic recession in more than two decades when the economy posted a negative GDP growth of 0.5% back in 1998.

However, hopes of a gradual recovery of the domestic economy remained afloat at the start of 2021 as the country began to adjust and cope up with the effects of the pandemic and given the accelerated rollout of COVID-19 vaccines which commenced in March 2021. Despite posting a negative GDP growth of 3.9% during the 1Q 2021 in view of the prolonged effect of the pandemic, the Philippine economy managed to stage a rebound in 2Q 2021 with GDP expanding by 12.0% year-on-year as the government tried to balance the need to address the pandemic situation and the need to restore jobs and incomes among the working population by loosening mobility restrictions during the period. Positive GDP growth was likewise sustained for the succeeding quarters of the year with the economy growing at 6.9% and 7.7% year-on-year during the 3Q and 4Q of 2021, respectively. The country's GDP grew by 5.6% year-on-year in 2021, exceeding Government's adjusted target of 5.0% to 5.5% for the year. During 4Q 2021 or prior to the spread of the highly transmissible COVID-19 Omicron variant, the country saw a sharp decline in COVID-19 cases, encouraging most businesses to open at near or full capacity during the period.

For 2022, the Government is eyeing a GDP growth of 7.0% to 9.0% and is hoping to return to pre-pandemic levels on the back of eased mobility restrictions and quarantine requirements.

Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to grow its business, and its ability to implement the Company's business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition, or results of operations.

Factors that may adversely affect the Philippine economy include: decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally; scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally; exchange rate fluctuations and foreign exchange controls; rising inflation or increases in interest rates; levels of employment, consumer confidence and income; changes in the Government's fiscal and regulatory policies; Government budget deficits; adverse trends in the current accounts and balance of payments of the Philippine economy; public health epidemics or outbreaks of diseases, such as re-emergence of Middle East Respiratory Syndrome-Corona virus (MERS-Cov), Severe Acute Respiratory Syndrome (SARS), avian influenza (commonly known as bird flu) or H1N1, and the recent novel Coronavirus (COVID-19), or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia; natural disasters, including but not limited to tsunamis, typhoons, volcanic eruptions, earthquakes, fires, floods and similar events; political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and other regulatory, social, political or economic developments in or affecting the Philippines.

Any downturn in the Philippine economy may have a negative impact on consumer sentiment and general business conditions in the Philippines, which may materially reduce the revenues, profitability, and cash flows of the Company.

***Political instability in the Philippines may have a negative effect on the Philippine economy and business environment which could have a material adverse impact on our business.***

The Philippines has from time to time experienced political and military instability. In recent history, there has been political instability in the Philippines, including impeachment proceedings against two former presidents and the chief justice of the Supreme Court of the Philippines, hearings on graft and corruption issues against various government officials, and public and military protests arising from alleged misconduct by previous and current administrations. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. An unstable political environment may negatively affect the general economic conditions and operating environment in the Philippines, which in turn could have a material adverse effect on the business, operations, and financial condition of the Company.

In addition, the Company may be affected by political and social developments in the Philippines, including changes in the political leadership. The 2022 Philippine general elections for national, provincial, and local officials took place on May 9, 2022. There is no telling which candidate or political party will emerge victorious in the 2022 elections.

The Company may also be affected by changes in government policies in the Philippines. Such regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact the Company's business.

There can be no assurance that the current or any new administration will continue to implement social and economic policies that promote a favorable and stable macroeconomic and business environment. Policy instabilities or fundamental change of policy directions, including those with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and the loss of investor confidence in the Philippines. Any potential instability could have an adverse effect on the Philippine economy, which may impact our business, prospects, financial condition and results of operations.

***Natural or other catastrophes, including severe weather conditions, may materially disrupt our operations and financial condition.***

The Philippines has experienced several major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions, and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt our operations, and consequently, may adversely affect our business, financial condition, and results of operations.

Further, we do not carry any insurance for certain catastrophic events, and there are certain losses for which we cannot obtain insurance at a reasonable cost or at all. We also do not carry any business interruption insurance. Any material uninsured loss could materially and adversely affect our business, financial condition, and results of operations.

***Acts of terrorism could destabilize the country and could have a material adverse effect on our assets and financial condition.***

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine army has been in conflict with various groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines as well as clashes with separatist groups. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country.

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

Continued conflicts between the Government and separatist groups could lead to further injuries or deaths by civilians and members of the Armed Forces of the Philippines, which could destabilize parts of the Philippines and adversely affect the Philippine economy. There can be no assurance that the Philippines will not be subject to further acts of terrorism or violent crimes in the future, which could have a material adverse effect on our business, financial condition, and results of operations.

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

Competing and overlapping territorial claims by the Philippines, the PRC and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflict.

The PRC claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea, which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of the PRC in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of the

PRC is invalid. The Government, under the current administration, has taken measures to de-escalate tensions concerning the territorial dispute with the PRC.

There is no guarantee that the territorial dispute between the Philippines and other countries, including the PRC, would end or that any existing tension will not escalate further, as the PRC has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors may adversely affect the Company's operations. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions or suspension of visa-free access and/or overseas Filipinos permits. Any such developments could materially and adversely affect the Company's business, financial condition and results of operations.

***Further escalation and widening of the Russian-Ukraine conflict can lead to potential global political, security and economic disruption which might affect, directly or indirectly, countries such as the Philippines***

On February 24, 2022, Russia launched a large-scale invasion of Ukraine. Russian President Vladimir Putin authorized what the Russian government called as a "special military operations" in Ukraine with missile and artillery attacks, striking major Ukrainian cities including capital, Kiev. The unprovoked invasion caused an uproar globally particularly from the European Union-member countries as well as the United States, Canada, Japan, Australia, among others.

The invasion came after months of tension that built up between Ukraine and Russia following an appeal made in January 2021 by Ukrainian President Volodomyr Zelensky to US President Joe Biden and other North Atlantic Treaty Organization (NATO) members to hasten Ukraine's request for membership in the NATO. As early as April 2021, Russia decided to move large quantities of arms and equipment as well as military troops near Ukraine's borders in what Russia said are training exercises. Russia presented its security demands in December 2021 which included, among others, for NATO to pull back its troops and weapons from Eastern Europe and bar Ukraine from joining NATO citing that Ukraine's membership will pose as a security threat to Russia. Amid growing Western fears of a possible invasion of Ukraine by Russia, the United States promised to send additional US troops to NATO members but emphasized that the US and its NATO allies would not send troops to Ukraine but warned of severe economic sanctions should Russia takes military action.

A few days leading to the invasion, the US, United Kingdom and their allies, on February 22, 2022, slapped targeted sanctions on Russian parliament members, banks and other assets in response to Russia's troop order. Germany likewise decided to halt the Nord Stream 2 gas pipeline project. On February 26, 2022 or two days following the invasion of Ukraine, the US and its Western allies imposed new sanctions, including restrictions on Russia's central bank and expelling key Russian banks off the main global payments system, most notable of which is the Society for Worldwide Interbank Financial Telecommunications or SWIFT, which is a high security system that provides for safe and secure financial transactions across borders.

The ongoing crisis between Russia and Ukraine has caused jitters in the global economy particularly on the energy and the financial markets given the geo-political and market uncertainties associated with the conflict and the severity of sanctions imposed on Russia by the US and its allies. President Vladimir Putin recently said that sanctions imposed by the West on Russia are akin to a declaration of war and warned that any attempt to impose a no-fly zone over Ukraine would lead to catastrophic consequences for the world. Likewise, fears that the crisis might further escalate and widen are seen to make the global markets anxious and unsteady which may lead to potential adverse implications on the global political, security and economic landscapes, unless a clear direction towards de-escalation is agreed upon.

There can be no assurance that the ongoing conflict between Russia and Ukraine will not further escalate and widen to into a full-fledged war involving NATO member countries including the US and its allies. Any such developments could have a negative effect, directly or indirectly, on the Philippine economic and business environment and eventually on the Company's business, financial condition, and results of operations.

***Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.***

The Philippines is currently rated investment grade by major international credit rating agencies such as Moody's, Standard & Poor's and Fitch. In May 2020, the Philippines received its first credit rating outlook downgrade in 15 years after Fitch lowered the country's credit outlook to stable from positive due to the economic fallout from the COVID-19 pandemic. As of July 16, 2020, Moody has affirmed the Philippines Baa2 rating with stable outlook. On January 10, 2021, Fitch affirmed the Philippines' long-term foreign-currency issuer default rating at BBB, noting that the outlook is stable. On July 12, 2021, however, Fitch revised the outlook of the Philippines to negative, although its long-term foreign-currency issuer default rating remained at BBB. The change in outlook was attributed to the potential scarring effects, and possible challenges associated with unwinding the exceptional policy response to the COVID-19 health crisis and restoring sound public finances as the pandemic recedes. As of May 28, 2021, S&P maintained its BBB+ long-term credit rating for the Philippines with a stable outlook, and its A-2 short-term credit rating for the Philippines. While Moody's and S&P retained the sovereign rating and stable outlook, no assurance can be given that these agencies will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. As a systemic risk, the Company cannot provide assurance of effective mitigation. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

***Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect our Company's business.***

The Philippine economy has experienced volatility in the value of the Peso and also limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso depreciated from approximately ₱29.00 to US$1.00 in July 1997 to ₱56.18 to US$1.00 by December 2004. As of December 31, 2018, the Philippine Peso was at ₱52.72 per US$1.00 and appreciated to ₱48.04 per US$1.00 as of December 31, 2020, based on BSP data. As of July 28, 2021, the BSP reference rate was US$1.00=₱50.338. In addition, fluctuations in the exchange rate between the Philippine Peso and other currencies will affect the foreign currency equivalent of the Peso price of the Shares listed on the PSE. Such fluctuations will also affect the amount of foreign currency received from any sale of the Offer Shares, and the conversion of cash dividends or other distributions paid by the Company in Pesos.

**RISKS RELATING TO THE OFFER SHARES**

***The Shares may not be a suitable investment for all investors.***

Each potential investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the Offer Shares and the information contained in this REIT Plan;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for principal or dividend payments is different from the currency of the potential investor;

- understand thoroughly the terms of the Offer Shares and be familiar with the behavior of any relevant financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

***There has been no prior market for the Offer Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.***

There has been no prior trading for the Offer Shares, and there can be no assurance that an active market for the Offer Shares will develop following the Offer or, if developed, that such market will be sustained.

The Offer Price will be determined after taking into consideration a number of factors including, but not limited to, our prospects, the market prices for shares of companies engaged in related businesses similar to that of our business and prevailing market conditions. The price at which the Offer Shares will trade on the PSE at any point in time after the Offer may vary significantly from the Offer Price.

*The market price of the Offer Shares may be volatile, which could cause the value of investors' investments in the Offer Shares to decline.*

The market price of the Offer Shares could be affected by several factors, including:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks in general and other REIT stocks in particular;
- the market value of our assets;
- changes to Government policy, legislation or regulations; and
- general operational and business risks.

In addition, many of the risks described elsewhere in this REIT Plan could materially and adversely affect the market price of the Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Offer Shares.

***There can be no guarantee that the Offer Shares will be listed on the PSE.***

Purchasers of Offer Shares will be required to pay for such Offer Shares on the Trading Participants and Retail Offer Settlement Date, which is expected to be on or about June 3, 2022 and on the Institutional Offer Settlement Date, which is expected to be on or about June 13, 2022. There can be no guarantee that listing will occur on the anticipated Listing Date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

***Future sales of shares in the public market could adversely affect the prevailing market price of the shares and shareholders may experience dilution in their holdings.***

In order to finance the expansion of our business and operations, the Board will consider the funding options available to them at the time, which may include the issuance of new shares. If additional funds are raised by us through the issuance of new equity or equity-linked securities other than on a pro rata basis to existing shareholders, the percentage ownership of existing shareholders may be reduced, shareholders may experience subsequent dilution or such securities may have rights, preferences and privileges senior to those of the Offer Shares.

Further, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares in the public market or the issuance of new Shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Shares or our ability to raise capital in the future at a time and at a price we deem appropriate.

The PSE rules require existing shareholders owning at least 10% of the outstanding shares of a company not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the shares. In addition, all shares issued or transferred within 180 days prior to the commencement of the Offer at an issue price less than the price per Offer Share shall be subject to a lock-up period of at least 365 days from the date that full payment is made on such Shares, as required by the PSE. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a Philippine Central Depository Participant ("**PCD**") participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

Moreover, a listed company on the PSE shall be prohibited from offering additional securities, except offerings for stock dividends and employee stock option plans, within 180 calendar days from the date of initial listing.

Except for such restrictions, there is no restriction on our ability to issue Shares or the ability of any of our shareholders to dispose of, encumber or pledge, their shares, and there can be no assurance that we will not issue shares or that such shareholders will not dispose of, encumber or pledge, their shares.

***Property yield on the Properties is not equivalent to distribution yield on the Shares.***

Generally, property yield depends on Net Operating Income and is calculated as the Gross Revenue less direct operating expenses of the Properties and any other property in our Portfolio. The dividend yield on our Shares, however, depends on the dividends payable on our Shares, after taking into account other expenses including but not limited to (i) taxes, (ii) the fees of our Fund Manager and Property Manager and (iii) other operating costs including administrative fees, as compared with the purchase price of our Shares paid by investors.

***Investors may incur immediate and substantial dilution as a result of purchasing Shares in the Offer.***

The issue price of the Shares in the Offer may be substantially higher than the net tangible book value of net assets per share of the outstanding Shares. Therefore, purchasers of Offer Shares may experience immediate and substantial dilution and our existing shareholders may experience a material increase in the net tangible book value of net assets per share of the shares they own. See "*Dilution*" on page 80 of this REIT Plan.

***There can be no assurance that we will be able to pay dividends or maintain any given level of dividends.***

The Net Operating Income earned from real estate investments depends on, among other factors, the amount of Rental Income received, and the level of property, operating, and other expenses incurred. If the Properties do not generate sufficient Net Operating Income, our income, cash flow, and ability to make distributions will be adversely affected. There is no assurance that the Company will be able to pay or maintain dividends. In addition, there is no assurance that the level of dividends will increase over time, that we will continue to be able to negotiate contractual increases in rent under the leases of the Properties, that the increases in rent will not be lower than the inflation rate, or that the receipt of rental revenue in connection with expansion of the Properties or future acquisitions of properties will increase our Company's cash available for distribution to shareholders.

***Our Company faces risks arising from compliance with the requirements to pay out its Distributable Income to Shareholders.***

We are required by the REIT Law to distribute annually a total of at least 90.0% of our Distributable Income as dividends to Shareholders. If the required pay out from our Company's Distributable Income is greater than its cash flow from operations, the Company may need to borrow in order to comply with the REIT Law. In the event of any change in tax law or policy which results in certain expenses of our Company ceasing to be adjustable, the impact may be to cause our Company's required pay out from the Distributable Income to exceed its cash flow from operations. In the event our Company fails to distribute dividends as required under the REIT Law, we may be subject to increased tax liability and potential tax penalties. The failure to cure such a breach within thirty (30) days from the time of the occurrence of the event will subject the Company to income tax on its taxable net income as defined in Chapter IV, Title II of the Tax Code, as amended, instead of its taxable net income as defined in the REIT Law. As such, dividends distributed by our Company may be disallowed as a deduction for purposes of determining taxable net income. See "*Regulatory and Environmental Matters—Real Estate Laws—Taxation of REITs*" on page 250.

In addition, a violation of the REIT Law may result in the imposition of a fine or cause the imprisonment of the officers of the Company. Under the REIT Law, a fine of not less than ₱200,000 nor more than ₱5 million or imprisonment of not less than six (6) years and one (1) day nor more than 21 years, or both at the discretion of the court, shall be imposed upon any person, association, partnership or corporation, its officer, employee or agent, who acting alone or in connivance with others, violates any of the provisions of the REIT Law. If the offender is a corporation, partnership or association or other juridical entity, the penalty may, at the discretion of the court, be imposed upon such juridical entity and/or upon the officer or officers of the corporation, partnership, association or entity responsible for the violation, and if such officer is an alien, he shall in addition to the penalties prescribed, be deported without further proceedings after service of sentence. Such prosecution and conviction of the offender under the REIT Law and the imposition of the above penalties shall be without prejudice to the administrative, civil, and criminal liabilities of the offender under the SRC.

***Shareholders may bear the effects of tax adjustments on income distributed in prior periods.***

Dividends will be based on our Company's Distributable Income. The taxable net income of our Company as initially computed for purposes of determining the amount to be distributed to Shareholders (the "Initial Taxable Net Income") may, however, be different from the taxable net income as may be determined by the BIR (the "Adjusted Taxable Net Income"). The difference between the Initial Taxable Net Income and the Adjusted Taxable Net Income will be added to or subtracted from, as applicable, the taxable income available for distribution in subsequent periods to the Shareholders. Similarly, if our Company distributes gains on the sale of properties held by our Company and such gains are subsequently assessed for unpaid taxes, the Distributable Income for subsequent periods will be reduced for such unpaid taxes and the Shareholders in such subsequent distribution periods may receive reduced dividends. See "*Regulatory and Environmental Matters—Real Estate Laws—Taxation of REITs*" on page 250.

***The Shares may be subject to Philippine foreign ownership limitations.***

The Philippine Constitution and related statutes restrict land ownership to Philippine Nationals. The term "Philippine National" as defined under the Foreign Investments Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

Currently, our Company does not own any land. Nevertheless, because the Company's Articles of Incorporation authorizes the Company to acquire land, which may include land in the Philippines, foreign shareholdings in our Company may not exceed (i) 40% of our issued and outstanding capital stock entitled to vote in the election of directors; and (ii) 40% of our total issued and outstanding capital stock, whether or not entitled to vote in the election of directors. See "*Regulatory and Environmental Matters*" on page 248 of this REIT Plan. We cannot allow the issuance or the transfer of shares to persons other than Philippine Nationals and cannot record transfers in our books if such issuance or transfer would result in us ceasing to be a Philippine National for purposes of complying with the restrictions on foreign land ownership discussed above. These restrictions may adversely affect the liquidity and market price of the Shares to the extent international investors are not permitted to purchase Shares in normal secondary transactions.

For purposes of determining compliance with Philippine foreign ownership limitations, SEC Memorandum Circular No. 8, Series of 2013 (*Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities*) provides that for corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the Foreign Investments Act of 1991, and other existing laws and regulations, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

***Shareholders may be subject to limitations on minority shareholders' rights and regulations may differ from those in more developed countries.***

Our corporate affairs are governed by our Articles of Incorporation and By-Laws and the Corporation Code. The laws of the Philippines relating to the protection of interests of minority shareholders differ in some respects from those established under the laws of more developed countries. Such differences may mean that our minority shareholders may have less protection than they would have under the laws of more developed countries. The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or the United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

The Corporation Code, however, provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions are rarely brought on behalf of companies in the Philippines. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

***The Company is required to maintain a minimum public ownership of 33.33%.***

Under the REIT Law and SEC Memorandum Circular No. 1, Series of 2020 (the "**Revised REIT IRR**"), a REIT must be a public company and to be considered as such, a REIT, must: (a) maintain its status as a listed company; and (b) upon and after listing, have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT or subject to 33.33% minimum public ownership requirement ("**MPO**").

**The Offer Shares will represent approximately 36.67% of the issued and outstanding capital stock of VistaREIT after the completion of the Offer, while other existing shareholders[8] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT assuming the full exercise of the Overallotment Option, and approximately 33.33% of the issued and outstanding capital stock, assuming the Overallotment Option is not exercised. Upon completion of the Offer and full take up thereof by public shareholders, the Shares owned by the Sponsors will represent approximately 63.26% of the issued and outstanding capital stock of VistaREIT while other existing shareholders[9] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT, assuming the full exercise of the Overallotment Option, and approximately 66.59% of the issued and outstanding capital stock, assuming no exercise of any Overallotment Option.**

In the event the REIT becomes non-compliant with the MPO, it will be suspended from trading for a period of not more than six months and will automatically be delisted if it remains non-compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the PSE. In addition, the sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subject to capital gains tax and documentary stamp tax.

**Risks relating to certain information in the REIT Plan**

***Certain information contained herein is derived from unofficial publications.***

Certain information in this REIT Plan relating to the Philippines, the industry in which we compete, and the market in which we operate, including statistics relating to market size, is derived from various Government and private publications. This REIT Plan also contains industry information prepared from available public sources and independent market research conducted by SKF to provide an overview of the real estate industry and office real estate markets in which we operate. The information contained in that section might not be consistent with other information regarding the Philippine real estate industry. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by us, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, and the Participating Underwriter or any of their respective affiliates or advisers, and may not be accurate, complete, up-to-date, or consistent with other information compiled within or outside the Philippines. In particular, the section entitled "*Industry*" in this REIT Plan does not present the opinions of our Company, the Issue Coordinator, the Joint Lead Underwriters and Bookrunners, the Participating Underwriter, or any of their respective affiliates.

[8] Other existing shareholders include directors and officers of VistaREIT.
[9] Other existing shareholders include directors and officers of VistaREIT.

# USE OF PROCEEDS

The Company will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. However, with the completion of the offer, the Company may be entitled to avail of tax incentives under the REIT Law. For further discussion, please refer to section on "*Regulatory and Environmental Matters – Real Estate Laws – Taxation of REITs*"

Total gross proceeds from the Firm Shares, based on an Offer Price of ₱1.75 per Offer Share, will be approximately ₱4,375,000,000.00 and estimated net proceeds, after deducting the applicable underwriting fees and commissions and expenses for the Firm Shares will be ₱4,189,475,105.31.

Assuming full exercise of the Overallotment Option, the gross proceeds from the sale of the Firm Shares and Option Shares is estimated to be approximately ₱4,812,500,000.00 and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholders is estimated to be approximately ₱4,612,493,855.31.

Taxes, underwriting fees and certain other fees and expenses pertaining to the Offer Shares shall be chargeable against the proceeds from the sale of the Offer Shares of the Selling Shareholders and none of it is chargeable against the Company.

**EXPENSES PAYABLE BY THE SELLING SHAREHOLDERS**

Estimated fees, commissions and expenses relating to the Offer Shares are as follows:

| | **Estimated Amounts (₱ Millions)** | |
|---|---|---|
| | **Firm Shares** | **Firm Shares and Option Shares (assuming full exercise of the Overallotment Option)** |
| **Estimated gross proceeds from the sale of the Offer Shares** | 4,375,000,000.00 | 4,812,500,000.00 |
| *Less:* | | |
| Underwriting fees for the Offer Shares being sold by the Selling Shareholders | 102,125,003.75 | 113,062,503.75 |
| fees to be paid to the PSE Trading Participants | 8,750,000.00 | 8,750,000.00 |
| Taxes to be paid by the Selling Shareholders (Stock Transaction Tax) and other Crossing Expenses(1) | 35,437,500.00 | 38,981,250.00 |
| SEC registration, filing, and legal research fee | 3,852,390.94 | 3,852,390.94 |
| PSE filing fee (inclusive of Valued Added Tax) | 18,900,000.00 | 18,900,000.00 |
| Estimated professional fees | | |
| *Legal Fees* | 7,000,000.00 | 7,000,000.00 |
| *Accounting Fees* | 3,000,000.00 | 3,000,000.00 |
| *Stock and transfer and receiving agency fees* | 1,060,000.00 | 1,060,000.00 |
| *Securities depository fee (Escrow Agent)* | 400,000.00 | 400,000.00 |
| Estimated other expenses | 5,000,000 | 5,000,000 |
| ***Total estimated expenses*** | 185,524,894.69 | 200,006,144.69 |
| **Estimated net proceeds from the sale of the Offer Shares** | **4,189,475,105.31** | **4,612,493,855.31** |

*(1) Crossing expenses include the PSE Transaction Fee, SEC Fee, Clearing and Settlement Fee (SCCP Fee), and Brokers' Commission.*

The actual underwriting fees and other Offer-related expenses may vary from the estimated amounts indicated above. The estimated amounts used to determine the estimated net proceeds are presented in this REIT Plan for convenience only. Estimated other expenses include fees for roadshow expenses, publication, and other third-party services (e.g. stock transfer, receiving agency, LSI application processing fees, and printing, publication, and out-of-pocket expenses) that the Selling Shareholders expect to incur in relation to the Offer.

To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders and shall remain part of the issued and outstanding shares of the Company.

The entire proceeds from the Offer Shares will be used by the Selling Shareholders in accordance with the reinvestment plan. In accordance with the REIT IRR, the proceeds from the Offer Shares may be reinvested in income-generating assets in the Philippines within one year from the receipt thereof. Pending the use of such proceeds, the Selling Shareholders may invest the net proceeds in short-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn interest at prevailing market rates subject to compliance with and as permitted by the REIT Law. For a more detailed discussion on the use of net proceeds by the Selling Shareholders, see Annex A (Reinvestment Plan).

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Selling Shareholders' current plans and anticipated expenditures. In the event there is any change in the Selling Shareholders' reinvestment plan, including force majeure, market conditions and other circumstances, the Selling Shareholders will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is in the best interest of the Selling Shareholders.

The Selling Shareholders' cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Selling Shareholders' management may find it necessary or advisable to alter its plans.

# PLAN OF DISTRIBUTION

At least 1,750,000,000 Institutional Offer Shares, or 70% of the Firm Shares, are (subject to re-allocation as described below) being offered for sale to QBs in the Philippines by the Joint Lead Underwriters and Bookrunners and the Participating Underwriter (the "**Institutional Offer**").

Up to 750,000,000 Trading Participants and Retail Offer Shares, or 30% of the Firm Shares, are (subject to re-allocation as described below) being offered by the Joint Lead Underwriters and Bookrunners at the Offer Price to all of the Eligible PSE Trading Participants and LSIs in the Philippines (the "**Trading Participants and Retail Offer**"). The number of Offer Shares to be made available to the Eligible PSE Trading Participants and LSIs will be up to 500,000,000 Firm Shares and up to 250,000,000 Firm Shares, respectively, or 20% and 10%, respectively, of the Firm Shares, subject to final allocation as may be determined by the Joint Lead Underwriters and Bookrunners.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, the Selling Shareholders, and the Joint Lead Underwriters and Bookrunners. The Joint Lead Underwriters and Bookrunners and Participating Underwriter will underwrite, on a firm commitment basis, the Firm Shares, subject to any reallocation, clawback, clawforward or any other such mechanisms as described below.

The Offer Shares shall be lodged with the PDTC and shall be issued to the investors in scripless form. All of the shares of stock of the REIT shall be issued in the form of uncertificated securities. Investors may not require the Company to issue a certificate in respect of any share recorded at their name.

**Underwriting Commitments**

The Company, the Selling Shareholders, and the Joint Lead Underwriters and Bookrunners and Participating Underwriter have entered into an Underwriting Agreement dated on May 26, 2022 (the "**Underwriting Agreement**") whereby the Joint Lead Underwriters and Bookrunners and Participating Underwriter agree to underwrite on a firm commitment basis the number of Firm Shares opposite its name indicated in the following table, subject to agreement among the Joint Lead Underwriters and Bookrunners and Participating Underwriter on any clawback, clawforward or other such mechanism relating to the reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer.

| **Joint Lead Underwriters and Bookrunners and Participating Underwriter** | **Number of Firm Shares** | **% of Firm Shares** | **Estimated Fees (in ₱)** |
|---|---|---|---|
| BDO Capital & Investment Corporation | 488,571,400 | 19.5% | 21,875,000.00 |
| China Bank Capital Corporation | 488,571,400 | 19.5% | 21,875,000.00 |
| PNB Capital and Investment Corporation | 488,571,400 | 19.5% | 21,875,000.00 |
| RCBC Capital Corporation | 488,571,400 | 19.5% | 21,875,000.00 |
| SB Capital Investment Corporation | 488,571,400 | 19.5% | 21,875,000.00 |
| Abacus Capital and Investment Corporation | 57,143,000 | 2.3% | 1,500,003.75 |
| **Total** | **2,500,000,000** | **100%** | ₱110,875,003.75 |

The foregoing tables do not reflect the exercise of the Overallotment Option that may or may not be exercised by the Stabilizing Agent to purchase up to 250,000,000 Option Shares.

There were no cornerstone investors and the Company did not enter into any cornerstone investment agreements in connection with the Institutional Offer.

There is no arrangement for the Joint Lead Underwriters and Bookrunners and the Participating Underwriter to return any of the Offer Shares relating to the Trading Participants and Retail Offer or the Institutional Offer to the Company or the Selling Shareholders.

**Roles and Responsibilities of the Issue Coordinator, Joint Lead Underwriters and Bookrunners, and Participating Underwriter**

The Issue Coordinator is responsible for the coordination of the various execution workstreams relating to the Offer.

The Issue Coordinator, the Joint Lead Underwriters and Bookrunners and Participating Underwriter are assisting the Company and the Selling Shareholders in the book-building process, which includes marketing and allocation of the Offer to potential investors as described in this Plan of Distribution.

The Participating Underwriter has undertaken to underwrite a portion of the Firm Shares on a firm commitment basis and is not acting as a bookrunner.

The Trading Participants and Retail Offer Shares shall (subject to re-allocation as described below) initially be offered by the Joint Lead Underwriters and Bookrunners and Participating Underwriter to all of the Eligible PSE Trading Participants and LSIs in the Philippines. The Joint Lead Underwriters and Bookrunners and Participating Underwriter have undertaken to underwrite the Firm Shares on a firm commitment basis.

The Joint Lead Underwriters and Bookrunners and Participating Underwriter and their respective affiliates have engaged in transactions with, and have performed various investment banking, commercial banking and other services for the Company's affiliates and the Selling Shareholders in the past, and may do so for the Company, the Selling Shareholders and their respective subsidiaries and affiliates from time to time in the future. However, all services provided by the Joint Lead Underwriters and Bookrunners and Participating Underwriter in connection with the Offer, have been provided as an independent contractor and not as a fiduciary to the Company or the Selling Shareholders. The Joint Lead Underwriters and Bookrunners and Participating Underwriter do not have any right to designate or nominate a member of the Board. The Joint Lead Underwriters and Bookrunners and Participating Underwriter have no direct relationship with the Company in terms of share ownership and, other than as Joint Lead Underwriters and Bookrunners and Participating Underwriter for the Offer, do not have any material relationship with the Company or the Selling Shareholders.

The Joint Lead Underwriters and Bookrunners and the Participating Underwriter will receive underwriting fees from the Selling Shareholders of up to 2.558% of the gross proceeds from the sale of the Offer Shares. This underwriting fee is inclusive of the amounts to be paid to selling agents by the Selling Shareholders such as Eligible PSE Trading Participants, where applicable.

The estimated underwriting and TP fees amount to approximately ₱121,812,503.75, assuming that the Overallotment Option is fully exercised. The estimated underwriting and TP fees amount to approximately ₱110,875,003.75, assuming that the Overallotment Option is not exercised.

**Joint Lead Underwriters and Bookrunners**

**BDO Capital & Investment Corporation**

BDO Capital is the wholly owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 1998, BDO Capital commenced operations in March 1999. It obtained its license to operate as an investment house in 1998 and is licensed by the Philippine SEC to engage in underwriting and distribution of securities to the public.

**China Bank Capital Corporation**

China Bank Capital is the wholly-owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Bank's Investment Banking Group. The firm offers a full suite of investment banking solutions, which include arranging, managing, and underwriting bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. China Bank Capital also provides financial advisory services, such as structuring, valuation, and execution of M&A deals, joint ventures, and other corporate transactions. As of December 31, 2021, it has total assets of ₱2.80 billion and a capital base of ₱2.69 billion.

**PNB Capital and Investment Corporation**

PNB Capital, a wholly owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers & acquisitions. PNB Capital obtained its license from the Philippine SEC to operate as an investment house in 1997 and is licensed to engage in underwriting and distribution of securities to the public.

**RCBC Capital Corporation**

RCBC Capital is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 47 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country's largest fully integrated financial services conglomerates

**SB Capital Investment Corporation**

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including underwriting of debt and equity securities, project finance, loan syndications, mergers and acquisitions, and other corporate / financial advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major debt and equity issues, both locally and internationally.

**Participating Underwriter**

**Abacus Capital and Investment Corporation**

Abacus Capital and Investment Corporation was incorporated in the Philippines on January 6, 1995. The SEC granted it registration and authorization to act as an investment house, valid unless suspended or revoked for cause or cancelled by the SEC or voluntarily surrendered by the registrant. Since it started operations in 1995, Abacus Capital had actively participated in a number of public offering transactions. As a full-service investment house, Abacus Capital provides the full line of corporate finance and merchant banking products and services.

**THE TRADING PARTICIPANTS AND RETAIL OFFER**

The Trading Participants and Retail Offer Shares shall (subject to reallocation as described below) initially be offered by the Joint Lead Underwriters and Bookrunners and the Participating Underwriter, to all of the Eligible PSE Trading Participants and LSIs in the Philippines. Up to 500,000,000 Trading Participants and Retail Offer Shares, or 20% of the Firm Shares, shall be allocated among the 123 Eligible PSE Trading Participants. Each Eligible PSE Trading Participant shall initially be allocated up to 4,065,000 Firm Shares and subject to reallocation as may be determined by the Joint Lead Underwriters and Bookrunners. Based on the initial allocation for each Eligible PSE Trading Participant, there will be a total of 5,000 residual Firm Shares to be allocated as may be determined by the Joint Lead Underwriters and Bookrunners. A total of up to 250,000,000 Trading Participants and Retail Offer Shares, or 10% of the Firm Shares, shall be made available nationwide to LSIs through the PSE Electronic Allocation System or "PSE EASy." An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed ₱1,000,000.00. In the case of this Offer, the minimum subscription of LSIs shall be 1,000 Shares or ₱1,750.00 while the maximum subscription shall be 571,000 Shares or up to ₱999,250.00 There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Company's Offer Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Joint Lead Underwriters and Bookrunners shall prioritize subscriptions of small investors with amounts lower than the maximum subscription.

Upon closing of the Trading Participants and Retail Offer, any allocation of Trading Participants and Retail Offer Shares not taken up by the Eligible PSE Trading Participants and the LSIs shall be distributed by each of the Joint Lead Underwriters and Bookrunners and the Participating Underwriter to its clients or the general public in the Philippines. The Joint Lead Underwriters and Bookrunners and the Participating Underwriter shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer, or otherwise not taken up by the Eligible PSE Trading Participants, clients of the Joint Lead Underwriters and Bookrunners or the general public in the Philippines, pursuant to the terms and conditions of the Underwriting Agreement (as defined below). Nothing herein or in the Underwriting Agreement shall limit the rights of each of the Joint Lead Underwriters and Bookrunners and the Participating Underwriter from purchasing the Offer Shares for its own account.

On or before 12:00 noon on June 3, 2022 the Eligible PSE Trading Participants shall submit to the Receiving Agent their respective Application and other required documents therein from the Trading Participants and Retail Offer Shares.

For LSI applicants, applications shall be done via the PSE Electronic Allocation System or "PSE EASy" (https://easy.pse.com.ph/). LSI applications shall be processed on a first come, first served basis, while the final share allocation shall be determined through a distribution mechanism wherein fully paid applications will be allocated in ascending order (i.e. from the lowest to the highest), and upon the Receiving Agent's validation or confirmation of complete payment of the purchased shares. Multiple applications (i.e. two or more applications by the same LSI applicant) will not be allowed.

The procedure in subscribing to the Offer Shares via "PSE EASy" shall be described in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Joint Lead Underwriters and Bookrunners shall prioritize subscriptions of small investors with amounts lower than the maximum subscription.

An LSI applicant should nominate in the Application the Eligible PSE Trading Participant through which its shares will be lodged. Otherwise, the Application shall not be accepted.

For more details on the Procedure for Application for the Offer, please refer to the Offer Implementing Guidelines.

An application to purchase the Trading Participants and Retail Offer Shares shall not be deemed as a duly accomplished and completed application unless submitted with all required relevant information and applicable supporting documents to the Receiving Agent or such other financial institutions that may be invited to manage the LSI program. Payment for the Trading Participants and Retail Offer Shares may be made using any of the modes of payment indicated in the Company's Offer Implementing Guidelines for LSIs following the payment instructions generated through PSE EASy. LSI applicants may check the status of their subscription applications through their PSE EASy investor accounts.

Eligible PSE Trading Participants who take up Trading Participants and Retail Offer Shares shall be entitled to a selling fee of 1.0%, inclusive of VAT, of the Trading Participants and Retail Offer Shares taken up and purchased by the relevant Eligible PSE Trading Participant. The TP fees, less the applicable withholding tax, will be paid by the Receiving Agent to the Eligible PSE Trading Participants starting on the tenth ($10^{th}$) Banking Day from the Listing Date. Other than the TP fees, there are no other commissions to be paid to broker dealers.

All of the Trading Participants and Retail Offer Shares are or shall be lodged with the PDTC and shall be issued to the Eligible PSE Trading Participants and LSIs in scripless form. All of the shares of stock of the REIT shall be issued in the form of uncertificated securities. Investors may not require the Company to issue a certificate in respect of any share recorded at their name.

**THE INSTITUTIONAL OFFER**

The Institutional Offer Shares will be offered for sale to QBs in the Philippines by the Joint Lead Underwriters and Bookrunners and the Participating Underwriter.

***Reallocation***

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to further adjustment as may be determined by the Joint Lead Underwriters and Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. Unless otherwise agreed by the Joint Lead Underwriters and Bookrunners, the reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer and the Institutional Offer.

**THE OVERALLOTMENT OPTION**

In connection with the Offer, pursuant to the approval of the SEC dated May 25, 2022, the Selling Shareholders have granted the Stabilizing Agent an Overallotment Option, exercisable in whole or in part to purchase the Option Shares at the Offer Price from the Selling Shareholders, and on the same terms and conditions as the Firm Shares, as set forth herein, from time to time for a period which shall not exceed thirty (30) calendar days from and including the Listing Date. In connection therewith, the Selling Shareholders have entered into a Greenshoe Agreement with the Stabilizing Agent to, among other things, utilize up to 250,000,000 Option Shares to cover over-allocations under the Institutional Offer. The Option Shares may be over-alloted and the Stabilizing Agent may effect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than thirty (30) calendar days from and including the Listing Date.

Any Shares that may be delivered to the Stabilizing Agent under the Greenshoe Agreement dated May 26, 2022 between the Company, the Selling Shareholders and the Stabilizing Agent will be re-delivered to the Selling Shareholders either through the purchase of Shares in the open market by the Stabilizing Agent in the conduct of stabilization activities or through the exercise of the Overallotment Option by the Stabilizing Agent. The Stabilizing Agent may purchase Shares in the open market only if the market price of the Shares falls below the Offer Price ("Initial Stabilization Trade"). The Initial Stabilization Trade shall be at a price less than the Offer Price ("Initial Stabilization Price"). After the Initial Stabilization Trade, (i) if there has not been a trade made by a person other than the Stabilizing Agent for itself or on behalf of its clients ("Independent Trade") in the market at a higher price than the Initial Stabilization Price, then the subsequent trade shall be below the Initial Stabilization Price, or (ii) if there has been an independent trade in the market at a higher price than the Initial Stabilization Price, then the subsequent trade shall be at or below the Initial Stabilizing Price or the price of such Independent Trade, whichever is lower. Such activities may stabilize, maintain or otherwise affect the market price of the Shares, which may have the effect of preventing a decline in the market price of the Shares and may also cause the price of the Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions (which would include thereafter disposing of or selling the Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Shares will not decline significantly before or after any such stabilizing activities end.

Once the Overallotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Shares in the open market for the conduct of stabilization activities. As discussed under the section "*Dilution*", if the Overallotment Option is fully exercised, the number of shares held by new investors will be 2,750,000,000 Shares and the public float will increase to 36.7%. The partial or full exercise of the Overallotment Option will not trigger the issuance of any new Shares to the Selling Shareholders to offset the Shares sold under the Overallotment Option. To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders, and the corresponding filing fee for the Overallotment Option shall be forfeited.

**SELLING RESTRICTIONS**

The distribution of this REIT Plan or any offering material and the offer, sale or delivery of the Offer Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this REIT Plan or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This REIT Plan may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

No securities, except for a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the SEC on Form 12-1 and the registration statement has been declared effective by the SEC.

**NAME-ON CENTRAL DEPOSITORY ARRANGEMENT**

The REIT Law provides that all the shares of a REIT shall be in uncertificated form. Further, the REIT shall engage the services of a duly licensed transfer agent to monitor subsequent transfers of the shares. Such transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any non-public shareholders. The PSE Amended REIT Listing Rules require that a REIT shall establish sufficient control and procedures that shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any of the non-public shareholders.

The Company has engaged the services of Stock Transfer Service, Inc., a duly licensed transfer agent, to monitor subsequent transfers of the shares. The said transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any non-public shareholders. The Company is making the necessary arrangements with the PDTC as central securities depository on the recording of the Company's shareholders under a Name-On Central Depository arrangement.

# DIVIDENDS AND DIVIDEND POLICY

## REIT LAW DISTRIBUTION REQUIREMENTS

The REIT Law provides that a REIT, to be entitled to the tax benefits under the REIT Law and to maintain its status as a public company, is directed to distribute annually a total of at least 90.0% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are reinvested by the REIT within one year from the date of the sale) ("**Distributable Income**") as dividends to its shareholders. Such distribution must be no later than the last working day of the fifth ($5^{th}$) month following the close of the fiscal year of the REIT subject to the following, as provided under Section 7 of the REIT Law and Section 4 of the Revised REIT IRR:

(i) The dividends shall be payable only from the unrestricted retained earnings of the REIT as provided for under Section 42 of the Corporation Code. However, the retained earnings of the REIT may only be restricted and not available for distribution under the circumstances enumerated under Section 42 of the Corporation Code and when approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT; provided finally, once the purpose of the restriction is accomplished, the REIT shall immediately cancel the restriction and distribute the corresponding retained earnings upon majority vote of the members of the board of directors.

(ii) The percentage of dividends with respect to any class of stock to be received by the Public Shareholders, to the total dividends with respect to that class of stock distributed by the REIT from out of its Distributable Income must not be less than such percentage of their aggregate ownership of the total outstanding shares of the REIT with respect to that class of stock. Any structure, arrangement, or provision which would have the effect of diminishing or circumventing in any form this entitlement to dividends shall be void and of no force and effect.

(iii) The income distributable as dividend by the REIT shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. The audited financial statements of the REIT shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the REIT Law and the Revised REIT IRR. However, the audited financial statements shall not be required before the REIT can distribute quarterly and/or semi-annual dividends; provided, the REIT has reasonable grounds to believe that the maximum dividends that it may distribute in such fiscal year shall not be more than its Distributable Income based on its audited financial statements for such fiscal year, as provided above.

(iv) A REIT may declare either cash, property, or stock dividends; provided that, in addition to the requirements of the Corporation Code, the declaration of stock dividends must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT and subject to approval of the SEC within five working days from receipt of the request for approval. If the SEC does not act on said request within such a period, the same shall be deemed approved.

(v) Distributable Income excludes proceeds from the sale of REIT's assets that are reinvested by the REIT within one year from the date of the sale. Gain from the said sale shall, however, form part of the distributable income.

The income distributable by the REIT shall be adjusted by deducting the following unrealized or non-actual gains and losses:

(i) Unrealized foreign exchange gains, except those attributable to cash and cash equivalents;

(ii) Fair value adjustment or the gains arising from marked-to-market valuation which are not yet realized;

(iii) If and when applicable, fair value adjustment of investment property resulting to gain;

(iv) The amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized;

(v) Adjustment due to a deviation from any of the prescribed accounting standard which results to gain; and

(vi) Other unrealized gains or adjustments to the income as a result of certain transactions accounted for under the PFRS.

Non-actual expenses/losses that are allowed to be added back to distributable income shall be limited to the following items:

(i) Depreciation on revaluation increment (after tax);

(ii) Adjustment due to any of the prescribed accounting standard which results to a loss; and

(iii) If and when applicable, loss on fair value adjustment of investment property (after tax).

**RECORD DATE AND PAYMENT DATE**

Pursuant to existing SEC regulations, all cash dividends declared by listed companies must have a record date which shall not be less than 10 calendar days and not more than thirty (30) calendar days from the date the cash dividends are declared. Under such rules, if no record date is specified, the record date will be deemed fixed at fifteen (15) calendar days from such declaration.

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

Pursuant to the "Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends" of the SEC, all cash dividends and stock dividends declared by a company shall be remitted to PDTC for immediate distribution to participants not later than eighteen (18) trading days after the record date (the "Payment Date"); provided that in the case of stock dividends, the credit of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends' listing date. If the stock dividend shall come from an increase in capital stock, all stock dividends shall be credited to PDTC for immediate distribution to its participants not later than 20 trading days from the record date set by the SEC, which in no case shall be later than the stock dividends' listing date.

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

**OUR COMPANY'S DIVIDEND POLICY**

As of the date of this REIT Plan, the Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least 90.0% of the Company's annual Distributable Income. The Company intends to declare and pay out at least 90% of its distributable income as dividends on a quarterly basis each year.

Our Company was incorporated on August 24, 2020, and did not have any operations until March 14, 2022. On March 31, 2022, the Company declared and paid dividends amounting to ₱1 million for shareholders on record as of March 1, 2022. Since its commencement of operations, the Company has not declared any dividends to its shareholders.

After the listing of our Company on the PSE, the Company intends to declare and distribute earnings from its operations for the period from May 1, 2022 to December 31, 2022.

Following the Offer, the Company intends to maintain a quarterly cash dividend payout ratio of at least 90.0% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings as provided for under Section 42 of the Corporation Code, among others, the terms and conditions of the Company's outstanding loan facilities in the event the Company incurs indebtedness, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, when there is need for special reserve for probable contingencies. The Company intends to declare and pay out dividends on a quarterly basis each year.

The failure to distribute at least 90.0% of the annual Distributable Income will subject the Company, if such failure remains unremedied within thirty (30) days, to income tax on the taxable net income as defined in Chapter IV, Title II of the Tax Code, instead of the taxable net income as defined in the REIT Law. Accordingly, dividends distributed by our Company may be disallowed as a deduction for purposes of determining taxable net income. Additionally, other tax incentives granted under the REIT Law may be revoked, and the failure to distribute at least 90.0% of the annual Distributable Income may be grounds to delist the Company from the PSE.

**Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction**

There were no securities sold by the Company within the past three (3) years which were not registered under the SRC, except for the following:

| Name of Security Sold | Underwriters | Date of Sale | Amount of Securities | Basis for Exemption |
|---|---|---|---|---|
| Common Shares | N/A | February 7, 2022 | 6,990,000,000 | Section 10.1 (k) of the SRC |

# DETERMINATION OF THE OFFER PRICE

The Offer Price has been set at ₱1.75 per Offer Share. The final Offer Price was determined through a book-building process and discussions among the Company, the Selling Shareholders, the Joint Lead Underwriters and Bookrunners, and the Participating Underwriter. Since the Offer Shares have not been listed on any stock exchange, there has been no market price for Shares derived from day-to-day trading.

The factors that were considered in determining the Offer Price are, among others, our after-tax earnings, our ability to generate earnings and cash flows, our short and long term prospects, the market value of the Properties and its net asset value, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer, the market price of comparable listed companies and the dividend yields of comparable listed REIT companies in the Philippines.

The appraised values of our Properties are contained in the Valuation Reports attached to this REIT Plan and prepared by Asian Appraisal. In preparing the Valuation Reports, the Valuer made multiple assumptions containing elements of subjectivity and uncertainty. The valuation was made on the basis of market value. The Valuer adopted two valuation methods, the income approach or discounted cash flow approach, and the market approach via replacement cost and fair market value considering that these are investment properties that generate income for the Company. Specifically, the discounted cash flow method was adopted. Based on the Valuation Reports, the income approach "provides an indication of value by converting future cash flow to a single current value", as such the value of an asset is determined by reference to the value of income, cash flow, or cost saving generated by the asset. Under fair value accounting, the Properties are measured using the fair value model using the Income Approach, with changes at the end of the reporting period recorded in the statement of comprehensive income. The appraisal reports using the Market Approach was also considered in the valuation. In addition, the recording of the investment properties under fair value accounting is based on the fair value model using the income approach.

The value of the parcels of land where the buildings are situated were not included in the valuation of the Properties. Only the value of the buildings was considered and the terminal value considered in the valuation pertains only to the buildings.

The Offer Price may not have any correlation to the actual book value of the Offer Shares.

## CAPITALIZATION

The following table sets out the Company's pro-forma debt, shareholders' equity and capitalization as of December 31, 2021 and as adjusted to reflect the issue of the Offer Shares. The table should be read in conjunction with the Company's pro-forma condensed financial information, included in this REIT Plan. There has been no material change in the figures as shown in the following table and the notes thereto since the date thereof except for the issue of the Offer Shares.

| | **Pro-Forma As of December 31, 2021[(1)]** | **As of December 31, 2021 as Adjusted After Giving Effect to the Offer assuming exercise of the Overallotment Option** | **As of December 31, 2021 as Adjusted After Giving Effect to the Offer assuming non-exercise of the Overallotment Option** |
|---|---|---|---|
| | **₱ in millions** | **₱ in millions** | **₱ in millions** |
| **Total Debt[(2)]** | **-** | **-** | **-** |
| **Equity** | | | |
| Capital stock | 7,500.00 | 7,500.00 | 7,500.00 |
| Additional Paid-in Capital | 28,962.99 | 28,962.99 | 28,962.99 |
| Retained earnings | (9.69) | (9.69) | (9.69) |
| **Total Equity** | **36,453.30** | **36,453.30** | **36,453.30** |
| **Total Capitalization[(3)]** | **36,453.30** | **36,453.30** | **36,453.30** |

*Notes:*

*(1) Derived from the pro-forma condensed financial information as of December 31, 2021 as attached to this REIT Plan. The pro-forma statement of financial position is based on historical information of the Company and after giving effect to the increase in capital stock from the execution of Property-for-Share Swap.*

*(2) Total debt includes short-term and long-term debt. The Company does not have indebtedness as of December 31, 2021.*

*(3) Total capitalization is calculated as the sum of total debt and total equity.*

## NET ASSET VALUE

The following table shows our computation of the Net Asset Value per share. The Net Asset Value is computed by reflecting the fair market values of total assets and investible funds of the Vista Group REIT Properties, less total liabilities. Net Asset Value per share shall be computed by dividing Net Asset Value by the total outstanding shares of our Company.

| | **As of December 31, 2021(1)** | **As giving effect to the Offer as of December 31, 2021** |
|---|---|---|
| | **(₱ millions, except number of shares and per share value)** | |
| | **(Actual)** | **(Unaudited)** |
| Cash in banks | 510.07 | 510.07 |
| Due from related parties | - | 293.32 |
| Property and equipment | - | 27.01 |
| Investment properties | - | 35,952.99 |
| Other assets | 0.00 | 181.38 |
| **Total Assets** | 510.08 | 36,964.77 |
| Accrued Expenses | 5.18 | 5.18 |
| Security deposits and advance rent | - | 406.80 |
| Due to related parties | 4.58 | 4.58 |
| Other noncurrent liabilities | - | 94.91 |
| **Total Liabilities** | 9.76 | 511.47 |
| **Net Asset Value** | 500.31 | 36,453.30 |
| | | |
| **Issued and outstanding Common Shares** | 510,000,000 | 7,500,000,000.00 |
| **Net asset value per share** | ₱0.98 | ₱4.86 |

*Note: (1) Figures are based on the pro-forma condensed financial statements of the Company as of December 31, 2021.*

# DILUTION

The Offer will not result in any dilution on a per Share basis, as all Offer Shares are being offered by the Selling Shareholders. As of December 31, 2021, the net asset value per share of the Company was ₱4.86, while the Offer Price per Offer Share is ₱1.75.

The following table sets forth the shareholdings, and percentage of Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer assuming full exercise of the Overallotment Option:

| | **Number of Shares** | **%** |
|---|---|---|
| Existing shareholders...................................................................... | 4,750,000,000 | 63.26 |
| New Investors ……………………………………………………….. | 2,750,000,000 | 36.67 |
| **Total**............................................................................................... | 7,500,000,000 | **100.0** |

The following table sets forth the shareholdings, and percentage of Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer assuming the Overallotment Option is not exercised:

| | **Number of Shares** | **%** |
|---|---|---|
| Existing shareholders...................................................................... | 5,000,000,000 | 66.59 |
| New Investors ……………………………………………………….. | 2,500,000,000 | 33.33 |
| **Total**............................................................................................... | 7,500,000,000 | **100.0** |

See *"Risk Factors – Risks Relating to the Offer and the Offer Shares – Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings" and "Risk Factors – Risk Relating to the Offer and the Offer Shares –Investors may incur immediate and substantial dilution as a result of purchasing shares in the Offer"* on page 64 of this REIT Plan.

# SELECTED PRO-FORMA FINANCIAL INFORMATION AND COMBINED CARVE-OUT FINANCIAL INFORMATION

*The following tables present summary of pro-forma financial information of the Company as at and for the year ended December 31, 2021 and combined carve-out statements of financial position of Vista Group REIT Properties as at December 31, 2021, 2020, 2019 and 2018 and the combined carve-out statements of comprehensive income and combined carve-out statements of cash flows for the years then ended and has been prepared solely for the inclusion in the REIT Plan. The selected pro-forma financial information should be read in conjunction with the audited combined carve-out financial statements as of and for the year ended December 31, 2021 and the audited stand-alone financial statements of the Company as of and for the year ended December 31, 2021. The unaudited pro-forma financial information has been prepared in accordance with Section 9, Part II of the Revised Philippine Securities Regulation Code Rule 68 ("SRC Rule 68") while the audited combined carve-out financial statements and audited stand-alone financial statements have been prepared in accordance with Philippine Financial Reporting Standards. The unaudited pro-forma financial information has not been prepared in accordance with the requirements of Article 11 of the Regulation S-X under the U.S. Exchange Act.*

*The unaudited pro-forma financial information has been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting. The Company carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The pro-forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances.*

*The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note 2 of the Pro-Forma Condensed Financial Information occurred at an earlier date. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 2 of the Pro Forma Financial Statements actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.*

*SGV & Co. has conducted its assurance engagement in accordance with Philippine Standard on Assurance Engagements (PSAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the pro forma condensed financial information on the basis of the applicable criteria described in Note 2 to the pro-forma condensed financial information. For purposes of this engagement, SGV & Co. is not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro-forma condensed financial information nor has it, in the course of this engagement, separately performed an audit or review of the interim financial information used in compiling the pro-forma condensed financial information.*

*SGV & Co. has conducted its audits of the combined carve-out financial statements of the Properties and stand-alone financial statements of the Company in accordance with Philippine Standards on Auditing (PSAs).*

**PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME**

| | Pro-Forma Balances (Unaudited) |
|---|---|
| | in ₱ millions |
| **REVENUE** | |
| Rental income | 2,200.49 |
| Parking fees | 23.64 |
| Other operating income | 81.60 |
| | 2,305.73 |
| **FAIR VALUE CHANGES IN INVESTMENT PROPERTIES** | |
| Increase in fair value of investment properties | 2,649.69 |
| Straight-line adjustments | (631.43) |
| Lease commissions | (10.29) |
| | 2,007.97 |
| **COSTS AND EXPENSES** | |
| Taxes, licenses, and other fees | 78.87 |
| Light and power | 78.58 |
| Outside services | 85.40 |
| Repairs and maintenance | 49.95 |
| Salaries and employee benefits | 60.17 |
| Provision for expected credit losses | 42.85 |
| Management fees | 39.32 |
| Insurance | 16.29 |
| Professional fees | 15.56 |
| Land lease | 13.47 |
| Depreciation | 10.37 |
| Advertising and promotions | 8.90 |
| Representation and entertainment | 1.27 |
| Other operating expenses | 25.52 |
| | 526.52 |
| **OTHER INCOME** | |
| Interest income | 0.02 |
| **INCOME (LOSS) BEFORE INCOME TAX** | 3,787.20 |
| **PROVISION FOR INCOME TAX** | 923.09 |
| **NET INCOME (LOSS)** | 2,864.11 |
| **OTHER COMPREHENSIVE INCOME** | - |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | 2,864.11 |
| **Number of Common Shares** | 7,500.00 |
| **Basic/Diluted Earnings (Loss) Per Share** | 0.38 |

**PRO-FORMA STATEMENT OF FINANCIAL POSITION**

| | Pro-Forma Balances (Unaudited) in ₱ millions |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| Cash in bank | 510.07 |
| Due from related parties | 293.32 |
| Other current assets | 53.34 |
| Total Current Assets | 856.73 |
| | |
| **Noncurrent Assets** | |
| Property and equipment | 27.01 |
| Investment properties | 35,952.99 |
| Other noncurrent assets | 128.04 |
| Total Noncurrent Assets | 36,108.04 |
| Total Assets | 36,964.77 |
| | |
| **LIABILITIES AND EQUITY** | |
| **Current Liabilities** | |
| Accrued expenses | 5.18 |
| Security deposits and advance rent | 406.80 |
| Due to related parties | 4.58 |
| Total Current Liabilities | 416.57 |
| | |
| **Noncurrent Liabilities** | |
| Other noncurrent liabilities | 94.91 |
| Total Liabilities | 511.47 |
| | |
| **Equity** | |
| Paid-in capital | 7,500.00 |
| Additional paid-in capital | 28,962.99 |
| Deficit | (9.69) |
| Total Equity | 36,453.30 |
| Total Liabilities and Equity | 36,964.77 |

**PRO-FORMA STATEMENT OF CASH FLOWS**

| | Pro-Forma Balances (Unaudited) |
|---|---|
| | in ₱ millions |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Income (loss) before income tax | 3,787.19 |
| Adjustments for: | |
| Provision for expected credit losses | 42.85 |
| Depreciation | 10.37 |
| Interest income | (0.02) |
| Fair value changes in investment properties | (2,007.96) |
| Operating income (loss) before working capital changes | 1,832.43 |
| Decrease (increase) in | |
| Due from related parties | (12.62) |
| Other assets | 2.43 |
| Increase in: | |
| Accrued expenses | 5.10 |
| Security deposits and advance rent | 2.59 |
| Net cash flows provided by operations | 1,829.93 |
| Interest received | 0.02 |
| Income taxes paid | (290.02) |
| Net cash flows provided by operating activities | 1,539.93 |
| | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Acquisitions of: | |
| Property and equipment | (4.73) |
| Investment properties | (102.77) |
| Net cash flows used in investing activities | (107.50) |
| | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Increase in due to related parties | 4.40 |
| Proceeds from issuance of capital stock | 490.69 |
| Net cash flows provided by financing activities | 495.09 |
| Other proforma adjustments (Note 3.IV.2) | (1,427.45) |
| **NET INCREASE IN CASH** | 500.07 |
| **CASH AT BEGINNING OF YEAR** | 10.00 |
| **CASH AT END OF YEAR** | 510.07 |

## COMBINED CARVE OUT STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended December 31 | | | |
|---|---|---|---|---|
| | **2018** | **2019** | **2020** | **2021** |
| | in ₱ millions | in ₱ millions | in ₱ millions | in ₱ millions |
| **REVENUE** | | | | |
| Rental income | 1,454.83 | 1,837.86 | 1,911.50 | 2,200.49 |
| Parking fees | 8.97 | 21.18 | 20.79 | 23.64 |
| Other operating income | 105.63 | 147.39 | 44.32 | 81.60 |
| | 1,569.43 | 2,006.43 | 1,976.60 | 2,305.73 |
| **COSTS AND EXPENSES** | | | | |
| Depreciation and amortization | 366.17 | 614.93 | 590.51 | 586.93 |
| Taxes and licenses | 51.76 | 60.73 | 67.66 | 78.85 |
| Light and power | 114.39 | 141.00 | 43.25 | 78.58 |
| Outside services | 107.27 | 131.56 | 91.66 | 85.40 |
| Repairs and maintenance | 64.77 | 71.60 | 45.46 | 49.95 |
| Salaries and employee benefits | 82.55 | 71.50 | 71.03 | 60.17 |
| Provision for expected credit losses | 11.20 | 10.41 | 36.51 | 42.85 |
| Management fees | 5.20 | 39.05 | 41.66 | 39.32 |
| Insurance | 10.12 | 12.41 | 15.59 | 16.29 |
| Professional fees | 17.22 | 11.53 | 15.05 | 15.46 |
| Advertising and promotions | 26.42 | 33.11 | 13.51 | 8.90 |
| Rentals | 33.86 | 8.69 | 4.43 | 2.57 |
| Representation and entertainment | 4.23 | 3.70 | 4.26 | 1.27 |
| Other operating expenses | 25.52 | 28.86 | 12.46 | 25.51 |
| | 920.68 | 1,239.08 | 1,053.04 | 1,092.05 |
| **OTHER INCOME (EXPENSES)** | | | | |
| Interest income | 8.58 | 6.75 | 10.59 | 7.09 |
| Interest and other financing charges | (62.68) | (92.01) | (86.97) | (77.94) |
| | (54.10) | (85.26) | (76.38) | (70.85) |
| **INCOME BEFORE INCOME TAX** | 594.65 | 682.09 | 847.19 | 1,142.83 |
| **PROVISION FOR INCOME TAX** | 178.39 | 204.63 | 254.15 | 212.35 |
| **NET INCOME** | 416.26 | 477.46 | 593.04 | 930.48 |
| | | | | |
| **NET INCOME ATTRIBUTABLE TO:** | | | | |
| Equity holders of the Assigned Properties | 363.77 | 424.51 | 534.62 | 831.10 |
| Non-controlling interest | 52.48 | 52.96 | 58.42 | 99.39 |
| **NET INCOME** | 416.25 | 477.47 | 593.04 | 930.49 |
| | | | | |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | - | - | - | - |
| | | | | |
| **TOTAL COMPREHENSIVE INCOME** | 416.25 | 477.48 | 593.03 | 930.49 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | | |
| Equity holders of the Assigned Properties | 363.77 | 424.51 | 534.62 | 831.10 |
| Non-controlling interest | 52.48 | 52.96 | 58.42 | 99.39 |
| | 416.25 | 477.47 | 593.04 | 930.49 |

**COMBINED CARVE OUT STATEMENTS OF FINANCIAL POSITION**

| | December 31 | | | |
|---|---|---|---|---|
| | **2018** | **2019** | **2020** | **2021** |
| | in ₱ millions | in ₱ millions | in ₱ millions | in ₱ millions |
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash in banks | 107.58 | 193.81 | 20.84 | 19.07 |
| Receivables – net | 630.74 | 598.37 | 621.43 | 857.64 |
| Other current assets | 350.27 | 335.32 | 282.03 | 436.59 |
| Total Current Assets | 1,088.59 | 1,127.50 | 924.30 | 1,313.30 |
| **Noncurrent Assets** | | | | |
| Receivable – net of current portion | 553.79 | 639.97 | 1,088.29 | 1,673.57 |
| Property and equipment – net | 24.99 | 30.16 | 34.62 | 27.01 |
| Investment properties – net | 13,112.19 | 16,839.04 | 16,450.27 | 15,941.76 |
| Other noncurrent assets | 1,502.16 | 1,214.39 | 1,166.69 | 1,036.16 |
| Total Noncurrent Assets | 15,193.13 | 18,723.56 | 18,739.87 | 18,678.50 |
| Total Assets | 16,281.72 | 19,851.06 | 19,664.17 | 19,991.80 |

| | | | | |
|---|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | | |
| **Current Liabilities** | | | | |
| Accounts and other payables | 578.03 | 382.37 | 463.78 | 557.93 |
| Security deposits and advance rent | 167.56 | 439.11 | 300.87 | 406.80 |
| Income tax payable | 119.93 | 117.49 | 103.03 | 98.12 |
| Current portion of lease liability | - | 36.29 | 36.82 | 37.68 |
| Current portion of bank loan | 141.15 | 141.50 | 141.84 | 142.15 |
| Total Current Liabilities | 1,006.67 | 1,116.76 | 1,046.34 | 1,242.68 |
| **Noncurrent Liabilities** | | | | |
| Lease liability – net of current portion | - | 377.63 | 384.13 | 390.51 |
| Bank loan | 710.64 | 569.14 | 427.30 | 285.15 |
| Pension Liability | 4.31 | 5.06 | 6.89 | 7.73 |
| Deferred tax liabilities - net | 214.81 | 257.58 | 368.43 | 447.95 |
| Other noncurrent liabilities | 172.23 | 230.79 | 272.65 | 160.77 |
| Total Noncurrent Liabilities | 1,101.99 | 1,440.20 | 1,459.40 | 1,292.11 |
| Total Liabilities | 2,108.66 | 2,556.96 | 2,505.74 | 2,534.79 |
| Invested equity (Note 13) | 12,996.33 | 16,064.40 | 15,870.32 | 16,069.49 |
| Non-controlling interest | 1,176.74 | 1,229.71 | 1,288.12 | 1,387.51 |
| Total Equity | 14,173.07 | 17,294.11 | 17,158.44 | 17,457.00 |
| Total Liabilities and Equity | 16,281.73 | 19,851.07 | 19,664.18 | 19,991.79 |

**COMBINED CARVE OUT STATEMENT OF CASH FLOWS**

| | Years Ended December 31 | | | |
|---|---|---|---|---|
| | **2018** | **2019** | **2020** | **2021** |
| | in ₱ millions | in ₱ millions | in ₱ millions | in ₱ millions |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Income before income tax | 594.63 | 682.11 | 847.19 | 1,142.84 |
| Adjustments for: | - | - | - | - |
| Depreciation and amortization | 366.17 | 614.93 | 590.51 | 586.93 |
| Interest and other financing charges | 62.68 | 92.01 | 86.97 | 77.94 |
| Provision for expected losses | 11.20 | 10.41 | 36.51 | 42.85 |
| Interest income | (8.58) | (6.75) | (10.59) | (7.09) |
| Operating income before working capital changes | 1,026.10 | 1,392.71 | 1,550.59 | 1,843.47 |
| Decrease (increase) in: | | | | |
| Receivables | 744.62 | (64.22) | (507.90) | (864.34) |
| Other assets | (631.56) | 244.11 | 62.42 | (69.51) |
| Increase (decrease) in: | - | - | - | - |
| Accounts and other payables | 17.23 | (136.03) | (6.02) | 130.84 |
| Security deposits and advance rent | (74.55) | 327.02 | (101.04) | 2.59 |
| Other noncurrent liabilities | 40.55 | 3.84 | 6.49 | (7.69) |
| Net cash flows provided by operations | 1,122.39 | 1,767.43 | 1,004.54 | 1,035.36 |
| Interest received | 8.58 | 6.75 | 10.59 | 7.09 |
| Income taxes paid | (0.86) | (120.06) | (119.19) | (92.26) |
| Net cash flows provided by operating activities | 1,130.11 | 1,654.12 | 895.94 | 950.19 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisitions of: | | | | |
| Property and equipment | (17.15) | (15.98) | (19.15) | (4.73) |
| Investment properties | (2,575.72) | (3,977.84) | (99.62) | (102.77) |
| Net cash flows used in investing activities | (2,592.87) | (3,993.82) | (118.78) | (107.50) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Payments of: | | | | |
| Lease liabilities | - | (23.37) | (36.29) | (36.82) |
| Bank loan | (142.86) | (142.86) | (142.86) | (142.86) |
| Interest and other financing charges | (60.59) | (51.39) | (42.30) | (32.86) |
| Equity financing with Vista Land, net | 1,617.70 | 2,643.56 | (728.71) | (631.93) |
| Net cash flows used in provided by financing activities | 1,414.25 | 2,425.94 | (950.16) | (844.47) |
| **NET (DECREASE) INCREASE IN CASH** | (48.51) | 86.24 | (172.99) | (1.78) |
| **CASH AT BEGINNING OF YEAR** | 156.08 | 107.58 | 193.81 | 20.84 |
| **CASH AT END OF YEAR** | 107.57 | 193.82 | 20.82 | 19.06 |

## SELECTED OPERATING AND FINANCIAL INFORMATION

| **Key Financial Ratios** | **2018** | **2019** | **2020** | **2021** |
|---|---|---|---|---|
| | *For the year ended December 31 (Amounts in Php millions, except for ratios)* | | | |
| Current assets | 1,088.59 | 1,127.50 | 924.30 | 1,313.30 |
| Current liabilities | 1,006.65 | 1,116.76 | 1,046.33 | 1,242.68 |
| Current Ratio[1] | 1.08 | 1.01 | 0.88 | 1.06 |
| Interest bearing debt | 851.78 | 710.64 | 569.14 | 427.30 |
| Total assets | 16,281.71 | 19,851.06 | 19,664.17 | 19,991.80 |
| Debt Ratio[2] | 0.05 | 0.04 | 0.03 | 0.02 |
| Net income | 416.25 | 477.48 | 593.04 | 930.49 |
| Total equity | 14,173.07 | 17,294.11 | 17,158.44 | 17,457.00 |
| Return on Equity[3] | 0.03 | 0.03 | 0.03 | 0.05 |
| Net income | 416.25 | 477.48 | 593.04 | 930.49 |
| Revenue | 1,569.43 | 2,006.43 | 1,976.60 | 2,305.73 |
| Net Profit Margin[4] | 0.27 | 0.24 | 0.30 | 0.40 |
| Net income | 416.25 | 477.48 | 593.04 | 930.49 |
| Interest expense | 62.68 | 92.01 | 86,97 | 77.94 |
| Provision for income taxes | 178.39 | 204.63 | 254.15 | 212.35 |
| Depreciation and amortization | 366.17 | 614.93 | 590.51 | 586.93 |
| EBITDA[5] | 1,023.49 | 1,389.05 | 1,524.67 | 1,807,72 |

*(1) Current Ratio is computed by dividing the Current Assets of the Company by its Current liabilities.*
*(2) Debt Ratio is computed by dividing interest bearing debt by the total assets. Interest bearing debt includes current and noncurrent portion of Bank loans,*
*(3) Return on equity is computed by dividing net income by the total equity.*
*(4) Net Profit Margin is computed by dividing the net income by the total revenue.*
*(5) EBITDA is computed as net income before interest expense, provision for income taxes, depreciation and amortization.*

| **Key Operating Data** | **2018** | **2019** | **2020** | **2021** |
|---|---|---|---|---|
| | **For the year ended December 31** | | | |
| Total Gross Leasable Area (sqm) | 229,690.62 | 256,650.89 | 256,709.48 | 256,403.95 |
| Total Occupancy Rate (leased buildings) % | 86.67% | 85.12% | 91.71% | 90.86% |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

*Prospective investors should read this discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Selected Financial Information" and with the audited combined carve-out financial statements as of and for the years ended December 31, 2021, 2020, 2019 and 2018 (the "Audited Combined Carve-out Financial Statements"), including the notes relating thereto, appearing in Appendix A-1 of this REIT Plan.*

*Our Audited Combined Carve-out Financial Statements included in this REIT Plan were prepared in compliance with PFRS. The Audited Combined Carve-out Financial Statement has been prepared by separating the historical financial information pertaining to the Properties under the Property-for-Share Swap out of the Sponsor's audited financial statements in accordance with PFRS.* The *PFRS does not provide specific guidance for the preparation of the Audited Combined Carve-out Financial Statements and there can be no assurance that our future performance will be consistent with the past financial information presented in the Audited Combined Carve-out Financial Statements. For further discussion on the risks associated with the foregoing, please refer to our discussion under Risk Factors – Risks Relating to our Operations.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" on pages 46 to 66 of this REIT Plan. See also "Forward-Looking Statements" on page* 2 *of this REIT Plan.*

*Unless otherwise stated, the financial information of the Company used in this section has been derived from the Audited Combined Carve-Out Financial Statements included elsewhere in this REIT Plan*

### RESULTS OF OPERATIONS

The discussion of Results of Operations is based on the Audited Combined Carve-out Financial Statements in respect of the Assigned Properties.

Other than as discussed below, we believe that there are no other material elements of income or loss arising from company's operations.

**Year ended December 31, 2021 compared to year ended December 31, 2020**

| | **(Audited) For the years ended December 31,** | | |
|---|---|---|---|
| | **2020** | **2021** | **%Change** |
| | **'000** | **'000** | |
| Rental income……………………….. | 1,911,501 | 2,200,485 | 15.1% |
| Parking fees………………………….. | 20,787 | 23,641 | 13.7% |
| Other operating income…………….... | 44,317 | 81,605 | 84.1% |
| | 1,976,605 | 2,305,731 | 16.7% |
| **Costs and Expenses** | | | |
| General and administrative expenses... | 1,027,066 | 1,057,624 | 3.0% |
| Marketing expenses………………….. | 13,513 | 8,904 | (34.1)% |
| Other operating expenses……………. | 12,459 | 25,508 | 104.7% |
| | 1,053,038 | 1,092,036 | 3.7% |
| **Other Income and Expenses** | | | |
| Interest income……………………….. | 10,594 | 7,093 | (33.0)% |
| Interest expenses and other financing charges……………………………….. | (86,971) | (77,944) | (10.4)% |
| | (76,377) | (70,851) | (7.2)% |
| **Income before income tax**………………. | 847,190 | 1,142,844 | 34.9% |

| | | | |
|---|---|---|---|
| **Provision for income tax**……………….. | 254,148 | 212,354 | (16.4)% |
| **Net income**……………………………….. | 593,042 | 930,490 | 56.9% |

*Revenues*

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

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

*Costs and Expenses*

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

- Marketing expenses decreased by 34.1% to ₱9 million for the year ended December 31, 2021 from ₱14 million for the year ended December 31, 2020 due to the shift to the digital marketing.
- Other operating expenses increased by 104.7% to ₱26 million for the year ended December 31, 2021 from ₱12 million for the year ended December 31, 2020 due to the increase in miscellaneous expenses and office supplies used for the year.

*Other Income and Expenses*

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

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

*Income before income tax*

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

*Provision for income tax*

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

*Net income*

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

**Year ended December 31, 2020 compared to year ended December 31, 2019**

| | (Audited) For the years ended December 31, 2019 | 2020 | %Change |
|---|---|---|---|
| **Revenue** | | | |
| Rental income………………………... | 1,837,861 | 1,911,501 | 4.0% |
| Parking fees………………………….. | 21,179 | 20,787 | (1.9)% |
| Other operating income……………..... | 147,389 | 44,317 | (69.9)% |
| | 2,006,429 | 1,976,605 | (1.5)% |
| **Costs and Expenses** | | | |
| General and administrative expenses... | 1,177,102 | 1,027,066 | (12.7)% |
| Marketing expenses………………….. | 33,105 | 13,513 | (59.2)% |
| Other operating expenses……………. | 28,857 | 12,459 | (56.8)% |
| | 1,239,064 | 1,053,038 | (15.0)% |
| **Other Income and Expenses** | | | |
| Interest income……………………….. | 6,754 | 10,594 | 56.9% |
| Interest expenses and other financing charges………………………………... | (92,008) | (86,971) | (5.5)% |
| | (85,254) | (76,377) | (10.4)% |
| **Income before income tax**……………… | 682,111 | 847,190 | 24.2% |
| **Provision for income tax**………………... | 204,632 | 254,148 | 24.2% |
| **Net income**……………………………….. | 477,479 | 593,042 | 24.2% |

*Revenues*

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

The 1.5% decrease in the account was primarily attributable to the opening up of the economy as well as the following:

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

*Costs and Expenses*

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

- General and administrative expenses decreased by 12.7% to ₱1,027 million for the year ended December 31, 2020 from ₱1,177 million for the year ended December 31, 2019. The decrease was due to the 69.3% decrease in light and power, 30.3% decrease in outside services and 36.5% decrease in repairs and maintenance.
- Marketing expenses decreased by 59.2% to ₱14 million for the year ended December 31, 2020 from ₱33 million for the year ended December 31, 2019 due to the shift to the digital marketing.

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

*Other Income and Expenses*

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

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

*Income before income tax*

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

*Provision for income tax*

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

*Net income*

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

**Year ended December 31, 2019 compared to year ended December 31, 2018**

| | (Audited) For the years ended December 31, 2018 | (Audited) For the years ended December 31, 2019 | %Change |
|---|---|---|---|
| | ’000 | ’000 | |
| **Revenue** | | | |
| Rental income………………………... | 1,454,831 | 1,837,861 | 26.3% |
| Parking fees………………………….. | 8,969 | 21,179 | 136.1% |
| Other operating income…………….... | 105,632 | 147,389 | 39.5% |
| | 1,569,432 | 2,006,429 | 27.8% |
| **Costs and Expenses** | | | |
| General and administrative expenses... | 868,746 | 1,177,102 | 35.5% |
| Marketing expenses………………….. | 26,422 | 33,105 | 25.3% |
| Other operating expenses……………. | 25,524 | 28,857 | 13.1% |
| | 920,692 | 1,239,064 | 34.6% |
| **Other Income and Expenses** | | | |
| Interest income……………………….. | 8,576 | 6,754 | (21.2)% |
| Interest expenses and other financing charges……………………………….. | (62,684) | (92,008) | 46.8% |
| | (54,108) | (85,254) | 57.6% |
| **Income before income tax**……………… | 594,632 | 682,111 | 14.7% |
| **Provision for income tax**………………... | 178,385 | 204,632 | 14.7% |
| **Net income**……………………………….. | 416,247 | 477,479 | 14.7% |

*Revenues*

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

- Rental income increased by 26.3% from ₱1,455 million for the year ended December 31, 2018 to ₱1,838 million for the year ended December 31, 2019. The increase was due to the increase in occupancy and increase in rental rate.
- Parking fees increased by 136.1% to ₱21 million for the year ended December 31, 2019 from ₱9 million for the year ended December 31, 2018 primarily driven by the higher number of vehicles using parking space during the year.
- Other operating income increased from ₱106 million for the year ended December 31, 2018 to ₱147 million for the year ended December 31, 2019. The 39.5% increase was due to the increase in other fees charged to tenants such as billboards and other collaterals classified as other operating income.

*Costs and Expenses*

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

- General and administrative expenses increased by 35.5% to ₱1,177 million for the year ended December 31, 2019 from ₱869 million for the year ended December 31, 2018. The increase was due to the 67.9% increase in depreciation, 23.3% increase in light and power and 651.0% increase in management fees.
- Marketing expenses increased by 25.3% to ₱33 million for the year ended December 31, 2019 from ₱26 million for the year ended December 31, 2018 due to the increase in advertorials for the marketing and promotion of the malls.

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

*Other Income and Expenses*

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

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

*Income before income tax*

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

*Provision for income tax*

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

*Net income*

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

**Statement of Financial Position**

**As of December 31, 2021 Compared to December 31, 2020**

| | (Audited) As of December 31, 2020 '000 | 2021 '000 | %Change |
|---|---|---|---|
| **Current assets** | | | |
| Cash | 20,836 | 19,069 | (8.5)% |
| Receivables – net | 621,428 | 857,645 | 38.0% |
| Other current assets | 282,034 | 436,589 | 54.8% |
| Total current assets | 924,298 | 1,313,303 | 42.1% |
| **Noncurrent assets** | | | |
| Receivables - net of current portion | 1,088,295 | 1,673,565 | 53.8% |
| Property and equipment – net | 34,616 | 27,009 | (22.0)% |
| Investment properties – net | 16,450,270 | 15,941,763 | (3.1)% |
| Other noncurrent assets | 1,166,693 | 1,036,157 | (11.2)% |
| Total noncurrent assets | 18,739,874 | 18,678,494 | (0.3)% |
| **Total assets** | **19,664,172** | **19,991,797** | **1.7%** |
| **Current liabilities** | | | |
| Accounts and other payables | 463,779 | 557,933 | 20.3% |
| Security deposits and advance rent | 300,867 | 406,805 | 35.2% |
| Income tax payable | 103,030 | 98,116 | (4.8%) |
| Lease liability | 36,818 | 37,680 | 2.3% |
| Bank loans | 141,836 | 142,148 | 0.2% |
| Total current liabilities | 1,046,330 | 1,242,682 | 18.8% |
| **Noncurrent liabilities** | | | |
| Lease liabilities - net of current portion | 384,126 | 390,507 | 1.7% |
| Bank loans - net of current portion | 427,303 | 285,155 | (33.3)% |
| Pension liability | 6,889 | 7,732 | 12.2% |
| Deferred tax liabilities - net | 368,434 | 447,951 | 21.6% |
| Other noncurrent liabilities | 272,648 | 160,767 | (41.0)% |
| Total noncurrent liabilities | 1,459,400 | 1,292,112 | (11.5)% |
| **Total liabilities** | **2,505,730** | **2,534,794** | **1.2%** |
| **Equity** | | | |
| Invested equity | 15,870,318 | 16,069,492 | 1.3% |
| Non-controlling interest | 1,288,124 | 1,387,511 | 7.7% |
| **Total equity** | **17,158,442** | **17,457,003** | **1.7%** |
| **Total liabilities and equity** | **19,664,172** | **19,991,797** | **1.7%** |

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

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

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

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

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

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

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

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

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

There are no material commitments for capital expenditures.

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

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

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

**As of December 31, 2020 Compared to December 31, 2019**

| | (Audited) As of December 31, 2019 '000 | 2020 '000 | %Change |
|---|---|---|---|
| **Current assets** | | | |
| Cash | 193,815 | 20,836 | (89.2)% |
| Receivables – net | 598,368 | 621,428 | 3.9% |
| Other current assets | 335,320 | 282,034 | (15.9)% |
| Total current assets | 1,127,503 | 924,298 | (18.0)% |
| **Noncurrent assets** | | | |
| Receivables - net of current portion | 639,974 | 1,088,295 | 70.1% |
| Property and equipment – net | 30,159 | 34,616 | 14.8% |
| Investment properties – net | 16,839,038 | 16,450,270 | (2.3)% |
| Other noncurrent assets | 1,214,389 | 1,166,693 | (3.9)% |
| Total noncurrent assets | 18,723,560 | 18,739,874 | 0.1% |
| **Total assets** | 19,851,063 | 19,664,172 | **(0.9)%** |
| **Current liabilities** | | | |
| Accounts and other payables | 382,371 | 463,779 | 21.3% |
| Security deposits and advance rent | 439,115 | 300,867 | (31.5)% |
| Income tax payable | 117,487 | 103,030 | (12.3)% |
| Lease liabilities | 36,291 | 36,818 | 1.5% |
| Bank loans | 141,498 | 141,836 | 0.2% |
| Total current liabilities | 1,116,762 | 1,046,330 | (6.3)% |
| **Noncurrent liabilities** | | | |
| Lease liabilities - net of current portion | 377,630 | 384,123 | 1.7% |
| Bank loans - net of current portion | 569,139 | 427,303 | (24.9)% |
| Pension liability | 5,058 | 6,889 | 36.2% |
| Deferred tax liabilities – net | 257,582 | 368,434 | 43.0% |
| Other noncurrent liabilities | 230,784 | 272,648 | 18.1% |
| Total noncurrent liabilities | 1,440,193 | 1,459,400 | 1.3% |
| **Total liabilities** | **2,556,955** | **2,505,730** | **(2.0)%** |
| **Equity** | | | |
| Invested equity | 16,064,402 | 15,870,318 | (1.3)% |
| Non-controlling interest | 1,229,706 | 1,288,124 | 5.5% |
| **Total equity** | **17,294,108** | **17,158,442** | **(0.8)%** |
| **Total liabilities and equity** | **19,851,063** | **19,664,172** | **(0.9)%** |

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

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

- Receivables, including noncurrent portion increased by 38.1% from ₱1,238 million as of December 31, 2019 to ₱1,710 million as of December 31, 2020 due to the increase in receivables from tenants and accrued rent receivables.
- Property and equipment increased by 14.8% from ₱30 million as of December 31, 2019 to ₱35 million as of December 31, 2020 due to the acquisitions made during the year.
- Investment Properties – net decreased by 2.3% from ₱16.8 million as of December 31, 2019 to ₱16.5 million as of December 31, 2020 due primarily to the depreciation recognized for the year.
- Other assets, including noncurrent portion decreased by 6.5% from ₱1,550 million as of December 31, 2019 to ₱1,449 million as of December 31, 2020 due to the decrease in input vat and prepaid expenses.

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

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

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

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

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

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

There are no material commitments for capital expenditures.

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

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

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

**As of December 31, 2019 Compared to December 31, 2018**

| | (Audited) As of December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **%Change** |
| | **'000** | **'000** | |
| **Current assets** | | | |
| Cash | 107,583 | 193,815 | 80.2% |
| Receivables – net | 630,738 | 598,368 | (5.1)% |
| Other current assets | 350,268 | 335,320 | (4.3)% |
| Total current assets | 1,088,589 | 1,127,503 | 3.6% |
| **Noncurrent assets** | | | |
| Receivables - net of current portion | 553,793 | 639,974 | 15.6% |
| Property and equipment – net | 24,987 | 30,159 | 20.7% |
| Investment properties – net | 13,112,188 | 16,839,038 | 28.4% |
| Other noncurrent assets | 1,502,157 | 1,214,389 | (19.2)% |
| Total noncurrent assets | 15,193,125 | 18,723,560 | 23.2% |
| **Total assets** | **16,281,714** | **19,851,063** | **21.9%** |
| **Current liabilities** | | | |
| Accounts and other payables | 578,025 | 382,371 | (33.8)% |
| Security deposits and advance rent | 167,555 | 439,115 | 162.1% |
| Income tax payable | 119,925 | 117,487 | (2.0)% |
| Bank loans | 141,146 | 141,498 | 0.2% |
| Lease liabilities | - | 36,291 | - |
| Total current liabilities | 1,006,651 | 1,116,762 | 10.9% |
| **Noncurrent liabilities** | | | |
| Lease liabilities - net of current portion | - | 377,630 | - |
| Bank loans - net of current portion | 710,637 | 569,139 | (19.9)% |
| Pension liability | 4,313 | 5,058 | 17.3% |
| Deferred tax liabilities – net | 214,814 | 257,582 | 19.9% |
| Other noncurrent liabilities | 172,228 | 230,785 | 34.0% |
| Total noncurrent liabilities | 1,101,992 | 1,440,193 | 30.7% |
| **Total liabilities** | **2,108,643** | **2,556,955** | **21.3%** |
| **Equity** | | | |
| Invested equity | 13,021,106 | 16,053,046 | 23.3% |
| Non-controlling interest | 1,151,965 | 1,241,062 | 7.7% |
| **Total equity** | **14,173,071** | **17,294,108** | **22.0%** |
| **Total liabilities and equity** | **16,281,714** | **19,851,063** | **21.9%** |

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

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

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

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

- Accounts and other payables decreased by 33.8% from ₱578 million as of December 31, 2018 to ₱382 million as of December 31, 2019 due to the settlements made during the year.
- Security deposits and advance rent increased by 162.1% from ₱168 million as of December 31, 2018 to ₱439 million as of December 31, 2019 due to additional deposits from lessees for new malls and offices.
- Income tax payable decreased by 2.0% from ₱120 million as of December 31, 2018 to ₱117 million as of December 31, 2019 due to the lower taxes paid during the year.
- Bank loans, including noncurrent portion decreased by 16.6% from ₱852 million as of December 31, 2020 to ₱711 million as of December 31, 2019 due to settlements made during the year.
- Lease liabilities including current portion increased by 100.0% from ₱0 million as of December 31, 2018 to ₱414 million as of December 31, 2019 due to the adoption of PFRS 16.
- Pension liability increased by 17.3% from ₱4 million as of December 31, 2018 to ₱5 million as of December 31, 2019 due to changes in actuarial assumptions.
- Deferred tax liabilities – net posted an increase of 19.9% from ₱215 million as of December 31, 2018 to ₱258 million as of December 31, 2019 due to increase in temporary differences for the period that will eventually result to future tax liability.
- Other noncurrent liabilities increased by 34.0% from ₱172 million as of December 31, 2018 to ₱231 million as of December 31, 2019 due to increase in advance rent and construction bond.

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

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

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

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

There are no material commitments for capital expenditures.

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

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

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

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

The following table sets forth the Company's statements of cash flows for the periods indicated:

| | Years Ended December 31 | | | |
|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 |
| | in ₱ millions | in ₱ millions | in ₱ millions | in ₱ millions |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Income before income tax | 594.63 | 682.11 | 847.19 | 1,142.84 |
| Adjustments for: | - | - | - | - |
| Depreciation and amortization | 366.17 | 614.93 | 590.51 | 586.93 |
| Interest and other financing charges | 62.68 | 92.01 | 86.97 | 77.94 |
| Provision for expected losses | 11.20 | 10.41 | 36.51 | 42.85 |
| Interest income | (8.58) | (6.75) | (10.59) | (7.09) |
| Operating income before working capital changes | 1,026.10 | 1,392.71 | 1,550.59 | 1,843.47 |
| Decrease (increase) in: | | | | |
| Receivables | 744.62 | (64.22) | (507.90) | (864.34) |
| Other assets | (631.56) | 244.11 | 62.42 | (69.51) |
| Increase (decrease) in: | - | - | - | - |
| Accounts and other payables | 17.23 | (136.03) | (6.02) | 130.84 |
| Security deposits and advance rent | (74.55) | 327.02 | (101.04) | 2.59 |
| Other noncurrent liabilities | 40.55 | 3.84 | 6.49 | (7.69) |
| Net cash flows provided by operations | 1,122.39 | 1,767.43 | 1,004.54 | 1,035.36 |
| Interest received | 8.58 | 6.75 | 10.59 | 7.09 |
| Income taxes paid | (0.86) | (120.06) | (119.19) | (92.26) |
| Net cash flows provided by operating activities | 1,130.11 | 1,654.12 | 895.94 | 950.19 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisitions of: | | | | |
| Property and equipment | (17.15) | (15.98) | (19.15) | (4.73) |
| Investment properties | (2,575.72) | (3,977.84) | (99.62) | (102.77) |
| Net cash flows used in investing activities | (2,592.87) | (3,993.82) | (118.78) | (107.50) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Payments of: | | | | |
| Lease liabilities | - | (23.37) | (36.29) | (36.82) |
| Bank loan | (142.86) | (142.86) | (142.86) | (142.86) |
| Interest and other financing charges | (60.59) | (51.39) | (42.30) | (32.86) |
| Equity financing with Vista Land, net | 1,617.70 | 2,643.56 | (728.71) | (631.93) |
| Net cash flows used in provided by financing activities | 1,414.25 | 2,425.94 | (950.16) | (844.47) |
| **NET (DECREASE) INCREASE IN CASH** | (48.51) | 86.24 | (172.99) | (1.78) |
| **CASH AT BEGINNING OF YEAR** | 156.08 | 107.58 | 193.81 | 20.84 |
| **CASH AT END OF YEAR** | 107.57 | 193.82 | 20.82 | 19.06 |

**Contractual Obligations and Commitments**

The Properties as a Lessor

The Properties has entered into non-cancellable property leases on its investment property portfolio, consisting of office and commercial centers which generally provide for either (a) fixed monthly rent for office spaces, and (b) minimum rent or a certain percentage of gross revenue, whichever is higher for commercial centers and retail spaces. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Properties came up with its own waiver scheme that applies to different classifications of lessees based on their respective financial position and performance before and during the community quarantine, their status as an essential vis-à-vis non-essential service, and their growth projections. The Properties waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Granting of concessions were extended up to December 31, 2021 and beyond depending on the tenant's profile and credit. The rent concession granted by the Properties for years ended December 31, 2021 and 2020 amounted to ₱52.30 million and ₱345.08 million, respectively.

The Properties as a Lessee

The Properties, as lessee, have lease contracts for parcels of land where its malls or commercial centers are situated. MAPI entered into lease agreements with Communities Cebu, Inc., a wholly owned subsidiary of VLL, Cebu Realty, Inc. and Cerlita M. Manigos and Vicente Manigos, Jr. for parcels of land where Starmall Mall Talisay - Cebu is situated, with various commencement dates. These lease contracts have 19-23 remaining years from January 1, 2019. Another lease agreement was entered into by MAPI on October 23, 2017 with HDC for parcels of land where Vista Mall General Trias and Vista Mall Tanza are situated, with both having a remaining lease term of 23 years from January 1, 2019. Lastly, CAPI entered into a lease agreement with Beatrice Realty Development Properties, Inc. for a parcel of land where Vista Mall Antipolo is situated which commenced on September 5, 2014 and with a remaining lease term of 20 years from January 1, 2019. Rental due is based on prevailing market conditions. Generally, the Properties are not restricted from assigning and subleasing the leased assets. The Properties' lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Properties' business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised
.

The Properties' lease contract includes escalation of lease rates with extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Properties' business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised

**Capital Expenditures**

The Company has no capital expenditures since incorporation in August 2020. The table below sets out the capital expenditures of the Sponsors pertaining to the Properties for 2019, 2020 and 2021.

| | Expenditures in ₱ millions |
|---|---|
| 2019 (actual) | 3,949.37 |
| 2020 (actual) | 185.45 |
| 2021 (actual) | 68.05 |

The Sponsors historically source funding for capital expenditures through internally-generated funds and long-term borrowings.

Components of the capital expenditures of the Sponsors pertaining to the Properties for 2019, 2020 and 2021 are summarized below:

| | For the years ended December 31 | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| | in ₱ millions | | |
| Land Acquisition | 2,639.15 | 3.27 | 7.74 |
| Construction | 1,310.22 | 182.18 | 60.30 |
| **Total** | 3,949.37 | 185.45 | 68.05 |

**Indebtedness**

The Company has no existing indebtedness. The bank loan in the Audited Combined Carve-out Financial Statements pertains to borrowing from a local bank to finance the construction of Vista Hub BGC. The loan will remain with the Sponsor and will not be carried forward to VistaREIT.

## FACTORS AFFECTING THE RESULTS OF OPERATIONS

### General Philippine Economic Conditions and the Condition of the Philippine Commercial Property Development Markets

The Company derives all of its revenue from its leasing activities in the Philippines. The Philippine commercial property development market has been historically affected by the prevailing economic conditions in the Philippines. Accordingly, the Company's results of operations may be significantly affected by the state of the Philippine economy generally and specifically the Philippine commercial development market. The Philippine commercial property development market has historically been subject to cyclical trends, and lease rates have been affected by the supply of and demand for comparable properties, the rate of economic growth and political and social developments in the Philippines. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general Philippine economic conditions.

### Demand for Commercial Space

The Company has benefited from greater demand for commercial spaces resulting from, among other factors, the growth of the Philippine economy, the increasing number of retailers and BPO operators investing in the Philippines. The increased demand for commercial spaces has been a significant factor in the Company's increased revenues and profits over the last three years. It is unclear whether the demand for commercial developments in the Philippines will remain high or continue to grow or whether the demand for the Company's commercial assets will reach the levels anticipated by the Company. Negative developments with respect to demand of commercial spaces in the Philippines would in turn have a negative effect on the Company's operational results. Conversely, positive developments in the commercial leasing demand would likely positively contribute to the Company's operational results.

### Competition

The Philippine commercial property development market is highly competitive. The Company's existing and potential competitors include major domestic developers. Some of these competitors may have better track records, greater financial, human and other resources, larger leasing networks and greater name recognition than the Company. Competition from other developers may adversely affect the Company's ability to develop and lease its commercial assets.

### COVID-19 Global Pandemic

The infectious novel coronavirus acute respiratory disease 2019 ("**COVID-19**") has created significant public health concerns as well as economic disruption, uncertainty, and volatility, all of which have affected and may continue to affect the Company's businesses and results of operations. Quarantine restrictions are still in place in the Philippines and may be made more stringent if COVID-19 cases rise. Metro Manila, Cavite, Rizal, and Pampanga are under Alert Level 1 of the quarantine restrictions.

Due to numerous uncertainties and factors surrounding the pandemic that is beyond the Company's control, it may be difficult to predict the pandemic's long-term bearing on the Company, its businesses, results of operations, cash flows, and financial condition.

The extent to which the COVID-19 pandemic will continue to impact the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19, in the Philippines and internationally, by governments, central banks, healthcare providers, health system participants, other businesses, and individuals, all of which are highly uncertain and unpredictable.

**BASIS OF PREPARATION OF THE AUDITED COMBINED CARVE-OUT FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

The BOD of the Company believes that the judgments and assumptions underlying the combined carve-out financial statements of the Properties are reasonable.

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

**Basis of Combination**

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

The Audited Combined Carve-out Financial Statements include the carve-out historical financial information of the following combined assets accounted for as assets acquired from Sponsors.

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

**Statement of Compliance**

The accompanying Audited Combined Carve-out Financial Statements have been prepared in accordance with recognition, measurement and presentation principles that are consistent with PFRSs.

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

**SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS**

The following are the significant accounting and financial reporting policies applied by the Company.

**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 Properties expects to be entitled in exchange for those goods or services. The Properties has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity services in its mall retail spaces and office leasing activities, wherein it is acting as agent.

*Rental income*
The Properties earn revenue from acting as a lessor in operating leases which do not transfer substantially all of the risk and rewards incidental to the ownership of the investment properties. Rental income from leased properties is accounted

for on a straight-line basis over the lease term and is included in the revenue in the combined carve-out statement of comprehensive income due to its operating nature, except for contingent rental income which is recognized when it arises.

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

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The tenant lease incentives are considered in the calculation of "Accrued rent receivable" in the line item "Receivables" in the combined carve-out statement of financial position.

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

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

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

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

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

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

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

*Interest income*

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

*Parking fees and other operating income*

Parking fees and other operating income are recognized when earned.

**Cost Recognition**

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

The Properties recognizes common overhead costs among the Properties' assets based on the proportion of each assets' total gross floor area.

**Leases**

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

The Properties as Lessee effective January 1, 2019

*Lease Liabilities*

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

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

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

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

*Short-term Leases and Leases of Low-value Assets*

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

The Properties as a Lessee prior to January 1, 2019

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

a) there is a change in contractual terms, other than a renewal or extension of the arrangement; a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

b) there is a change in the determination of whether fulfillment is dependent on a specified asset; or

c) there is a substantial change to the asset.

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

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

Properties as a Lessor under PFRS 16 and PAS 17

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

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

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

**Current and Noncurrent Classification**
The Properties presents assets and liabilities in the combined carve-out statement of financial position based on current/noncurrent classification.

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

All other assets are classified as noncurrent.

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

All other liabilities are classified as noncurrent.

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

**Fair Value Measurement**

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

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

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

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

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

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

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

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

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

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

**Cash in Banks**

Cash in banks earn interest at the prevailing interest rate.

**Financial Instrument**s

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

**Recognition and Measurement of Financial Instruments**

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

*Financial Assets*
*Initial recognition and measurement*

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

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

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

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

*Subsequent measurement*

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortized cost (debt instruments)*

The Properties measures financial assets at amortized cost if both of the following conditions are met:

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

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

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

**Impairment of Financial Assets**

The Properties recognizes expected credit losses (ECL) for the following financial assets that are not measured at FVTPL:

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

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

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

As discussed above, starting January 1, 2021, the Properties used simplified approach method in calculating its ECL for lease receivables from the previous general approach. Under the simplified approach, the Properties does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Properties has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

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

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

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

*Financial liabilities*
*Initial recognition and measurement*

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

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

The Properties' financial liabilities include accounts and other payables, lease liabilities, bank loan and other noncurrent liabilities (except for construction bond, security deposits, advance rent and other statutory payables).

*Subsequent measurement*
*Loans and borrowings*

This is the category most relevant to the Properties.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

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

**Derecognition of Financial Assets and Financial Liabilities**

*Financial asset*

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

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

**Modification of Financial Assets**

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

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

*Financial liability*

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

**Offsetting Financial Instruments**

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

**Advances to Contractors**

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

**Value-Added Tax (VAT)**

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

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

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

**Restricted cash**

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

### Creditable Withholding Taxes

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

### Prepaid Expenses

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

### Refundable Deposits

Refundable deposits are measured at amortized cost. These pertain to deposits on utility subscriptions, rental deposits and security deposits which shall be applied against unpaid utility expenses and rent expenses upon termination of the contracts. These deposits are necessary for the continuing construction and development of the Properties' commercial centers. The noncurrent portion of the account is expected to be realized beyond one year from reporting date.

### Investment Properties

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

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

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

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

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

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

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

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

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

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

**Property and Equipment**

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

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

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

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

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

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

**Impairment of Nonfinancial Assets**

The Properties assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Properties makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or Properties' of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

**Security Deposits**

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

**Advance Rent**

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

**Invested Equity**

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

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

**Earnings Per Share (EPS)**

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

**Income Taxes**

*Current tax*

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

*Deferred tax*

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

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

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

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

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

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

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

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

**Provisions**

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

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

**Contingencies**

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

## SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### Judgments

In the process of applying the Properties' accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the combined carve-out financial statements:

*Basis for preparing combined carve-out financial statements*

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

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

*Allocation of common overhead costs*

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

*Non-transfer of Intercompany debt*

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

*Principal versus agent considerations*

The contract for the commercial center and office spaces leased out by the Properties to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Properties determined that it is acting as an agent because the promise of the Properties to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Properties, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Properties does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the connection to air conditioning system and services in the CUSA, the Properties acts as a principal. This is because it is the Properties who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Properties has the discretion on how to price the CUSA and air conditioning charges.

*Operating Lease Commitments - as Lessee (Before January 1, 2019)*

The Properties has entered into a lease agreement as a lessee. Management has determined that all the significant risks and benefits of ownership of this property, which the Properties lease under operating lease arrangement, remain with the lessor. Accordingly, the lease was accounted for as operating lease. Rent expense amounted to P=33.86 million in 2018.

*Determination of the lease term (On or after January 1, 2019)*

The Properties determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Properties enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Properties determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Properties takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Properties does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Sponsors have lease contracts for the land where investment properties are situated that includes an extension and a termination option. The Properties applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Properties reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

*Property lease classification - the Properties as lessor*

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

*Assessment on whether lease concessions granted constitute a lease modification*

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

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

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

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

*Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates*

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

**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*

The Properties recognizes a loss allowance on lease receivables based on lifetime ECLs effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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

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

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

As a result of the loss estimation, management recognized impairment loss for receivable from tenants in each period presented.

*Fair value of financial instruments*

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

*Evaluation of impairment of nonfinancial assets*

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

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

*Leases - Estimating the incremental borrowing rate*

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

The Properties estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

*Useful lives of investment properties*

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

## QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Properties is exposed to credit risk from its operating activities primarily from receivables from tenants.

Customer credit risk is managed by each business unit subject to the Properties' established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Receivables are regularly monitored.

With respect to credit risk arising from the other financial assets of the Properties, which are comprised of cash in banks and restricted cash, the Properties' exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Properties manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years.

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

Credit risk arising from receivable from third party tenants is primarily managed through a screening of tenants based on credit history and financial information submitted. Tenants are required to pay security deposits equivalent to 2 to 4-month lease payment to cover any defaulting amounts and advance rentals also equivalent to 2 to 4-month rent.

Credit risk arising from receivable from related party tenants outside AllValue Group is minimal due to the guarantee provided by Fine Properties, Inc., the ultimate parent of Vista Land & Lifescapes, Inc.

Credit risk from balances with banks and financial institutions is managed by the treasury department in accordance with the Sponsor's policy. Counterparty credit limits are reviewed by the Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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

High grade - these are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables is readily enforceable).

Standard - these are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

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

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

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

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

**Financial risk**

The Properties' principal financial liabilities comprise of accounts and other payables, bank loan, lease liabilities, and other liabilities (except for security deposit, advance rent, construction bond, and deferred output VAT and other statutory payables). The main purpose of the Properties' financial liabilities is to raise financing for the Properties' operations. The Properties has various financial assets such as cash in banks, receivables and restricted cash which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, credit risk and liquidity risk.

The Board of Directors (BOD) reviews and approves with policies for managing each of these risks. The Properties monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Properties' risk management policies are summarized below. The exposure to risk and how they arise, as well as the Properties' objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

**Liquidity Risk**

The Properties monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Properties maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Properties' loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Properties' objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2021, 2020, 2019 and 2018.

**OTHER MATTERS**

The Company does not anticipate any cash flow or liquidity problems within the next 12 months nor is it in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payment. Moreover, there are no significant amount of the registrant's trade payables have not been paid within the stated trade terms.

# PROFIT FORECAST AND PROFIT PROJECTION

*Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section of this REIT Plan and are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, guarantee, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Company, the Joint Lead Underwriters and Bookrunners, the Participating Underwriters, the Sponsors or any other party involved in the Offer, or that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors" for further details). Investors in the Shares are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this REIT Plan.*

*SGV & Co. relied on the financial projections provided by the Company. Notwithstanding the tasks performed by SGV & Co. during the engagement, the responsibility for the financial projections and the assumptions on which such projections are based rests with the Company. As the financial projections necessarily depend on subjective judgment, the projections carry substantial inherent uncertainties. Consequently, financial projections are not capable of being substantiated or audited in the same way as a financial statement which presents the results of a completed accounting period.*

*The SEC does not recommend any investments or investment strategies and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this REIT Plan.*

*None of the Company, the Joint Lead Underwriters and Bookrunners, the Participating Underwriter, the Sponsors or any other party involved in the Offer guarantee the performance of the Company, the repayment of capital or the payment of any distributions, or any particular return on the Shares. The projected yields stated in the following table are calculated based on:*

- *The Offer Price of ₱1.75 per Offer Share; and*
- *The assumption that the Listing Date is May 6, 2022, but the latest expected listing date is on June 15, 2022*

*Such yields will vary accordingly if the Listing Date is not on May 6, 2022, or for investors who purchase Shares in the secondary market at a market price that differs from the Offer Price. For the avoidance of doubt, Shareholders shall only be entitled to dividends of the Company if they are shareholders as of the record date of such dividend declaration. The following table shows the Company's projected Statements of Comprehensive Income and Distribution for the Projection Period for Fiscal Years 2023 and 2024. The financial year end of the Company is December 31. The profit forecast and profit projection may be different to the extent that the actual date of listing of the Shares is other than May 6, 2022.*

*The Company is solely responsible for the profit forecast and profit projection, including the assumptions set out in the REIT Plan on which they are based.*

*SGV & Co. has examined the profit forecast and profit projection, excluding certain non-PFRS measures, their reconciliation, calculation and amounts such as Funds from Operations, Adjusted Funds from Operations (AFFO), AFFO payout ratio, distributable income, dividends payout ratio, illustrative price range per share, dividends, dividends per share, offer price, dividend yield, dividends as percentage of distributable income, net operating income and any capital expenditures, which have been prepared on the basis of the assumptions as set out in this REIT Plan, in accordance with Philippine Standard on Assurance Engagements (PSAE) 3400, The Examination of Prospective Financial Information. This section should be read together with the report "Independent Auditor's Report on Examination of the Profit Forecast and Profit Projection".*

**Forecast and Projected Statements of Comprehensive Income and Distribution**

The forecast and projected statements of comprehensive income and distribution are as follows:

| | **Forecast Period 2022**<br>Eight Months from May 6 to December 31, 2022 (Unaudited) (1) | **Projection Year 2023**<br>Full Year from January 1 to December 31, 2023 (Unaudited) (1) |
|---|---|---|
| | in ₱ millions | in ₱ millions |
| **REVENUES AND INCOME** | | |
| Rental income | 2,134.69 | 3,153.60 |
| Parking fees | 9.34 | 14.99 |
| Other operating income | 69.75 | 112.53 |
| | 2,213.78 | 3,281.12 |
| **FAIR VALUE CHANGE IN INVESTMENT PROPERTIES** | | |
| Increase in fair value of investment properties | - | - |
| Straight-line adjustment | (1,217.13) | (1,675.14) |
| | (1,217.13) | (1,675.14) |
| **COSTS AND EXPENSES** | | |
| Light and power | 50.55 | 78.11 |
| Taxes and licenses | 49.21 | 76.02 |
| Outside services | 48.27 | 74.58 |
| Repairs and maintenance | 38.78 | 59.91 |
| Fund management fee | 13.76 | 22.18 |
| Property management fee | 13.76 | 22.18 |
| Insurance | 11.39 | 17.59 |
| Professional fees | 9.68 | 14.96 |
| Land lease | 7.81 | 12.60 |
| Advertising and promotion | 6.19 | 10.00 |
| Depreciation | 4.23 | 3.40 |
| Provision for expected credit losses | 2.26 | 5.27 |
| Representation and entertainment | 0.92 | 1.42 |
| Other operating expenses | 18.23 | 27.64 |
| | 275.04 | 425.85 |
| **INCOME BEFORE INCOME TAX** | 721.61 | 1,180.12 |
| **PROVISION FOR INCOME TAX** | | |
| Current income tax | – | – |
| Deferred income tax | – | – |
| | – | – |
| **NET INCOME** | 721.61 | 1,180.12 |
| Distribution adjustments | - | - |
| **DISTRIBUTABLE INCOME** | 721.61 | 1,180.12 |

(Forward)

| | | |
|---|---|---|
| Dividend payout ratio (%) [2] | 100% | 100% |
| **Dividends** [3] | 721.61 | 1,180.12 |
| No. of outstanding shares (in millions) [4] | 7,500.00 | 7,500.00 |
| **Dividends per share**[5] | 0.1443 | 0.1573 |
| **Illustrative price range per share (₱)** | | |
| Offer Price | 1.75 | 1.75 |
| With 5% discount on Offer Price | 1.66 | 1.66 |
| With 10% discount on Offer Price | 1.58 | 1.58 |
| **Dividend yield (%)** [6] | | |
| Offer Price | 8.25% | 8.99% |
| With 5% discount on Offer Price | 8.68% | 9.46% |
| With 10% discount on Offer Price | 9.16% | 9.99% |

*Notes:*

(1) *The Profit Forecast and Profit Projection prepared by the Company pertain to the 12 REIT assets or buildings.*

(2) *Dividend payout ratio is derived by dividing dividends by distributable income. Refer to the discussion in "Dividends" section for the calculation of the full year distributable income.*

(3) *The dividends for the period from May 6 to December 31, 2022 will be distributed to Shareholders, including IPO investors. Forecasted and projected dividends are based on adjusted funds from operations (AFFO). Refer to the discussion in "Dividends" section for the reconciliation of net income in accordance with PFRSs to AFFO.*

(4) *No. of outstanding shares is the existing 7,500,000,000 common shares as of April 30, 2022.*

(5) *Annualized dividend per share, computed as twelve-eights of the dividend per share for the period from May 1 to December 31, 2022.*

(6) *Dividend yield is derived by dividing dividends per share by the offer price per share. For Forecast Period 2022, the annualized dividend per share of 0.1443 was used (computed as twelve-eights of the dividend per share for the period from May 6 to December 31, 2022). The number of outstanding shares at the end of both Forecast Period 2022 and Projection Year 2023 is equal to 7,500,000,000 common shares."*

**ASSUMPTIONS**

The Company has prepared the Profit Forecast and Profit Projection on the following assumptions. The Company considers these assumptions to be appropriate and reasonable as at the date of this REIT Plan. However, investors should consider these assumptions as well as the Profit Forecast and Profit Projection and make their own assessment of the future performance of the Company.

Revenue, Cost and Expenses and Net Operating Income Contribution of Each Property

The forecast and projected contributions of each of the Properties to **Gross Revenues** are as follows:

| | **Forecast Period 2022** Eight Months from May 6 to December 31, 2022 (Unaudited) [1] | | **Projection Year 2023** Full Year from January 1 to December 31, 2023 (Unaudited) | |
|---|---|---|---|---|
| | in ₱ millions | | in ₱ millions | |
| SOMO - A Vista Mall | 705.58 | 32% | 1,057.87 | 32% |
| Vista Mall Las Piñas (Main) | 251.95 | 11% | 363.24 | 11% |
| Vista Mall General Trias | 217.12 | 10% | 322.57 | 10% |
| Starmall SJDM | 211.35 | 10% | 302.24 | 9% |
| Vista Mall Tanza | 207.92 | 9% | 310.95 | 9% |
| Vista Hub BGC | 200.67 | 9% | 325.34 | 10% |
| Vista Mall Pampanga | 103.68 | 5% | 156.88 | 5% |
| Starmall Talisay - Cebu | 94.46 | 4% | 139.35 | 4% |
| Vista Hub Molino | 83.89 | 4% | 125.97 | 4% |
| Vista Mall Antipolo | 62.46 | 3% | 85.11 | 3% |
| Vista Mall Imus | 46.97 | 2% | 52.00 | 2% |

| | | | | |
|---|---|---|---|---|
| Starmall Las Piñas Annex | 27.74 | 1% | 39.60 | 1% |
| | 2,213.78 | 100% | 3,281.12 | 100% |

The forecast and projected contributions of each of the Properties to **Cost and Expenses** are as follows:

| | **Forecast Period 2022** Eight Months from May 6 to December 31, 2022 (Unaudited) | | **Projection Year 2023** Full Year from January 1 to December 31, 2023 (Unaudited) | |
|---|---|---|---|---|
| | in ₱ millions | | in ₱ millions | |
| Starmall SJDM | 60.49 | 22% | 94.33 | 22% |
| SOMO - A Vista Mall | 37.04 | 13% | 57.45 | 13% |
| Vista Hub BGC | 31.95 | 12% | 49.02 | 12% |
| Vista Mall Las Piñas (Main) | 27.59 | 10% | 42.83 | 10% |
| Vista Mall Pampanga | 26.49 | 10% | 40.33 | 10% |
| Vista Mall General Trias | 17.29 | 6% | 26.85 | 6% |
| Vista Mall Antipolo | 16.75 | 6% | 25.72 | 6% |
| Vista Mall Tanza | 15.94 | 6% | 24.70 | 6% |
| Vista Hub Molino | 14.65 | 5% | 22.75 | 5% |
| Starmall Talisay - Cebu | 14.59 | 5% | 22.79 | 5% |
| Vista Mall Imus | 7.53 | 3% | 11.74 | 3% |
| Starmall Las Piñas Annex | 4.71 | 2% | 7.33 | 2% |
| | 275.04 | 100% | 425.85 | 100% |

The forecast and projected contributions of each of the Properties to **Net Operating Income** [(1)] are as follows:

| | **Forecast Period 2022** Eight Months from May 6 to December 31, 2022 (Unaudited) | | **Projection Year 2023** Full Year from January 1 to December 31, 2023 (Unaudited) | |
|---|---|---|---|---|
| | in ₱ millions | | in ₱ millions | |
| SOMO - A Vista Mall | 668.54 | 34% | 1,000.41 | 35% |
| Vista Mall Las Piñas (Main) | 224.35 | 12% | 320.41 | 11% |
| Vista Mall General Trias | 199.83 | 10% | 295.72 | 10% |
| Vista Mall Tanza | 191.98 | 10% | 286.25 | 10% |
| Vista Hub BGC | 168.71 | 9% | 276.32 | 10% |
| Starmall SJDM | 150.86 | 8% | 207.91 | 7% |
| Starmall Talisay - Cebu | 79.87 | 4% | 116.56 | 4% |
| Vista Mall Pampanga | 77.18 | 4% | 116.54 | 4% |
| Vista Hub Molino | 69.23 | 4% | 103.22 | 4% |
| Vista Mall Antipolo | 45.71 | 2% | 59.40 | 2% |
| Vista Mall Imus | 39.45 | 2% | 40.26 | 1% |
| Starmall Las Piñas Annex | 23.02 | 1% | 32.27 | 1% |
| | 1,938.74 | 100% | 2,855.26 | 100% |

*Note: (1) Net operating income is calculated as revenue and income less cost and expenses.*

**REVENUES AND INCOME**

Revenue and income comprises:

- Rental revenue from office and retail leasing of the Properties;
- Parking fees and,
- Other operating income

**Rental revenue**

The forecast and projected rental and parking income for the Properties are as follows:

| | Forecast Period 2022<br>Eight Months from May 6 to December 31, 2022 (Unaudited) | | Projection Year 2023<br>Full Year from January 1 to December 31, 2023 (Unaudited) | |
|---|---|---|---|---|
| | in ₱ millions | | in ₱ millions | |
| SOMO - A Vista Mall | 701.83 | 33% | 1,051.80 | 33% |
| Vista Mall Las Piñas (Main) | 247.38 | 12% | 355.88 | 11% |
| Vista Mall General Trias | 216.62 | 10% | 321.75 | 10% |
| Vista Mall Tanza | 207.45 | 10% | 310.19 | 10% |
| Vista Hub BGC | 197.15 | 9% | 319.73 | 10% |
| Starmall SJDM | 188.88 | 9% | 266.20 | 9% |
| Starmall Talisay - Cebu | 92.02 | 4% | 135.37 | 4% |
| Vista Hub Molino | 81.34 | 4% | 121.95 | 4% |
| Vista Mall Pampanga | 71.19 | 3% | 104.30 | 3% |
| Vista Mall Antipolo | 60.20 | 3% | 81.44 | 4% |
| Vista Mall Imus | 46.20 | 2% | 50.71 | 2% |
| Starmall Las Piñas Annex | 24.44 | 1% | 34.27 | 1% |
| | 2,134.69 | 100% | 3,153.60 | 100% |

Rental income presented above includes the effect of straight-line basis of accounting over the lease term, in compliance with PFRS 16, *Leases*. The Company recognized adjustments from straight-line method of ₱1,217.13 million and ₱1,675.14 million increase in rental income for Forecast Period 2022 and Projection Year 2023, respectively.

- Out of the rental income (inclusive of straight-line rent) for Forecast Period 2022 and Projection Year 2023, 93% of the rental income are based on executed contract of leases as of December 31, 2021. Existing contract of leases on office buildings is normally 5 years. On the other hand, most lease terms on commercial spaces have tenancy periods of between 1 to 10 years, except for anchor tenants with lease terms ranging from 10 to 15 years. Rental escalation provisions which are generally 5-10% per year, starting on the 2nd year from date of effectivity of contract of lease, are also built into the Company's existing leases.

- The remaining 7% for Forecast Period 2022 and Projection Year 2023 are based on new leases assumed to have rental escalation on the 2nd year of the lease. As of the date of the REIT Plan, the occupancy rate is at 97%. The Company targets to maintain an occupancy rate of 96% by year end of 2022 with 2022 and 2023 market rental rates.

- Rental Income from Related Party tenants such as the AllDay Marts, Inc., AllValue Inc, and other related parties composed 78% of the rental revenue for both the Forecast Period 2022 and Projection Year 2023, out of which, 68% and 64% pertains to adjustments from straight-line method, respectively. The 77% and 76% of the rental revenue for the Forecast Period 2022 and Projection Year 2023, respectively, are executed contracts as of December 31, 2021. Related party tenants have lease terms of 5 years and have fixed monthly rental with annual escalation for office spaces, and variable lease rate based on sales with Minimum Guaranteed Rate (MGR) for commercial spaces.

- Renewals of existing leases are based on historical occupancy rates of the properties and future market condition.

**Parking Fees**

The assumption of Parking Fees is based on the 5-year historical average percentage of Parking Fees to Rental Collection for each particular Property. This typically ranges from 1-3%.

**Other operating income**

The assumption of Other Operating Income is based on the 5-year historical average percentage of Other Operating Income to Rental Collection for each particular Property. This typically ranges from 1-10%.

**COSTS AND EXPENSES**

Cost and expenses consist of direct operating expenses and general and administrative expenses.

| | **Forecast Period 2022**<br>Eight Months from<br>May 6 to<br>December 31, 2022<br>(Unaudited) | **Projection Year 2023**<br><br>Full Year from January 1 to<br>December 31, 2023<br>(Unaudited) |
|---|---|---|
| | in ₱ millions | in ₱ millions |
| Light and power | 50.55 | 78.11 |
| Taxes and licenses | 49.21 | 76.02 |
| Outside services | 48.27 | 74.58 |
| Repairs and maintenance | 38.78 | 59.91 |
| Fund management fee | 13.76 | 22.18 |
| Property management fee | 13.76 | 22.18 |
| Insurance | 11.39 | 17.59 |
| Professional fees | 9.68 | 14.96 |
| Land lease | 7.81 | 12.60 |
| Advertising and promotion | 6.19 | 10.00 |
| Depreciation | 4.23 | 3.40 |
| Provision for expected credit losses | 2.26 | 5.27 |
| Representation and entertainment | 0.92 | 1.42 |
| Other operating expenses | 18.23 | 27.64 |
| | 275.04 | 425.85 |

Assumptions considered in calculating the direct operating expenses are as follows:

*Light and Power*

Light and power are estimated based on historical expense and is adjusted for inflation rate of 3%.

*Taxes and Licenses*

Taxes and licenses pertain mainly to business taxes and real property taxes. Real property taxes are computed based on prevailing market value per tax declarations multiplied by applicable tax rate as defined by the municipality where the properties are located. Business taxes are computed based on the historical expense and is adjusted for inflation rate of 3% per annum.

*Outside Services*

Outside services are calculated based on historical expenses, with provision also for possible expected wage increase for security and janitorial. These are adjusted for inflation rate of 3% per annum.

*Repairs and Maintenance*

Repairs and maintenance expenses are estimated based on historical expense and is adjusted for inflation rate of 3% per annum. Majority of expenses are recurring and necessary for the maintenance of machineries and equipment.

*Fund Management Fee*

Under the Fund Management Agreement, the Fund Manager will receive an annual fund management fee equivalent to 1.5% of the Gross Rental Income, inclusive of value-added tax (the "Management Fee"). In addition, the Fund Manager shall be entitled to receive from the Company, and the Company undertakes to pay the Fund Manager, an acquisition fee equivalent to 1% of the acquisition price, for every property acquisition by the Company, exclusive of value-added taxes ("Acquisition Fee"). The Fund Manager shall likewise be entitled to receive from the Company, and the Company undertakes to pay the Fund Manager, a divestment fee of 0.50% of the sales price for every real property divested by the Company, exclusive of value-added taxes ("Divestment Fee"). The total amount of Management Fee, Acquisition Fee, and Divestment Fee, paid to the Fund Manager in any given year, shall not exceed 1% of the Net Asset Value of the Properties for that same year. The Management Fee, Acquisition Fee, and Divestment Fee shall be due and payable to the Fund Manager in quarterly installments. In computing the Fund Management Fee, the formula to be used shall be as follows:

*Fund Management Fee = (0.015 X Gross Rental Income[(1)]) + (0.01 X Acquisition Price of every property acquired) + (0.005 X Sales Price of every real property divested)*

*Property Management Fee*

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Gross Rental Income, inclusive of value added tax (the "Management Fee"), provided that such Management Fee shall not exceed 1% of the Net Asset Value of the Properties. The Property Management Fee shall be due and payable to the Property Manager in quarterly installments. In computing the Property Management Fee, the formula to be used shall be as follows:

*Property Management Fee = 0.015 X Gross Rental Income[(1)]*

*Note: (1) Gross rental income pertains to billed rental income.*

*Insurance*

Insurance is estimated based on historical expense and is adjusted for inflation rate of 3%.

*Depreciation*

Depreciation is estimated based on existing property and equipment in 2021.

*Professional Fees*

Professional fees pertain mainly on appraisal and management fees, which are computed based on historical expense and is adjusted for inflation rate of 3% per annum.

*Land Lease*

Land lease pertains to rentals of land area where the Properties are located. These are computed based on the terms stated in the executed land lease agreements for each property. Monthly rent is equivalent to 1% of the total monthly rental collection from all tenants of the Improvements in the Leased Property, exclusive of the value-added tax and expanded withholding tax.

*Provision for expected credit losses*

Provision for expected credit losses is estimated based on the historical pre-pandemic average percentage of provision to billed rental income from third-party tenants.

*Advertising and Promotion*

The assumption of Advertising and Promotion is based on the historical pre-pandemic percentage of Advertising and Promotion to Gross Rental Revenue for each particular Property. This typically ranges from 0-1.75%.

*Representation and Entertainment*

Representation and entertainment are estimated based on historical expense and is adjusted for inflation rate of 3%.

*Other operating expenses*

Other operating expenses mainly consist of dues, supplies and miscellaneous expenses. These are based on historical expense and adjusted for inflation rate of 3% per annum.

## PROVISION FOR INCOME TAX

For Forecast Period 2022 and Projection Year 2023, there is no provision for income tax considering that the company will be able to deduct from its taxable income the dividend distributions pursuant to the Implementing Rules and Regulations of the REIT Law.

## DIVIDENDS

Funds from operations ("**FFO**") is equal to net income, excluding gains or losses from sales of property and adding back non-cash expenses. Adjusted funds from operations ("**AFFO**") is calculated by subtracting from FFO recurring capital expenditures that are capitalized by the Company and then amortized, but which are necessary to maintain the Company's properties and its revenue stream.

The Company believes that the use of FFO and AFFO, combined with the required PFRSs presentations, improves the understanding of the Company's operating results among investors. Non-cash expenses are added while capital expenditures on existing investment properties are deducted in the calculation of AFFO. Hence, the Company believes that AFFO provides a better measure of its dividend-paying capability.

AFFO should not be considered as an alternative to cash flows from operating activities (calculated pursuant to PFRSs) as an indicator of the Company's liquidity.

| | **Forecast Period 2022** Eight Months from May 6 to December 31, 2022 (Unaudited) [(1)] | **Projection Year 2023** Full Year from January 1 to December 31, 2023 (Unaudited) |
|---|---|---|
| | in ₱ millions | in ₱ millions |
| **Net income** | 721.61 | 1,180.12 |
| Distribution Adjustments[(2)] | - | - |
| **Distributable income** | 721.61 | 1,180.12 |
| Non-cash expenses | - | - |
| **Funds from operations (FFO)** | 721.61 | 1,180.12 |
| Capital expenditures | - | - |
| **Adjusted funds from operations (AFFO)** | 721.61 | 1,180.12 |
| | | |
| AFFO | 721.61 | 1,180.12 |
| AFFO payout ratio | 100% | 100% |
| Dividends [(3)] | 721.61 | 1,180.12 |
| Distributable income | 721.61 | 1,180.12 |
| In excess of Distributable Income | – | – |

| | | |
|---|---|---|
| Dividends as percentage of Distributable Income [4] | 100% | 100% |

*Notes:*

(1) *Forecast period 2022 assumes that the Company is listed starting April 30, 2022.*
(2) *Distribution adjustments pertain to the net of fair value loss in investment properties (i.e., ₱1.22 billion and ₱1.68 billion in 2022 and 2023, respectively) and the increase in rental income from straight-line rent adjustments (i.e., ₱1.22 billion and ₱1.68 billion in 2022 and 2023, respectively).*
(3) *Dividends are derived by multiplying AFFO by their respective payout ratio which is 100%*
(4) *Dividends as percentage of Distributable Income are derived by dividing Dividends by Distributable Income.*

The REIT Law expects a REIT to distribute annually at least 90% of its Distributable Income. The Company intends to distribute 100% of its AFFO in the Forecast Period 2022 and Projection Year 2023. Hence, Shareholders, including the IPO investors, will also be entitled to dividends that accrued before the Listing Date provided that they are shareholders as of the record date of such dividend declaration.

**ACCOUNTING STANDARDS**

The Company has adopted the Philippine Financial Reporting Standards (PFRSs).

The Company assumes that the change in applicable accounting standards or other financial reporting requirement will not have a material effect on the Profit Forecast and Profit Projection. Significant accounting policies adopted by the Company in the preparation of the Profit Forecast and Profit Projection are set out in the Audited Financial Statements of the Company as of December 31, 2021.

**OTHER ASSUMPTIONS**

- The Company did not assume acquisition of new property for the Forecast Period 2022 and Projection Year 2023;
- The fair values of the property portfolio are computed using income approach and remain unchanged for the Forecast Period 2022 and Projection Year 2023;
- There will be no pre-termination of any committed leases (unless notice has already been given);
- There will be no change in the applicable tax legislation, other applicable legislation, or regulatory or juridical interpretation of the same for Forecast Period 2022 and Projection Year 2023, except as disclosed; and
- All leases and licenses are enforceable and will be performed in accordance with their terms during the Forecast Period 2022 and Projection Year 2023.
- There are no plans for further equity or debt capital raising for Forecast Period 2022 and Projection Year 2023.

**SENSITIVITY ANALYSIS**

The forecast and projected distributions included in this REIT Plan are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in the section “Risk Factors”.

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecasted or projected in this REIT Plan are to be expected. To assist investors in assessing the impact of these assumptions on the Profit Forecast and Profit Projection, a series of tables demonstrating the sensitivity of the distribution yield to changes in the principal assumptions are set out below.

The sensitivity analyses are intended only as a guide. Variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown. The results of the sensitivity analyses below are based on the Offer Price of up to ₱1.75 per share.

**Rental Income**

Changes in rental income will impact the Net Income of the Company and consequently, the dividend yield. The effect of variations in the Rental Income on the dividend yield is set out below:

| | Dividend yield pursuant to changes in Rental Revenue | |
|---|---|---|
| | Forecast Period 2022* | Projection Year 2023 |
| 5% above base case | 8.82% | 9.60% |
| Base case | 8.25% | 8.99% |
| 5% below base case | 7.68% | 8.38% |

** Dividend yield is derived by dividing dividends per share by the offer price per share. For Forecast Period 2022, the annualized dividend per share of 0.1443 was used (computed as twelve-eights of the dividend per share for the period from May 6 to December 31, 2022). The number of outstanding shares at the end of both Forecast Period 2022 and Projection Year 2023 is equal to 7,500,000,000 common shares.*

**Costs and Expenses**

Changes in costs and expenses will impact the Net Income of the Company and consequently, the dividend yield. The effect of variations in the Costs and expenses on the dividend yield is set out below:

| | Dividend yield pursuant to changes in Costs and Expenses | |
|---|---|---|
| | Forecast Period 2022* | Projection Year 2023 |
| 5% above base case | 8.09% | 8.83% |
| Base case | 8.25% | 8.99% |
| 5% below base case | 8.40% | 9.15% |

** Dividend yield is derived by dividing dividends per share by the offer price per share. For Forecast Period 2022, the annualized dividend per share of 0.1443 was used (computed as twelve-eights of the dividend per share for the period from May 6 to December 31, 2022). The number of outstanding shares at the end of both Forecast Period 2022 and Projection Year 2023 is equal to 7,500,000,000 common shares.*

*The information that appears in the executive summary of the independent market research report in this Industry Overview section, including all data (actual, estimates and forecasts) has been prepared by Santos Knight Frank ("**SKF**") and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to* SKF *should not be considered as the opinion of* SKF *as to the value of any security or the advisability of investing in the Company. The Company believes that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. The Company has no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.*

*The information prepared by* SKF *and set out in this Industry Overview has not been independently verified by the Company, or the Joint Lead Underwriters and Bookrunners, and Participating Underwriter and none of them gives any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.*

*The report includes forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Actual results and future events could differ materially from such forecasts. You should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance.*

For the past several years, the Philippines has been one of the fastest growing economies in Asia. This has been primarily driven by the country's services sector. The bolstered OFW remittances and the influx of numerous IT-BPO companies have both contributed in propelling the income and the purchasing power of the local populace. Dynamic consumption patterns have been witnessed which, in turn, have given to the birth of more service-oriented businesses catering to the needs of the constituents.

The real estate sector has significantly benefitted from this improvement in the economy. As more local and foreign investment materializes, property values in the metropolis and other emerging areas have further inched up. Bright prospects from real estate players were even evident as successive property projects were introduced in the market. Numerous office skyscrapers were constructed while sales take-up of residential properties remained stable. The rosy landscape persisted prior the COVID-19 pandemic across all real estate segments.

The retail segment has significantly benefitted from the economic growth witnessed in the recent periods. Owing to the innate fondness of the Filipinos to go to malls, both operators and retailers have consistently registered profitable operations. Moreover, property players have recognized the opportunity to venture into the segment and introduce their respective mall development. Thus, malls have proliferated along the primary and secondary avenues throughout the country. Smaller retail formats were even introduced to cater to an identified catchment area. Despite the surge in supply, market players were still able to operate stably with minimal vacancies.

Similarly, office landlords were observed to perform favorably for the past decade. Investors' appetite has significantly improved, particularly in the outsourcing industry. This was attributed to the abundant skilled labor force in the country. IT-BPO companies persistently took up office spaces as they set up their local operations. This has resulted to the creation of more office buildings within and outside established business districts. Numerous players have even constructed projects in the provinces to offer cheaper alternatives to occupiers that are more cost-sensitive. And similar to the retail segment, the augmentation in the office supply has been well-received by the market.

However, the COVID-19 pandemic has been substantially detrimental to the operations of both property segments. With the enforced limited mobility and Work from Home arrangements, numerous retail and office occupiers have vacated their underutilized spaces. Though real estate players vied to pivot their business model by introducing several concessions to their tenants, the prolonged quarantine period had eventually taken effect on the market.

Vacancy rates spiked up for both segments. Though some tenants have been, more or less, resilient to the pandemic (e.g., essential goods retailers, medical-related office occupiers), the general lessee has felt the need to withdraw their spaces in order to cut their operating costs. Consequently, rental rates fell as landlords strived to fill up their vacated spaces.

More than two (2) years into the pandemic, the market has adapted to the new normal. Though the health threat is still present, various retail tenants were allowed to operate under certain conditions. Foot traffic in malls has been gradually picking up and potential retailers took advantage of the discounts & concession being offered to take up the vacated store spaces. This trend has been witnessed in Metro Manila and other key areas such as Cavite, Pampanga, Bulacan, Rizal, and Cebu. Majority of the retail players in these areas are slowly recovering their occupancies, with some recording single-digit vacancy rates. This trend is anticipated to hold in the coming periods as consumers regain confidence in leaving the confines of their residences and re-establish their patronage of these retail malls.

On the contrary, the recuperation of the office market may still take a while given abundance in available space. With numerous buildings completed for the past two (2) years, along with the heighted vacated office stock, price war among office landlords is still seen to ensue. Yet, some office projects in established CBDs still registered stable operations amid the mass exodus of occupiers. Likewise, projects in the provinces are seen to benefit from heightened demand from locators that are looking for more affordable alternatives, and from firms spreading out their operations looking for satellite offices.

The COVID-19 pandemic has displayed the risk across all investment types in the market. This has been especially true for the real estate sector that has exhibited volatile operations at the onset of the health crisis. More recently, however, the start of the recovery of the retail market exemplifies promising prospects in reinvesting in this particular real estate segment. Similarly, some office buildings with more affordable rents have withstood the effects of pandemic and have operated at stable occupancy levels. Following these considerations, certain real estate projects are still seen as worthwhile investments in the aftermath of COVID-19.

One of the renowned developers in the country, Vista Land & Lifescapes Inc. ("**Vista Land**"), has assets in its portfolio that have exhibited steady performance in the recent months. Their mall projects within the localities of General Trias, Tanza, Imus, and Bacoor in Cavite; Las Piñas City, San Jose del Monte, Bulacan; San Fernando, Pampanga and Talisay, Cebu have been operating at more than 90% occupancy level. These projects are strategically positioned proximate to dense residential communities, which were mostly developed by Vista Land early on. Part of the vision of Vista Land was to allocate an area for commercial space development which will serve the residential communities once they have become substantially developed. This early acquisition of the land has eased the burden of its cost recovery and has allowed them to offer affordable rents for the retail spaces as well as spaces for their other affiliate businesses offering essential goods and services to operate. This has also given them a means of generating steady streams of revenues for both Vista Land and their affiliate businesses.

*Please refer to succeeding page for a summary of Vista Land's Retail Mall Portfolio.*

Table 1: Vista Land Retail Mall Portfolio

| Project | Vista Mall Las Piñas Main | Starmall Las Piñas - Annex | Vista Mall Tanza | Vista Mall General Trias | Vista Mall Imus | SOMO – A Vista Mall | Vista Mall Antipolo | Vista Mall Pampanga | Starmall San Jose del Monte | Starmall Talisay - Cebu |
|---|---|---|---|---|---|---|---|---|---|---|
| **Mall Type** | Neighborhood Mall | Neighborhood Mall | District Mall | District Mall | Neighborhood Mall | District Mall | Neighborhood Mall | District Mall | District Mall | Neighborhood Mall |
| **Year of Operations** | 1982 | 1979 | 2018 | 2018 | 2015 | 2015 | 2013 | 2013 | 2012 | 2014 |
| **Locality** | Las Piñas | Las Piñas | Lower Cavite | Lower Cavite | Upper Cavite | Upper Cavite | Rizal | Pampanga | Bulacan | Cebu |
| **City/ Municipality** | Las Piñas | Las Piñas | Tanza | General Trias | Imus | Bacoor | Antipolo | San Fernando | San Jose del Monte | Talisay City |
| **Submarket** | Alabang-Zapote Rd | Alabang-Zapote Rd | Tanza-Trece Martires Rd | Arnaldo Hwy | Aguinaldo Hwy | Daang Hari Road | Manuel Quezon Ext | MacArthur Highway | Quirino Highway | Cebu South Road |
| **Lot Area (sqm)** | 13,109 | 2,240 | 30,830 | 39,020 | 20,208 | 24,998 | 20,446 | 40,195 | 52,522 | 12,072 |
| **GFA (sqm)** | 38,989 | 7,014 | 29,254 | 29,910 | 22,227 | 35,747 | 19,515 | 33,856 | 82,434 | 23,144 |
| **GLA (sqm)** | 20,605 | 6,228 | 25,013 | 26,638 | 12,778 | 31,850 | 16,083 | 25,527 | 35,665 | 19,644 |
| **Available Space (sqm)** | 2,306 | 530 | 3,232 | 2,954 | - | 3,032 | 1,959 | 1,886 | 4,241 | 1,611 |
| **Vacancy Rate** | 11.19% | 8.51% | 12.92% | 11.09% | 0.00% | 9.52% | 12.18% | 7.39% | 11.89% | 8.20% |
| **Occupancy Rate** | 88.81% | 91.49% | 87.08% | 88.91% | 100% | 90.48% | 87.82% | 92.61% | 88.11% | 91.80% |
| **Lease Rate*** | 452.17 | 350.68 | 675.00 | 800.00 | 306.68 | 354.49 | 388.25 | 304.12 | 577.64 | 314.16 |
| **CUSA*** | 48.48 | 94.47 | 25.49 | 29.84 | 11.60 | 75.15 | 39.13 | 28.51 | 56.59 | 44.12 |

Apart from the retail projects, notable office buildings of the said developer have also been resilient. In particular, Vista Hub BGC and Vista Hub Molino are both virtually leased out amid the office contract termination in other projects. The two buildings have enjoyed solid tenant retention, implying that both are stable asset classes.

**Table 2. Vista Land Office Building Portfolio**

| **Project** | Vista Hub BGC | Vista Hub Molino |
|---|---|---|
| **Building Type** | Office | Office |
| **Year of Operations** | 2016 | 2020 |
| **Locality** | BGC, Taguig | Bacoor, Cavite |
| **Lot Area (sqm)** | 2,651 | 5,215 |
| **GFA (sqm)** | 20,970 | 17,934 |
| **GLA (sqm)** | 20,742 | 15,631 |
| **Available Space (sqm)** | 348 | 1,336 |
| **Vacancy Rate** | 1.68% | 8.55% |
| **Occupancy Rate** | 98.32% | 91.45% |
| **Lease Rate (₱/sqm/month)** | 630.47 | 492.56 |
| **CUSA (₱/sqm/month)** | 220.55 | 123.84 |

*Source: Vista Land and Lifescapes, Inc.*

Operating profitably amid a down market, the projects in the portfolio of the developer are deemed to be diversified, both in asset type and location. Furthermore, identified advantages of the project portfolio shall continue to favor their operations - from having sizeable retail catchment areas, securing massive anchor tenants via their affiliated companies, and to retaining key office locators amid the pandemic. Despite having smaller areas than their counterparts, these developments have been effectively performing and are expected to continue generating stable recurring income.

# BUSINESS AND PROPERTIES

## OVERVIEW

VistaREIT was incorporated under Philippine law on August 24, 2020 under the name of Vista One, Inc. with an authorized capital stock of ₱40,000,000.00 divided into 40,000,000 common shares with a par value of ₱1.00 per share. Vista One, Inc. was incorporated to own, manage, operate and engage in the leasing of income-generating real properties. Our Company did not have any business operation since its incorporation until the infusion of assets to its property portfolio under the Property-for-Share Swap. On December 29, 2021, the SEC approved the increase in our authorized capital stock to ₱2,000,000,000.00 divided into 2,000,000,000 common shares with a par value of ₱1.00 per share and on March 14, 2022, the SEC approved the increase in our authorized capital stock to ₱15,000,000,000.00 divided into 15,000,000,000 common shares with a par value of ₱1.00 per share. On March 16, 2022, our Board of Directors approved the following amendments to our Articles of Incorporation and By-Laws: (a) changing our corporate name to VistaREIT, Inc.; (b) changing our Company's primary purpose to engage in the business of a real estate investment trust as provided under the REIT Regulations; (c) changing our Company's principal place of business; (d) increasing the number of our Board of Directors from five (5) to seven (7); (d) denying the stockholders' pre-emptive rights; (e) amendments on the PSE lock-up requirement; (f) corporate governance provisions for REITs and publicly listed companies; (h) qualifications of directors; (i) corporate governance revisions for independent directors; (j) changes on compensation clause; (k) constitute board committees including Executive Committee; Compensation and Remuneration Committee, Audit Committee, Related Party Transaction committee; (l) appointment of stock transfer agent; (m) schedule of regular annual meetings; (n) amendments on dividends; (o) the Fund Manager; and (p) the Property Manager. As of the date of this REIT Plan, we have 7,500,000,000 shares issued and outstanding. We have no preferred shares and no shares held in treasury. On April 18, 2022, the SEC approved the foregoing amendments to our Articles of Incorporation and By-laws.

As of the date of this REIT Plan, the Sponsors own, in the aggregate, 99.93% of our total issued and outstanding capital stock as follows:

| Sponsor | No. of Shares | % Ownership |
|---|---|---|
| Manuela Corporation | 686,788,461 | 9.16% |
| Masterpiece Asia Properties, Inc. | 3,821,736,378 | 50.96% |
| Vista Residences, Inc. | 2,017,919,815 | 26.91% |
| Crown Asia Properties, Inc. | 404,856,147 | 5.40% |
| Communities Pampanga, Inc. | 563,199,199 | 7.51% |
| **TOTAL** | 7,494,500,000 | 99.93% |

Our Company presently does not have any Subsidiaries. Upon completion of the Offer, the Shares owned by the Sponsors will represent approximately 63.26% of the issued and outstanding capital stock of VistaREIT while other existing shareholders[10] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT, assuming the full exercise of the Overallotment Option, and approximately 66.59% of the issued and outstanding capital stock of VistaREIT while other existing shareholders[11] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT, assuming no exercise of any Overallotment Option.

## KEY OPERATING INFORMATION

VistaREIT owns and leases a portfolio (the "**Portfolio**") of 10 community malls ("**Mall Properties**") and two (2) office buildings ("**Office Properties**", together with Mall Properties, the "**Properties**" and each, a "**Property**") with an aggregate GLA of 256,403.95 sqm as of December 31, 2021.

The principal investment mandate and strategy of VistaREIT is to invest on a long-term basis, in a diversified portfolio of income-generating commercial real estate assets strategically located within Vista Land integrated developments or in key urban areas. We aim to maintain high occupancy rates and quality tenants with particular focus on those offering essential goods and/or services. Through the Property Manager, VistaREIT intends to maximize the operational efficiency

[10] Other existing shareholders include directors and officers of VistaREIT.
[11] Other existing shareholders include directors and officers of VistaREIT.

of the Properties and, with the help of the Fund Manager, maximize investment yields and profitability margins. See "*Business and Properties—Investment Policy*."

The Company's initial Portfolio consists of 12 Properties with an aggregate GLA of 256,403.95 sqm as of December 31, 2021 and an aggregate appraised value of ₱35,952.99 million based on the Valuation Report issued by Asian Appraisal Company, Inc. (the "**Valuer**"). The community malls are located in Las Piñas City, Metro Manila; Bacoor City, Cavite; General Trias City, Cavite, Imus City, Cavite; Municipality of Tanza, Cavite; Antipolo City, Rizal; City of San Jose Del Monte, Bulacan; San Fernando City, Pampanga; and Talisay City, Cebu. Our office buildings are located in Taguig City, Metro Manila and Bacoor City, Cavite. The value of the parcels of land where the buildings are situated were not included in the valuation of the Properties. Only the value of the buildings was considered and the terminal value considered in the valuation pertains only to the buildings.


The Properties contributed to the REIT met the criteria set by the company of location and tenant profile. All the Properties except for Vista Hub BGC (which is located in Taguig City) are located within or near Vista Land developments while Vista Hub BGC although not located within or near the Vista Land developments it is in a prime location in Metro Manila with strong captive market. All the Properties also met the tenant profile of having stable occupancy rate and high-quality tenants. There are no existing mortgages, liens or encumbrances over the properties.

There are no planned renovations or improvements yet in the near term. For Vista Mall Las Piñas (Main) and Starmall Las Piñas (Annex), the Company may undertake renovations or improvements in the next five (5) years.

Please refer to the succeeding page for a table summarizing the details of each Property as indicated as of December 31, 2021.

VISTA REIT PORTFOLIO
As of the date of this REIT Plan

| Property | Classification | Storey | Year Completed | Start of Commercial Operations | Location | GLA (sqm) | Parking Levels and Area (sqm) | Parking Slots (units) | % of Total Portfolio GLA | Occupancy Rate | Appraised Value (₱ million) | Land Lease Term | Landowner |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Mall Properties** | | | | | | | | | | | | | |
| Vista Mall Las Piñas (Main) | Mall | 4 | 1982 | 1982 | Pamplona Dos, Las Piñas City | 20,605.02 | 4,236.00 | 353 | 8% | 89% | 3,907.22 | 25 years | Manuela Corporation |
| Starmall Las Piñas (Annex) | Mall | 3 | 1979 | 1979 | Pamplona Tres, Las Piñas City | 6,227.53 | 612.00 | 51 | 2% | 91% | 958.23 | 25 years | Manuela Corporation |
| Starmall San Jose Del Monte | Mall | 3 | 2012 | 2012 | SJDM Bulacan | 35,664.93 | 30,616.83 | 857 | 14% | 88% | 6,398.91 | 25 years | Masterpiece Asia Properties, Inc. |
| Vista Mall Pampanga | Mall | 3 | 2013 | 2013 | San Fernando, Pampanga | 25,526.84 | 3,112.50 | 249 | 10% | 93% | 1,848.26 | 25 years | Communities Pampanga, Inc. |
| SOMO – A Vista Mall | Mall | 2 | 2015 | 2015 | Bacoor City, Cavite | 31,849.91 | 2,687.50 | 215 | 12% | 90% | 4,461.54 | 25 years | Masterpiece Asia Properties, Inc. |
| Vista Mall Antipolo | Mall | 2 | 2013 | 2013 | Antipolo City, Rizal | 16,082.93 | 1,750.00 | 140 | 6% | 88% | 2,335.48 | 15 & 20 years | Crown Asia Properties, Inc. and Beatrice Realty Development. |
| Vista Mall General Trias | Mall | 2 | 2018 | 2018 | General Trias City, Cavite | 26,638.45 | 4,980.00 | 415 | 10% | 89% | 2,961.08 | 20 years | Household Development Corp. |
| Vista Mall Tanza | Mall | 2 | 2018 | 2018 | Tanza, Cavite | 25,012.82 | 5,475.00 | 365 | 10% | 87% | 2,611.18 | 20 years | Household Development Corp. |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Starmall Talisay, Cebu | Mall | 2 | 2013 | 2013 | Talisay City, Cebu | 19,643.57 | 1,237.50 | 99 | 8% | 92% | 2,943.62 | 20 & 25 years | Communities Cebu, Inc., Cebu Realty, Inc. and Spouses Vicente Manigos, Jr. & Cerlita M. Manigos |
| Vista Mall Imus | Mall | 1 | 2015 | 2015 | Imus City, Cavite | 12,778.45 | 2,062.50 | 165 | 5% | 100% | 637.73 | 25 years | Masterpiece Asia Properties, Inc. |
| ***Subtotal – Mall Properties*** | | | | | | ***220,030.45*** | ***56,769.83*** | ***2,909*** | ***86%*** | ***90%*** | 29,063.25 | | |
| | | | | | | **Office Properties** | | | | | | | |
| Vista Hub Molino | Office | 7 | 2019 | 2020 | Bacoor City, Cavite | 15,631.08 | 3,100.00 | 248 | 6% | 91% | 2,827.38 | 25 years | Masterpiece Asia Properties, Inc. |
| Vista Hub BGC | Office | 14 | 2016 | 2017 | BGC, Taguig City | 20,742.42 | 3,825.00 | 306 | 8% | 98% | 4,062.36 | NA | Vista Residences, Inc. and Grand Sequoia Estate Development, Inc.* |
| ***Subtotal – Office Properties*** | | | | | | ***36,373.50*** | ***6,925.00*** | ***554*** | ***14%*** | ***95%*** | 6,889.74 | | |
| **TOTAL** | | | | | | **256,403.95** | **63,694.83** | **3,463** | **100%** | **91%** | **₱35,952.99** | | |

**Owns Office & Commercial Unit Spaces with Parking Slots as evidenced by Condominium Certificate of Titles*

All of the Properties were developed by the Sponsors. All of the Properties are owned by our Company and are located on land leased from the Companies affiliates, which are direct and indirect subsidiaries of Vista Land. As consideration for the land lease, our Company will pay the relevant lessor rental payments equivalent to 1% of Rental Income, inclusive of VAT, DST and other taxes which shall be borne by our Company. The impact of such rent payment will be reflected in the financial projection for the fiscal year ending December 31, 2022 as an increase in expenses. As of the date of this REIT Plan, the remaining land lease tenure of each of our Properties is between 15 to 25 years, renewable at the option of the lessee. As of the date of this REIT Plan, all Properties enjoy occupancy rates between 93% to 100% of their respective GLAs.

Our two (2) office properties are PEZA-registered. In spite of the community quarantine imposed by the Government due to the COVID-19 pandemic, the Office Properties enjoy pre-COVID-19 occupancy levels due largely to the sustained operations of the BPO office tenants. The Office Properties have enjoyed consistently high occupancy rates thus earning stable rental revenues.

Our ten (10) retail malls are typically around 30,000 sqm in Gross Floor Area (GFA) and 80% is occupied by essential retail formats, such as supermarkets, home improvement/appliance stores, drug stores food establishments and financial services. Due to the pandemic, foot traffic in malls declined significantly. However, the impact to our Mall Properties was softened compared to other malls since most of our tenants are essential, and the malls are located within or near Vista Land integrated developments/*Communicities*.

Over the last 3 years, the Properties have enjoyed consistently high occupancy rates ranging from 85% to 92%. Our Portfolio has a weighted average lease expiry ("**WALE**") of 5.09 years (by GLA) as of December 31, 2021. As of December 31, 2021, the following is a summary of the WALE of our Properties:

| **Year** | **GLA Expiring (sqm)** | **% of total leased GLA** | **% of Expiring Rental Income to Total Rental** |
|---|---|---|---|
| 2022 | 41,976.27 | 18.02% | 16.47% |
| 2023 | 17,644.06 | 7.57% | 7.98% |
| 2024 | 10,136.48 | 4.35% | 1.04% |
| 2025 | 18,492.64 | 7.94% | 14.96% |
| 2026 and beyond | 144,712.37 | 62.12% | 58.67% |
| **TOTAL** | **232,961.82** | **100.00%** | **99.13%** |

**The remaining 0.87% of the rental income is attributable to tenants whose leases expired in 2021.*

The following table summarizes our total Rental Income as of and for the years ended December 31, 2019, 2020 and 2021.

| | **Rental Income** | | | **% of Total Rental Income** | | |
|---|---|---|---|---|---|---|
| | **For the fiscal year ended December 31,** | | | **For the fiscal year ended December 31** | | |
| | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** |
| **PROPERTY** | **(₱ millions)** | | | **%** | **%** | **%** |
| Vista Mall Las Piñas (Main) | 258.92 | 51.59 | 167.70 | 14.09% | 2.70% | 7.62% |
| Starmall Las Piñas (Annex) | 36.03 | 27.54 | 24.20 | 1.96% | 1.44% | 1.10% |
| Starmall SJDM | 285.11 | 178.22 | 218.42 | 15.51% | 9.32% | 9.93% |
| Vista Mall Pampanga | 105.70 | 104.86 | 90.57 | 5.75% | 5.49% | 4.12% |
| SOMO - A Vista Mall | 322.17 | 717.94 | 745.76 | 17.53% | 37.56% | 33.89% |
| Vista Mall Antipolo | 80.78 | 120.45 | 123.72 | 4.40% | 6.30% | 5.62% |
| Vista Mall General Trias | 176.88 | 199.95 | 183.55 | 9.62% | 10.46% | 8.34% |
| Vista Mall Tanza | 123.10 | 187.35 | 220.87 | 6.70% | 9.80% | 10.04% |
| Starmall Talisay - Cebu | 133.24 | 31.97 | 83.39 | 7.25% | 1.67% | 3.79% |
| Vista Mall Imus | 73.31 | 52.09 | 44.70 | 3.99% | 2.72% | 2.03% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Vista Hub Molino | 0.85 | 45.14 | 97.33 | 13.15% | 10.17% | 4.42% |
| Vista Hub BGC | 241.76 | 194.40 | 200.28 | 0.05% | 2.36% | 9.10% |
| **TOTAL** | 1,837.86 | 1,911.50 | 2,200.49 | **100.00%** | **100.00%** | **100.00%** |

The following table summarizes our Net Income as of and for the years ended December 31, 2019, 2020 and 2021.

| | **Net Income** | | | **% of Net Income** | | |
|---|---|---|---|---|---|---|
| | **For the fiscal year ended December 31,** | | | **For the fiscal year ended December 31** | | |
| | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** |
| **PROPERTY** | **(₱ millions)** | | | **%** | **%** | **%** |
| Vista Mall Las Piñas (Main) | -06.51 | -49.97 | 48.86 | -1.36% | -8.43% | 5.25% |
| Starmall Las Piñas (Annex) | -31.51 | 13.12 | 15.02 | -6.60% | 2.21% | 1.61% |
| Starmall SJDM | 153.69 | 05.85 | 46.56 | 32.19% | 0.99% | 5.00% |
| Vista Mall Pampanga | -25.93 | 18.45 | 12.46 | -5.43% | 3.11% | 1.34% |
| SOMO - A Vista Mall | 230.92 | 426.43 | 506.88 | 48.36% | 71.91% | 54.47% |
| Vista Mall Antipolo | -10.88 | 37.14 | 64.18 | -2.28% | 6.26% | 6.90% |
| Vista Mall General Trias | 72.43 | 63.98 | 35.93 | 15.17% | 10.79% | 3.86% |
| Vista Mall Tanza | 47.18 | 67.71 | 85.81 | 9.88% | 11.42% | 9.22% |
| Starmall Talisay - Cebu | -00.79 | -20.05 | 15.34 | -0.16% | -3.38% | 1.65% |
| Vista Mall Imus | 35.58 | 26.20 | 19.58 | 7.45% | 4.42% | 2.10% |
| Vista Hub Molino | 42.35 | 09.92 | 42.31 | 8.87% | 1.67% | 4.55% |
| Vista Hub BGC | -29.07 | -05.73 | 37.56 | -6.09% | -0.97% | 4.04% |
| **TOTAL** | 477.48 | 593.04 | 930.49 | 100.00% | 100.00% | 100.00% |

The difference between the relative contribution to net income of the properties compared to the relative contribution to rental income are due to the PAS 17 adjustment in the rental income, depreciation expense recorded, and interest expense from loan and lease liability.

None of the Company's total Revenue and Net Income are attributable to foreign revenues. Moreover, the Company has no foreign subsidiaries.

Our Portfolio has a total of 387 existing tenants as of the December 31, 2021, of which 372 are tenants of our retail malls and 15 are tenants of our office buildings. As of December 31, 2021, 90% of our total retail malls GLA or 198,273.51 sqm are occupied and 95% of our total office building GLA or 34,688.31 sqm are occupied.

The Retention Rate of the tenants of our buildings, as of December 31, 2021 is 98.18%. For the last three fiscal years, our retention rates are 41.73%, 75.49%, and 98.18% for 2019, 2020, and 2021, respectively. Our consistent retention rate supports the long-term certainty and viability of the Portfolio's cash flows.

The Mall Properties have 372 existing tenants as of December 31, 2021, which we categorize as follows:

| **% of Tenants in Terms of GLA** | **As of December 31** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |

| | | | |
|---|---|---|---|
| Essential[12] | 80% | 78% | 80% |
| Non-Essential | 20% | 22% | 20% |
| **TOTAL** | **100%** | **100%** | **100%** |

| **% of Tenants in Terms of GLA** | **As of December 31** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| Anchor[13] | 69% | 77% | 78% |
| Non-Anchor | 31% | 23% | 22% |
| **TOTAL** | **100%** | **100%** | **100%** |

As of the date of this REIT Plan, the Essential Tenants comprise 80% of the total GLA, and the Anchor Tenants comprise 85% of the total occupied GLA.

The Office Properties have 15 existing tenants as of December 31, 2021, which we categorize as follows:

| **% of Tenants in Terms of GLA** | **As of December 31** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| BPO | 88% | 92% | 91% |
| Traditional Office | 4% | 3% | 3% |
| Retail | 8% | 6% | 6% |
| **TOTAL** | **100%** | **100%** | **100%** |

No single third party tenant accounted more than 10% of our Rental Income and 10% of our total Portfolio GLA as of December 31, 2021. As of the December 31, 2021, the Top 10 tenants of our Properties accounted for 77.33% of our total Portfolio GLA and contributed almost 86.57% of Rental Income for December 31, 2021. The following table provides a summary of the top tenants for the Office Properties:

| **Tenant** | **Description** | **Properties Occupied** | **Lease Term** | **Indicative End of Lease Term** | **As of December 31, 2021** | | |
|---|---|---|---|---|---|---|---|
| | | | | | **GLA Occupied (Sqm)** | **% of total Portfoli o GLA** | **% of total occupied GLA** |
| AllHome Corporation | Home & Appliances | Mall and Office | 16.00 | 7/30/2031 | 111,031.37 | 42.63% | 47.65% |
| AllDay Marts, Inc. | Supermarket | Mall | 9.00 | 12/1/2026 | 23,288.96 | 8.94% | 10.00% |
| Google Services Philippines, Inc. | BPO Office | Office | 5.08 | 11/30/2022 | 19,906.43 | 7.64% | 8.54% |
| Parallax Inc. | Cinema | Mall | 14.00 | 4/14/2026 | 12,225.04 | 4.69% | 5.25% |
| Family Shoppers Unlimited, Inc. | Department Store | Mall | 6.00 | 11/30/2026 | 11,575.11 | 4.44% | 4.97% |
| Telephilippines , Inc. | BPO Office | Mall | 5.00 | 6/30/2025 | 10,286.53 | 3.95% | 4.42% |

[12] Essential tenants are supermarket, home improvement/appliance stores, pharmacies, food and financial services.

[13] Anchor Tenants are supermarket, home improvement/appliance stores, recreation/amusement centers, pharmacy, food and cinema.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| CMSTAR Management Inc. | Food | Mall | 10.00 | 4/26/2026 | 4,681.13 | 1.80% | 2.01% |
| Puregold Price Club Inc. | Supermarket | Mall | 10.00 | 4/10/2022 | 3,130.26 | 1.20% | 1.34% |
| Mark's Fitness Place Inc. - Kinder City | Recreation/Amusement Center | Mall | 3.00 | 1/14/2023 | 2,775.77 | 1.07% | 1.19% |
| MGS Construction, Inc. | Office | Mall | 10.00 | 7/13/2024 | 2,493.08 | 0.96% | 1.07% |
| **TOTAL** | | | | | **201,393.68** | **77.33%** | **86.44%** |

As of December 31, 2021, 68.70% of the total GLA Portfolio and 74.50% of our Rental Income are leased by the following related parties (with the corresponding percentage to total GLA as of December 31, 2021): AllHome Corporation at 42.63%, AllDay Marts, Inc. at 8.94%, Parallax, Inc. at 4.69%, Family Shoppers Unlimited, Inc. at 4.44% and CMSTAR Management, Inc. at 1.80%. See – *Related Party Transactions* on page 272 this REIT Plan.

The Company's related party transactions have a significant impact on the Company's operations. Specifically, related party lease rates are based on minimum guaranteed rent with annual escalation or a variable rate, whichever is higher, or fixed amount with annual escalation rate. To mitigate this risk, our related party transactions are done on an arm's length basis. Our top two tenants, AllHome Corp. and AllDay, are also publicly listed companies and they are engaged in essential businesses.

The Company has no subsidiaries and no foreign revenues.

## RECENT DEVELOPMENTS

### *The COVID-19 Pandemic*

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared as a pandemic by the World Health Organization. As of the date of this REIT Plan, there have been over 439 million confirmed cases worldwide, with over 3.6 million confirmed cases in the Philippines as of the same date. Countries have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

As of the date of this REIT Plan, Metro Manila is under Alert Level 1, while other areas continue to be placed under other levels of community quarantine and there is no assurance that more stringent community quarantine will not be enforced in the future. See – *Regulatory and Environmental Matters.* The Philippines continues to be challenged as mobility and commercial activity remains limited due to the restrictions and slow roll-out of the vaccination.

In February 2021, the Philippine government commenced vaccination for those considered as high-risk individuals including healthcare workers, senior citizens, and individuals with comorbidities. In June 2021, the government expanded the vaccination drive to all private sector workers required to be physically present at their workplace outside their residences; employees in government agencies and instrumentalities; and informal sector workers and self-employed who may be required to work outside their residences, and those working in private households. As of the date of this REIT Plan, the Philippines has administered 147 million doses of the vaccine, with 63 million people fully vaccinated representing 57.13% of the total population of the country. In addition, a total of 10.14 million booster doses of the vaccine have been administered representing 9.25% of the total population of the country.

*Impact on the Operations of the Properties*

Amid COVID-19 and in compliance with the Government's ECQ guidelines, malls, hotels, and other businesses, except those providing essential goods and services were temporarily closed. The Mall Properties continued operations because these are occupied mostly by tenants providing essential services such as supermarkets, home improvement/appliance stores, drug stores, food establishments, financial services, and are located within or near Vista Land communities. The office buildings remained open during the lockdown since BPO tenants are allowed to conduct their businesses onsite. Other office tenants, though they adopted Work From Home arrangements, continued to fulfill their rental payment obligations. We provided rent concessions, to certain tenants based on their profile and credit standing, in addition to the concessions that our Company is required to provide pursuant to the Bayanihan Act, such as rent payment deferrals. However, it continued to collect rent from operational tenants, mostly as a percentage of sales. As an overview, in 2020, we provided rent-free concessions to tenants worth ₱345.08 Million. From January 1 to December 31, 2021, we provided rental concession by removing the minimum guaranteed rent and we charged based on percentage of sales. The concession is ₱52.30 Million.

*Measures to Mitigate the Impact of the COVID-19 Pandemic*

We understand the potential material impact of COVID-19 on our financial performance, the execution of our plans and strategies, and on our tenants should the situation persist in the longer-term.

We are fully committed to cooperate and support the Government's efforts to control the spread of the virus. In addition to complying with the guidelines provided by the Government, we have set our Business Continuity Plan (BCP) in motion in March 2020, and we continued to calibrate and improve our BCP over the course of the various lockdowns imposed by the Government in past two years of the pandemic. As we continued doing business amidst the pandemic, the safety and wellbeing of our employees, customers and other stakeholders is important to us. We organized the VHealthy Program which covers the implementation of various measures to mitigate the transmission of COVID-19 and protect our stakeholders such as the implementation of social distancing protocols, distribution of health kits, providing shuttle service to employees physically reporting to work, development of health monitoring app, COVID-19 vaccination and information drive for direct and indirect employees and their dependents, among others.

## HISTORY AND CORPORATE STRUCTURE

VistaREIT was incorporated under Philippine law on August 24, 2020 under the name of Vista One, Inc. with an authorized capital stock of ₱40,000,000.00 divided into 40,000,000 common shares with a par value of ₱1.00 per share. Vista One, Inc. was incorporated to own, manage, operate and engage in the leasing of income-generating real properties. Our Company did not have any business operation since its incorporation until the infusion of assets to its property portfolio under the Property-for-Share Swap. On December 29, 2021, the SEC approved the increase in our authorized capital stock to ₱2,000,000,000.00 divided into 2,000,000,000 common shares with a par value of ₱1.00 per share and on March 14, 2022, the SEC approved the increase in our authorized capital stock to ₱15,000,000,000.00 divided into 15,000,000,000 common shares with a par value of ₱1.00 per share. On March 16, 2022, our Board of Directors and shareholders approved the following amendments to our Articles of Incorporation and By-Laws: (a) changing our corporate name to VistaREIT, Inc.; (b) changing our Company's primary purpose to engage in the business of a real estate investment trust as provided under the REIT Regulations; (c) changing our Company's principal place of business; (d) increasing the number of our Board of Directors from five (5) to seven (7); (d) denying the stockholders' pre-emptive rights; (e) amendments on the PSE lock-up requirement; (f) corporate governance provisions for REITs and publicly listed companies; (h) qualifications of directors; (i) corporate governance revisions for independent directors; (j) changes on compensation clause; (k) constitute board committees including Executive Committee; Compensation and Remuneration Committee, Audit Committee, Related Party Transaction committee; (l) appointment of stock transfer agent; (m) schedule of regular annual meetings; (n) amendments on dividends; (o) the Fund Manager; and (p) the Property Manager. As of the date of this REIT Plan, we have 7,500,000,000 shares issued and outstanding. We have no preferred shares and no shares held in treasury. On April 18, 2022, the SEC approved the foregoing amendments to our Articles of Incorporation and By-laws.

### Capital Increase, Property-for-Share Swap and Lease Agreements

At the duly constituted meeting of the Board of Directors of the Company held on February 7, 2022, the increase in the authorized capital stock of the Company to ₱15,000,000,000.00, divided into 15,000,000,000 common shares, with a par value of One Peso (₱1.00), was approved by the affirmative vote of at least a majority of the members of the Board of Directors.

The aforementioned increase in the authorized capital stock of the Company was approved by the affirmative vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Company at a meeting held on the same date at the same venue. On March 14, 2022, the SEC approved the increase in authorized capital stock.

Out of the increase in the authorized capital stock of the Company, 6,990,000,000 common shares have been subscribed at an aggregate subscription price of ₱10,485,000,000.00, inclusive of premium in the amount of ₱3,495,000,000.00; and the subscribers, which are all Domestic corporations, have fully paid their respective subscriptions by way of transfer of property (the "**Property-for-Share Swap**"), as follows:

| Name of Subscriber | Properties Transferred | No. of Shares Subscribed | Par Value (₱1.00 per share) | Additional Paid-in Capital | Amount Subscribed and Paid |
|---|---|---|---|---|---|
| Vista Residences, Inc. | Vista Hub BGC | 1,917,919,815 | 1,917,919,815.00 | 958,959,907.50 | 2,876,879,722.50 |
| Masterpiece Asia Properties, Inc. | Starmall San Jose Del Monte; SOMO – A Vista Mall; Vista Mall Imus; Vista Hub Molino; Vista Mall General Trias; Vista Mall Tanza; Starmall Talisay, Cebu | 3,721,736,378 | 3,721,736,378.00 | 1,860,868,189.00 | 5,582,604,567.00 |
| Crown Asia Properties, Inc. | Vista Mall Antipolo | 304,856,147 | 304,856,147.00 | 152,428,073.50 | 457,284,220.50 |
| Communities Pampanga, Inc. | Vista Mall Pampanga | 463,199,199 | 463,199,199.00 | 231,599,599.50 | 694,798,798.50 |
| Manuela Corporation | Vista Mall Las Piñas (Main); Starmall Las Piñas (Annex) | 582,288,461 | 582,288,461.00 | 291,144,230.50 | 873,432,691.50 |
| **Total** | | **6,990,000,000** | **₱6,990,000,000.00** | **₱3,495,000,000.00** | **₱10,485,000,000.00** |

Subject to the SEC's approval of the Property-for-Share Swap and the issuance by the BIR of the Certificate Authorizing Registration ("**CAR**"), a Deed of Assignment and Subscription of shares dated February 7, 2022 (the "**Deed of Assignment and Subscription**") was entered into between our Company and the Sponsors where the Sponsors transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in the Properties, free from liabilities, debts, liens and encumbrances, at the transfer value of ₱10,485.00 million in exchange for an aggregate 6,990,000,000 common shares equivalent to a swap price per share of ₱1.50. Based on the Valuation Report, the aggregate appraised value of the properties transferred is ₱35,952.99 million. The Property-for-Share Swap further increased the Sponsors' ownership interest to 99.93% of the total issued and outstanding capital stock of the Company. The difference between the said transfer value of the Assigned Properties and the issue price thereof to the Company (i.e., the issue price of the shares issued to the Sponsors in the Property-for-Share Swap) in the amount of ₱3,495.00 million is accounted for as additional paid-in capital.

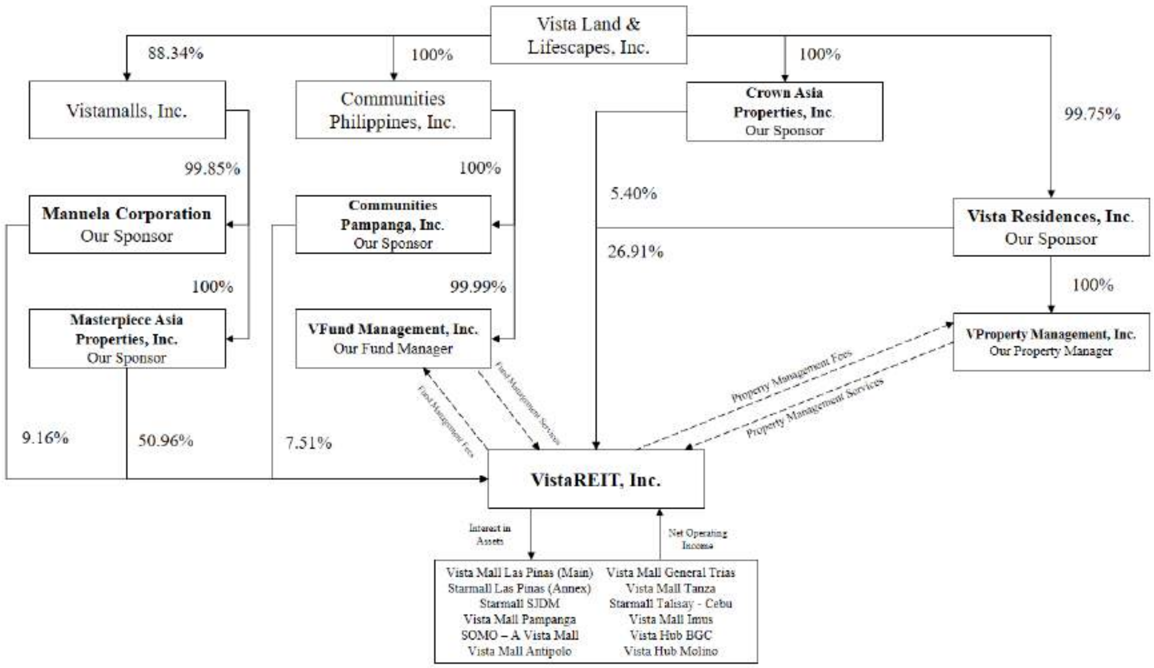
All of the Properties were developed by the Sponsors. All of the Properties are owned by our Company and are located on land leased from the Company's affiliates and Sponsors, which are direct and indirect subsidiaries of Vista Land. As consideration for the land lease, our Company will pay the relevant lessor 1% of Rental Income, inclusive of VAT, DST and other taxes which shall be borne by our Company. The impact of such rent payment will be reflected in the financial projection for the fiscal year ending December 31, 2022 as an increase in expenses. As of the date of this REIT Plan, the remaining land lease tenure of each of our Properties is between 15 to 25 years, renewable at the option of the lessee. As of the date of this REIT Plan, all Properties enjoy occupancy rates between 93% to 100% of their respective GLAs.

On March 16, 2022, pursuant to the Deed of Assignment and Subscription for the transfer, assignment and conveyance in favor of our Company of all of the Sponsors' rights, title and interests in the Properties in exchange for our Company's common shares, our Company and the Sponsors entered into a Deed of Assignment of Leases assigning all of the Sponsor's rights and interests in and to the Contracts of Lease over portions of the Properties leased out to various entities (the "**Leases**") effective upon the issuance of our Company's common shares in the name of the Sponsors. As of March 16, 2022, the Leases have been assigned and transferred to the Company.

On March 14, 2022, the SEC issued the Certificate of Approval of the Increase of Capital Stock on the Property-for-Share Swap at ₱10,485.00 million. Then upon payment of the corresponding Documentary Stamp Tax on March 30, 2022, the Company issued an aggregate of 6,990,000,000 common shares to the Sponsors according to their respective subscriptions under the Property-for-Share Swap, and was recorded in our accounting books and stock transfer book on the same date. Subsequently, the CARs authorizing the transfer of legal title to the Properties from the Sponsors to the Company were issued on April 25, April 26, April 28, April 29 and May 2, 2022, the CARs for the Properties was issued by the BIR. Upon issuance of the shares on March 30, 2022 under the Property-for-Share Swap, it was recorded in our accounting books and stock transfer book on the same date.

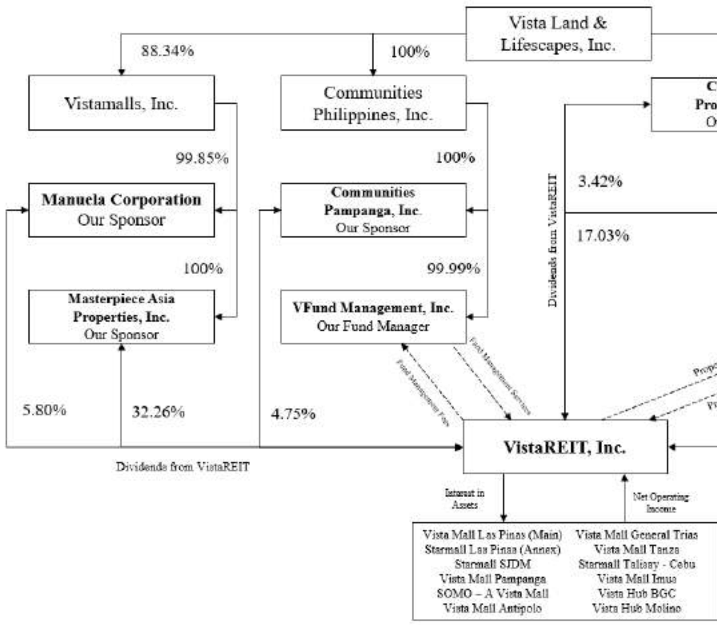
## THE FORMATION AND STRUCTURE OF VISTAREIT

Our Company is a domestic corporation, established to invest in real estate. The operational and ownership structure and the relationship of the various parties, as of the date of this REIT Plan, are illustrated in the following diagram:

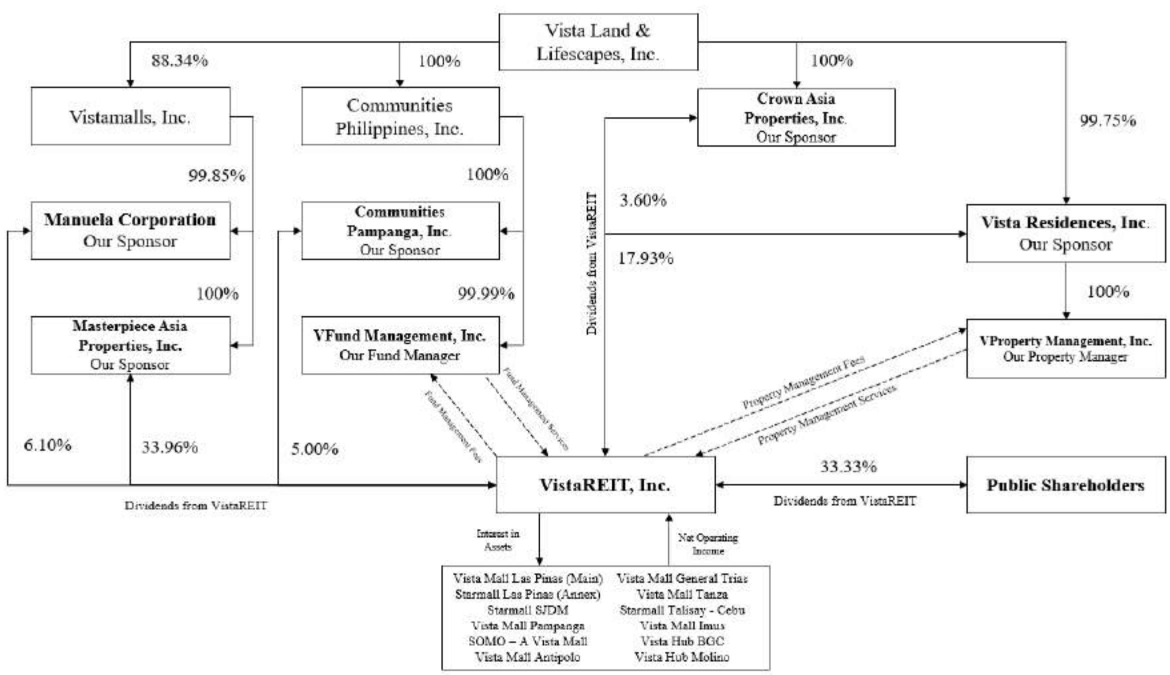


After the Offering, the operational structure of VistaREIT and its relationship with the Sponsors, Fund Manager, Property Manager, and Vista Land are illustrated as follows:

(i) Assuming the full exercise of the Overallotment Option:




(ii) Assuming non-exercise of the Overallotment Option:



## STRENGTHS AND STRATEGIES

## COMPETITIVE STRENGTHS

Our Company believes that it benefits from the following competitive strengths:

***Solid sponsor backing from the Sponsors' parent company, Vista Land.***

Vista Land is a leading integrated property developer with an extensive track record in the real estate market, and is considered to be largest homebuilder in the country. Vista Land was incorporated in 2007 as a holding company of the Vista Group. Since then, it has become a leading player in the residential, commercial and affordable housing segments of the real estate market having built over 400,000 homes in 49 provinces, 147 cities & municipalities in Luzon, Visayas and Mindanao, with a land bank of approximately 3,000 hectares as of December 31, 2021, located in areas in proximity to major roads and primary infrastructure. Vista Land's commercial assets including the Properties have a total GFA of 1,588,694 sqm as of December 31, 2021.

Since its incorporation, Vista Land has managed to expand its operations across the country and sustain this growth by acquiring, developing and investing in its properties in the residential, commercial and affordable housing segments of the real estate market. Vista Land harnesses over 40 years of professional expertise in residential real estate development and believes it has established a nationwide presence, superior brand recognition and proven track record in homebuilding. Its projects include communicities and stand-alone residential subdivisions which offer lots, house and lots and condominium units to customers in the affordable, upper mid-cost and high-end market segments. The company has developed numerous "themed" housing and land development projects inspired by Mediterranean, Swiss, Italian, American, Caribbean and American Southern architecture and design. Vista Land believes that strict attention to detail in the execution of these themed communities helps to distinguish it from other real estate developers. Vista Land is also agile and responsive when facing crises, as illustrated by their initiatives and responses to the COVID-19 pandemic.

Vista Land operates its residential and commercial property development businesses through six (6) distinct business units, namely: Camella Homes, Communities Philippines, Crown Asia, Brittany, Vista Residences and Vistamalls, with details as follows:

***Brittany Corporation***

Brittany commenced its operations in 1993, and was the first to design and build dream home communities that feature luxurious homes with world-class architecture and elegant themes in the Philippines. The brand's target market is the upper class, and thus the main products are luxurious properties, condominiums, townhomes, and lot properties strategically located in Crosswinds Tagaytay in Cavite, Sta. Rosa, Laguna, Vista Alabang, and Lakefront Sucat, Muntinlupa.

***Crown Asia***

Crown Asia, with 25 years of experience in the real estate industry, focuses on developing high-quality homes for upper-middle-class families and individuals. Crown Asia has strategically-placed communities in Bacoor and, Damariñas in Cavite and in, Sta. Rosa, Cabuyao, and San Pedro in the province of Laguna. Crown Asia has also developed condominiums in Bacoor, Tagaytay, Sta. Rosa, and Las Piñas.

***Vista Residences***

Established in 2003, Vista Residences has distinguished itself as one of the top-tier condominiums providers in the Philippines, as it continues to meet the growing demand for condominium living with over 50 mid- and high-rise towers across the country's most dynamic business districts in various stages of construction.

Vista Residences develops high-end leisure condominium buildings in beautiful and luxurious locations, complete with hotel amenities and services. The brand strategically locates its developments in some of Metro Manila's most accessible and appealing areas, including major tourist hotspots, near major transportation hubs, and close to prestigious institutions and universities.

The brand has promising growth in the future along with high appreciation value, supported by the massive economic development in the country. With Metro Manila currently being one of the top investment cities, local and foreign investors will continue to find real estate in the Philippines to be a lucrative business.

***Camella Homes***

Camella is considered as the largest homebuilder in the Philippines, with a proven track record of producing high-quality homes for over 40 years. Green spaces, lifestyle facilities, and business establishments are all integrated into these communicities. The brand primes itself on elevating residences into safer places for families.

Its township projects are strategically located near business districts, transportation hubs, schools, general stores, shopping centers, clinics, churches, and attractions to provide its residents the best living experience. To provide the best experience in every neighborhood, Camella's township projects feature facilities such as clubhouses, basketball courts and amenity area, wellness areas, fitness gyms, butterfly sanctuary, bird aviary, walking trails, pine trees, and jogging routes.

***Vistamalls***

Vistamalls has developed and currently operates 31 community malls in strategic locations. The aforementioned malls contain essential services such as home improvement stores, supermarkets, pharmacies, financial services, restaurants and other food establishments, and other services like repair shops, cinemas, entertainment centers, personal services and retail shops. Vistamalls also utilizes its AllValue portfolio with AllHome, All Day Supermarket, Coffee Project, Bake My Day, KinderCity, and Finds, A Discount Store, which are located within the malls.

Vistamalls is well-positioned to meet rising competition in the retail mall business in view of the following competitive advantages:

- Strategic location of its existing retail malls (particularly the proximity of most of its malls to significant transportation hubs);
- A large existing landbank;
- Balance sheet strength;
- Proven tenant selection criteria with a broad tenant mix;
- Presence of anchor tenants in each of its retail malls

Vistamalls has also expanded its client base into the BPO business and is currently leasing the following office properties to reputable BPO firms:

- Worldwide Corporate Center
- Vista Mall Las Piñas IT Hub
- Vista Hub Molino
- Vista Hub BGC
- Vista Campus BCDA
- All Bank Building

***Condo Homes***

In 2019, Vista Land launched its latest brand for stunning and high-end buildings in Metro Manila's most sought-after business districts, Condo Homes (“**COHO**”), in order to meet the rising demand for housing closer to Metro Manila.

COHO derived from the words: "condo" and "home", brings the style of condo living with all the convenient amenities of home along with the combination of modern developments of resort-inspired amenities and exclusive spaces that are perfect for urban dwellers and young professionals. With the rise of COHO, residents may enjoy a premium and enhanced lifestyle with *communicities*, where they can enjoy the city's conveniences right at their doorstep. COHO is currently developing condos for sale in the cities of Taguig, Las Piñas and in Bacoor and Tagaytay, Cavite.

All of these homes from Vista Lands’ different brands act like anchors for the townships where the commercial assets are co-located.

*Vista Land’s COVID-19 Response*

Since the start of the pandemic, Vista Land has initiated various digital initiatives to help its business thrive to include among others: Online Sales Portal, Online Payment Portal, Virtual Property Tours, Social Media Engagements, and other e-initiatives like Drop Buy, ShopBuddy and E-Reservation. Vista Land has also conducted digital information initiatives such as ViCon, the first and biggest virtual property expo in the Philippines, as well as ViCon2:BOSS, the first and biggest virtual sales recruitment summit. The company has also deployed a vaccination program for its employees and their dependents, which includes an information drive on the safety protocols and the importance of getting inoculated through its VHEALTHY webinar program. In 2021, Vistamalls partnered with the local government units of Taguig City and Tanza, Cavite, and had 12 of its malls serve as vaccination hubs/sites for accessibility, efficiency and safety.

Despite declining operational revenues, particularly in the retail segment, in view of the limited mobility and business activities brought about by the varying degrees of community quarantine restrictions, Vista Land continued to look for opportunities in the real estate sector, specifically given the increasing demand for residences outside of Metro Manila.

Coupled with a strong financial position, Vista Land’s execution track record and unparalleled understanding of the needs of real estate consumers, proves its leadership in the business segments it operates in. Vista Land continues to look for various opportunities in the real estate sector and continuously monitor trends in terms of market demand and supply levels in coming up with masterfully planned and designed real estate developments.

Vista Land was awarded the “*Top Traded Corporate Bond Issue of the Year”* by the Philippine Dealing & Exchange Commission which is to be held virtually on March 25, 2022. The company also received the “*Prix D’excellence Developer of the Year Award*” during the 2021 FIABCI Philippines Property and Real Estate Excellence Awards held online on June 2, 2021 for continuing to work on more value-adding initiatives as well as developing sustainable programs all aimed at providing better and elevated service to its clients.

Throughout its history, Vista Land has been recognized by numerous institutions and prestigious international awards organizations for its property and real estate development capabilities, good corporate governance, corporate and social responsibility initiatives, and other achievements, including the following:

| **Award Giving Body** | **2019 Recognitions** |
|---|---|
| International Finance | Best Real Estate Development Company (Residential) |
| APAC Insider - South East Asia | Best Integrated Property Development Firm |
| Global Business Outlook | Most Innovative Community Developer |
| Corporate Governance Asia | Best Investor Relations Company |

| | |
|---|---|
| Corporate Governance Asia | Asia's Outstanding Company on Corporate Governance |

| Award Giving Body | 2020 Recognitions |
|---|---|
| Global Economics | Most Innovative Community Developer |
| Southeast Asia Business Awards | Best Homebuilder & Property Development Firm |
| Forbes Asia | Heroes of Philantrophy - Manuel B. Villar |
| Corporate Governance Awards 2020 | Asia's Best CEO - Manuel Paolo A. Villar |
| BCI Awards 2020 | Top 10 Developers |

| Award Giving Body | 2021 Recognitions |
|---|---|
| The Global Economics Awards 2021 | Best Community Real Estate Developers |
| Corporate Governance Awards 2021 | Asia's Best CEO - Manuel Paolo A. Villar |
| Corporate Governance Awards 2021 | Asia's Best CFO - Brian N. Edang |
| Corporate Governance Awards 2021 | Asia's Best CSR |
| Corporate Governance Awards 2021 | Best Investor Relations Company |
| BCI Awards 2021 | Top 10 Developers |

***Synergies with the Villar Group***

The Villar Group has diversified investments in the real estate, retail, utilities, food and finance industries. A key growth area is the Villar Group's expanding retail ecosystem. As part of the Villar Group, the Company realizes valuable synergies with the Villar Group's retail ecosystem, which include publicly-listed AllHome and AllDay, and popular retail concepts such as Coffee Project, KinderCity, Vista Cinemas (collectively the "Anchor Tenants"). Lease contracts with related party tenants are done at an arms-length basis.

AllHome (PSE: HOME), incorporated in 2013, is the Villar Group's pioneering "one-stop shop" home improvement retailer in the Philippines. The company's product offerings span seven key categories – furniture, hardware, appliances, tiles and sanitary wares, homewares, linens and construction materials – from over 1,031 local and international brands, including 45 in-house brands. As of September 30, 2021, AllHome has 57 stores nationwide.

AllDay (PSE: ALLDY), incorporated in 2016, is a proudly Filipino chain of supermarkets that endeavors to provide Filipinos an elevated refreshed, and world-class grocery experience. As of September 30, 2021, the company has 33 full-format supermarkets, spread across 25 cities and municipalities in the country. AllDay Supermarkets carry a comprehensive and curated product offering spanning three (3) key categories – fresh items, food items, and non-food items – and comprised of approximately 3,600 local and international brands and about 40,000 different items.

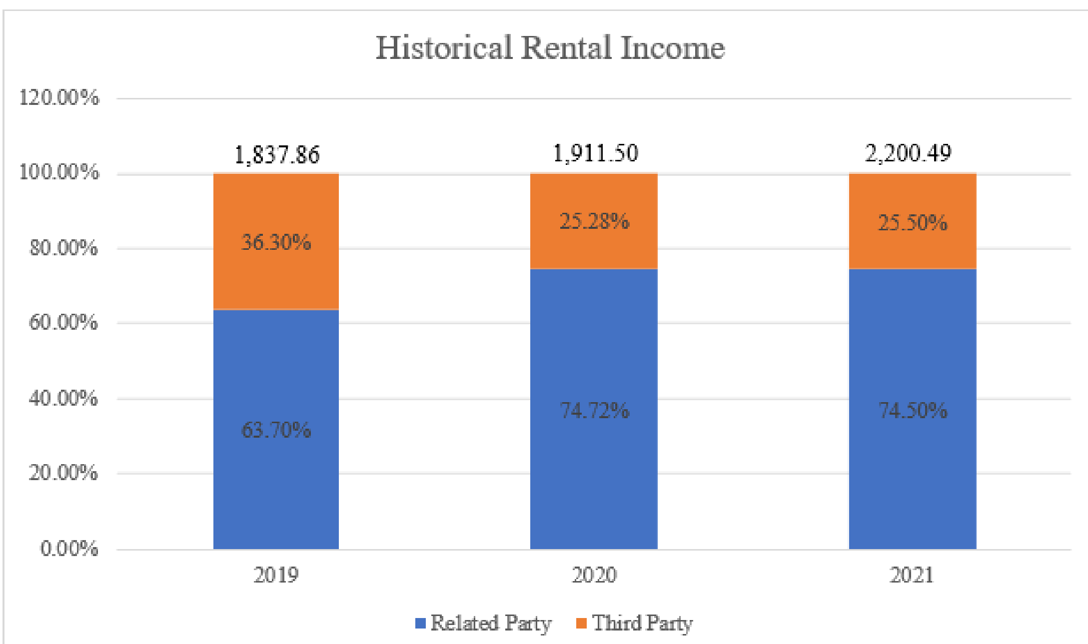
Both AllHome and AllDay have significantly grown over the years. For the nine months ended September 30, 2021, AllHome's revenues grew by 21.62% to ₱10,125.47 million compared to ₱`8,325.43 million for the same period in 2020 while AllDay grew by 21.97% to ₱6,873.38 million compared to ₱5,635.23 million for the previous period.

The aforementioned companies continue to remain as strong anchor tenants for the Mall Properties and contribute significantly to the Company's cash flows and to the foot traffic for the Mall Properties. The Properties are at 50% pre-covid level foot traffic but during the month of December there were days that foot traffic was even above pre-pandemic levels. In addition, our anchor tenants took advantage of the online platform to maintain or even increase sales to compensate for the decline in the foot traffic. Cash flows from these anchor tenants consist of fixed & variable rental income, parking fees, CUSA, and other operating income.

| | Rental Income For the fiscal year ended Dec 31 | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | ₱ millions | | |
| Vista Mall Las Piñas (Main) | 258.92 | 51.59 | 167.70 |
| Starmall Las Piñas (Annex) | 36.03 | 27.54 | 24.20 |
| Starmall SJDM | 285.11 | 178.22 | 218.42 |
| Vista Mall Pampanga | 105.70 | 104.86 | 90.57 |
| SOMO – A Vista Mall | 322.17 | 717.94 | 745.76 |
| Vista Mall Antipolo | 80.78 | 120.45 | 123.72 |
| Vista Mall General Trias | 176.88 | 199.95 | 183.55 |
| Vista Mall Tanza | 123.10 | 187.35 | 220.87 |
| Starmall Talisay - Cebu | 133.24 | 31.97 | 83.39 |
| Vista Mall Imus | 73.31 | 52.09 | 44.70 |

Aside from the stable cash flows from these Anchor Tenants, the Villar Group's mission of elevating the customer experience, coupled with an innovative and pioneering retail approach, reflects a continuously growing retail ecosystem that exudes market leadership in the retailing industry. The Villar Group's retail ecosystem sees a lot of opportunities for expansion while at the same time adapts to the changing retailing landscape. The Company leverages on the strength and proven track record of the Villar Group's retail ecosystem.

The chart below provides details of the historical contribution of Villar Group tenants from FY2019 to FY2021. For the last three fiscal years, related party tenants contributed 63.70%, 74.72% and 74.50% of the Company's rental income for 2019, 2020, and 2021, respectively.




The table below provides details of the top 10 tenants of the Properties in terms of GLA as of December 31, 2021.

| Tenant | Description | Properties Occupied | As of December 31, 2021 GLA Occupied (Sqm) | % of total Portfolio GLA | % of total occupied GLA | % of total Rental Income |
|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | Mall and Office | 111,031.37 | 42.63% | 47.65% | 44.83% |
| AllDay Marts, Inc. | Supermarket | Mall | 23,288.96 | 8.94% | 10.00% | 26.64% |
| Google Services Philippines, Inc. | BPO Office | Office | 19,906.43 | 7.64% | 8.54% | 7.43% |
| Parallax Inc. | Cinema | Mall | 12,225.04 | 4.69% | 5.25% | 0.04% |
| Family Shoppers Unlimited, Inc. | Department Store | Mall | 11,575.11 | 4.44% | 4.97% | 0.50% |
| Telephilippines, Inc. | BPO Office | Mall | 10,286.53 | 3.95% | 4.42% | 3.65% |
| CMSTAR Management Inc. | Food | Mall | 4,681.13 | 1.80% | 2.01% | 2.40% |
| Puregold Price Club Inc. | Supermarket | Mall | 3,130.26 | 1.20% | 1.34% | 0.81% |
| Mark's Fitness Place Inc. - Kinder City | Recreation/Amusement Center | Mall | 2,775.77 | 1.07% | 1.19% | 0.03% |
| MGS Construction, Inc. | Office | Mall | 2,493.08 | 0.96% | 1.07% | 0.25% |
| | | **TOTAL** | **201,393.68** | **77.33%** | **86.44%** | **86.57%** |

***Investment in community-based commercial and PEZA-accredited office properties with high quality and stable tenant base***

VistaREIT owns and leases a portfolio of ten (10) community malls and two (2) office buildings ("Office Properties," together with Mall Properties, the "Properties" and each, a "Property") with an aggregate GLA of 256,403.95 sqm as of December 31, 2021 and with an aggregate appraised value of ₱35,952.99 million based on the Valuation Report issued by Asian Appraisal Company, Inc. (the "Valuer").

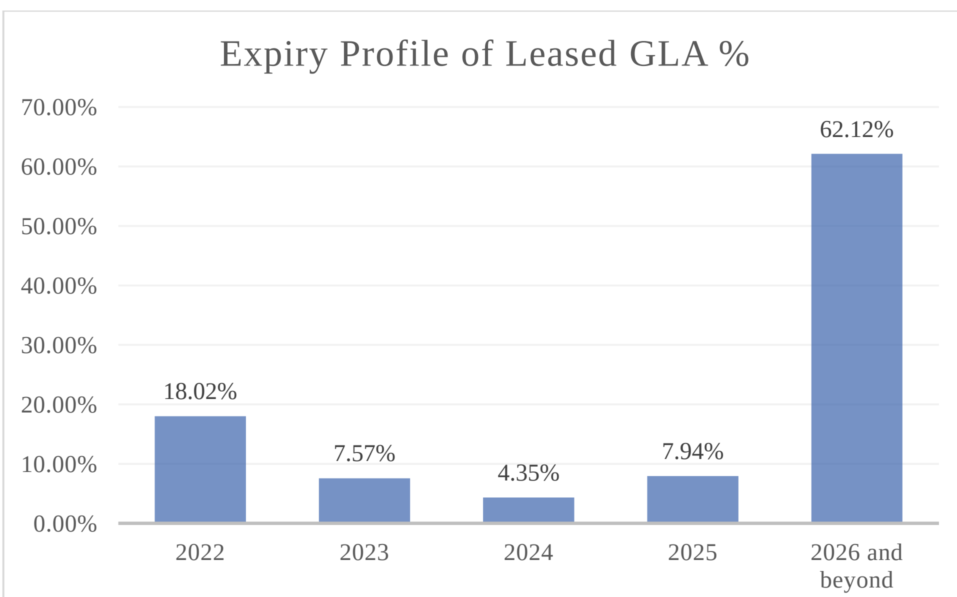
All of the Properties were developed by Vista Land and are located on land leased from the Company's affiliates and Sponsors, which are direct and indirect subsidiaries of Vista Land. As of the date of this REIT Plan, the remaining land lease tenure of each of our Properties is between 15 to 25 years.

The table below provides details of each Property as indicated as of December 31, 2021.

| Property | Classification | Year Competed | Location | GLA (sqm) | % of Total Portfolio GLA | Occupancy Rate | Appraised Value (₱ million) |
|---|---|---|---|---|---|---|---|
| Vista Mall Las Piñas (Main) | Mall | 1982 | Pamplona Dos, Las Piñas City | 20,605.02 | 8% | 89% | 3,907.22 |
| Starmall Las Piñas (Annex) | Mall | 1979 | Pamplona Tres, Las Piñas City | 6,227.53 | 2% | 91% | 958.23 |
| Starmall SJDM | Mall | 2012 | SJDM Bulacan | 35,664.93 | 14% | 88% | 6,398.91 |

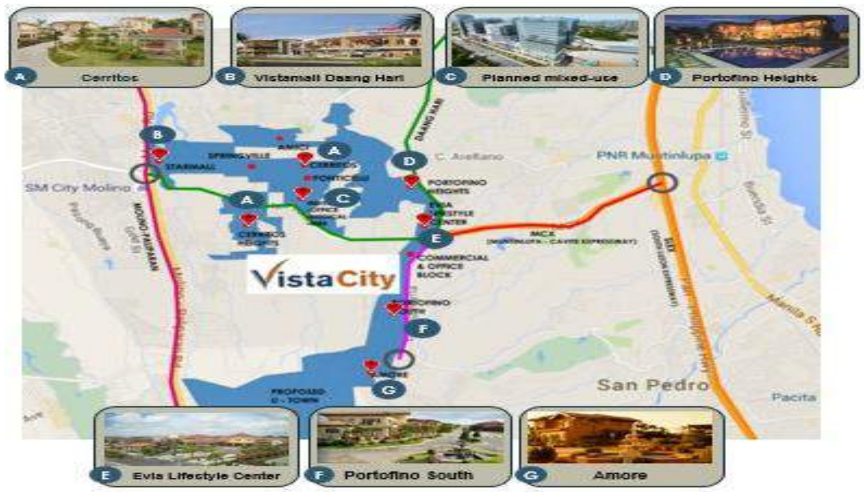
| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Vista Mall Pampanga | Mall | 2013 | San Fernando, Pampanga | 25,526.84 | 10% | 93% | 1,848.26 |
| Vista Mall Molino | Mall | 2015 | Bacoor City, Cavite | 31,849.91 | 12% | 90% | 4,461.54 |
| Vista Mall Antipolo | Mall | 2013 | Antipolo City, Rizal | 16,082.93 | 6% | 88% | 2,335.48 |
| Vista Mall General Trias | Mall | 2018 | General Trias City, Cavite | 26,638.45 | 10% | 89% | 2,961.08 |
| Vista Mall Tanza | Mall | 2018 | Tanza, Cavite | 25,012.82 | 10% | 87% | 2,611.18 |
| Starmall Azienda | Mall | 2013 | Talisay City, Cebu | 19,643.57 | 8% | 92% | 2,943.62 |
| Vista Mall Imus | Mall | 2015 | Imus City, Cavite | 12,778.45 | 5% | 100% | 637.73 |
| Vista Hub Molino | Office | 2020 | Bacoor City, Cavite | 20,742.42 | 8% | 98% | 2,827.38 |
| Vista Hub BGC | Office | 2016 | BGC, Taguig City | 15,631.08 | 6% | 91% | 4,062.36 |

Over the last 3 years, the Properties have enjoyed consistently high occupancy rates. We believe occupancy levels of our Properties continue to remain high due to the strategic location of our malls and office spaces being within master planned Vista Land communities which provide the immediate catchment area for these Properties. Our Portfolio has a weighted average lease expiry ("**WALE**") of 5.09 years (by GLA) as of December 31, 2021.



*Community-based Commercial Properties*

As an integrated developer, Vista Land has built carefully designed *communicities* which serve as a one-stop shop for the various needs of its client. These consist of the Villar Group's various business segments, such as residences, retail network and banking. The strategic placement of its Mall Properties within these *communicities* provides constant foot traffic from its captured client base of residents, as well as visitors alike, who value location, convenience and the experience. The Company's community malls are located in Las Piñas City, Bacoor City, General Trias City, Imus City, Municipality of Tanza, Antipolo City, San Jose Del Monte City, San Fernando City, and Talisay City.




A prime example of Vista Land's master-planned communities is Vista City. It is strategically located across borders of Muntinlupa, Las Piñas, Cavite and Laguna, and has a total area of 1,500 ha for development. To date, it has over 700 ha of undeveloped area which will be developed into residential areas under Brittany, Crown Asia and Camella brands. It currently has over 1 million households around Vista City's 15km radius catchment area. 92% of the GLA of the Properties are located within or near Vista Land master-planned communities.

The Company relies on strong and stable anchor tenants which bring forth an elevated malling experience due to the innovative concepts implemented by such anchor tenants. Most of the Anchor Tenants belong to the Villar Group, which allow the Company to leverage on the synergies offered by the retail ecosystem within the Villar Group.

| | | | | **As of 31 December 2021** | | |
|---|---|---|---|---|---|---|
| **Tenant** | **Building Occupied** | **Sector** | **Description** | **GLA (sqm)** | **% of total Properties GLA** | **% of total occupied GLA for Properties** |
| AllHome Corporation | Mall and Office | Home & Appliances | Publicly listed home improvement store | 111,031.37 | 43.30% | 47.66% |
| AllDay Marts, Inc. | Mall | Supermarket | Publicly listed supermarket | 23,288.96 | 9.08% | 10.00% |
| Google Services Philippines, Inc. | Office | BPO Office | Internet-related services and product | 19,906.43 | 7.76% | 8.54% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Parallax Inc. | Mall | Cinema | Operator of state-of-the-art cinemas | 12,225.04 | 4.77% | 5.25% |
| Family Shoppers Unlimited, Inc. | Mall | Department Store | Discount store | 11,575.11 | 4.51% | 4.97% |
| Telephilippines, Inc. | Mall | BPO Office | Business support and services | 10,286.53 | 4.01% | 4.42% |
| CMSTAR Management Inc. | Mall | Food and Beverages | Food and beverage operator with known brands such as Coffee Project, Dear Joe, Bake My Day, and AllAmerican | 4,681.13 | 1.83% | 2.01% |
| Puregold Price Club Inc. | Mall | Supermarket | Publicly listed–supermarket | 3,130.26 | 1.22% | 1.’4% |
| Mark's Fitness Place Inc. - Kinder City | Mall | Recreation/Amusement Center | Kids recreational center | 2,775.77 | 1.08% | 1.19% |
| MGS Construction, Inc. | Mall | Office | Quadruple A rated construction company | 2,493.08 | 0.97% | 1.07% |
| **Total** | | | | **210,393.68** | **78.55%** | **86.45%** |

Each of our Mall Properties typically has around 30,000 sqm in GFA and around 80% is occupied by essential retail formats, such as supermarkets, home improvement/appliance stores, drug stores, food establishments and financial services. Due to the COVID-19 pandemic, foot traffic in malls declined significantly. However, the impact to our Mall Properties was softened compared to other malls since most of our tenants are essential, and thus, continued to operate in spite of the quarantine restrictions. The malls are located within or near Vista Land integrated developments/*Communicities*.

| **% of Tenants in Terms of GLA** | **As of December 31** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| Essential[14] | 80% | 78% | 80% |
| Non-Essential | 20% | 22% | 20% |
| **TOTAL** | **100%** | **100%** | **100%** |

*PEZA-accredited Office Properties*

The Office Properties are PEZA-accredited office buildings with high quality anchor tenants in the BPO industry. As PEZA-registered buildings, the Office Properties prove to be an attractive location for its BPO tenants, due to the benefits such tenants enjoy from certain tax incentives granted to PEZA-registered properties. Pursuant to Republic Act No. 7916, as amended by Republic Act No. 8748, otherwise known as the Special Economic Zone Act of 1995, qualified tenants located within PEZA-registered properties or PEZA-registered zones are entitled to tax incentives.

Aside from being PEZA-registered, the Office Properties are located in prime areas that are easily accessible and have stable demand from the office market. Bonifacio Global City is the recognized as the largest office market in Metro Manila with various office developments, luxury hotels, recreational areas, residential areas, and premier shopping centers creating a large, high-density mixed-use community.

[14] Essential tenants are supermarket, home improvement/appliance stores, pharmacies, food and financial services.

The Office Properties feature high-speed connectivity, 24-hour building security, robust IT infrastructure, uninterrupted power supply with the presence of back-up generators and monitoring and maintenance systems, making these buildings ideal and attractive locations for BPOs.

The Office Properties also enjoy stable cash flows from high quality anchor tenants consisting of strong and leading BPO companies, such as TelePhilippines, Inc. and Google Services. As of December 31, 2021, about 81.34% of the total GLA or 29,587.81 sqm of the Office Properties are currently occupied by the aforementioned BPO companies.

Over the years, the Philippine BPO industry has been continuously growing primarily driven by a relatively cheap and competitive labor force comprised of a younger population. Based on the Industry Report, the BPO industry is one of the few industries that managed to grow in the Philippines, despite the COVID-19 pandemic, registering an overall headcount of 1.32 million BPO full-time employees (FTEs) in 2020, a reported growth of 1.8% from the prior year, and achieving USD 26.7 billion in revenues for 2020, 1.4% higher compared to the prior year. Such growth is highly attributed to the continued confidence placed by different outsourcing firms towards a cost-competitive, English-speaking, tech-savvy and young labor force of the Philippines and supported by other industries such as healthcare, e-commerce, banking and finance and retail.

As per the Industry Report, outlook for the BPO industry remains optimistic with 2022 FTEs and revenue estimates at 1.57 million and USD 32 billion, respectively, arising primarily from growth opportunities seen in healthcare and animation & game development. The Industry Report further emphasizes that the post-pandemic demand for office space will increase for certain industries, such as call centers and BPOs, due to unreliable internet connections and unstable electricity supplies in a work-from-home arrangement.

| | | | | **As of 31 December 2021** | | |
|---|---|---|---|---|---|---|
| **Tenant** | **Building Occupied** | **Sector** | **Description** | **GLA (sqm)** | **% of total Office Properties GLA[15]** | **% of total occupied GLA for Office Properties[16]** |
| Google Services Philippines, Inc. | Vista Hub BGC | BPO | Internet-related services and product | 19,664.93 | 94.81% | 96.43% |
| Telephilippines, Inc. | Vista Hub Molino | BPO | Business support and services | 9,922.88 | 63.48% | 69.41% |
| **Total** | | | | **29,587.81** | **81.34%** | **85.30%** |

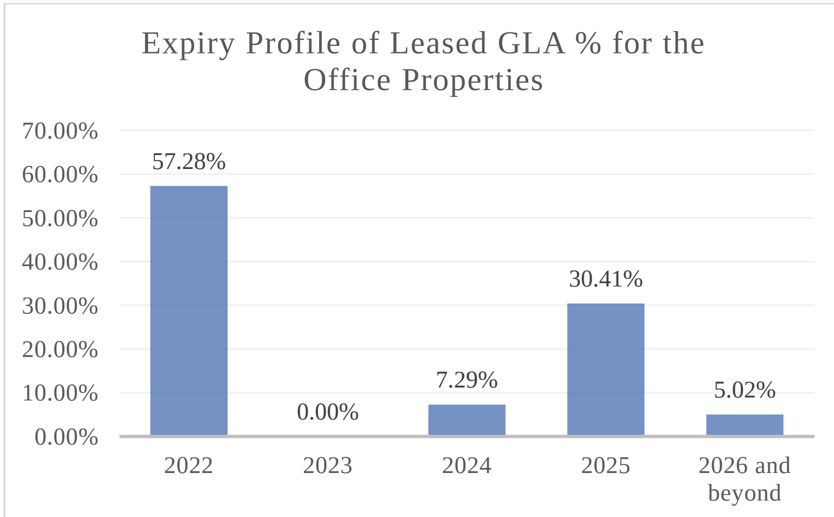
Despite the quarantine restrictions implemented due to the COVID-19 pandemic, the Office Properties continues to enjoy pre-COVID-19 occupancy levels primarily due to the sustained operations of the BPO office tenants with a retention rate of 100.00% in 2020 and 100.00% in 2021. This shows a strong indication of the Company's long-standing relationship with its anchor tenants, further supporting the long-term stability and sustainability of the Company's cash flows from said clients.

The Company's typical BPO tenant executes long term lease contracts of 5 to 10 years, thereby providing the Company stable and highly visible rental income. Telephilippines, Inc. and Google Services Philippines, Inc. have been anchor tenants of the Office Properties for almost 5 years. As of December 31, 2021, our Office Properties have an overall occupancy rate of 95% and a weighted average lease expiry (WALE) of 2.06 years (by GLA). About 57.28% of our GLA

[15] As of December 31, 2021, Total GLA for Office Properties at 36,373.50 sqm.

[16] As of December 31, 2021, Total occupied GLA for Office Properties is at 34,688.31 sqm.

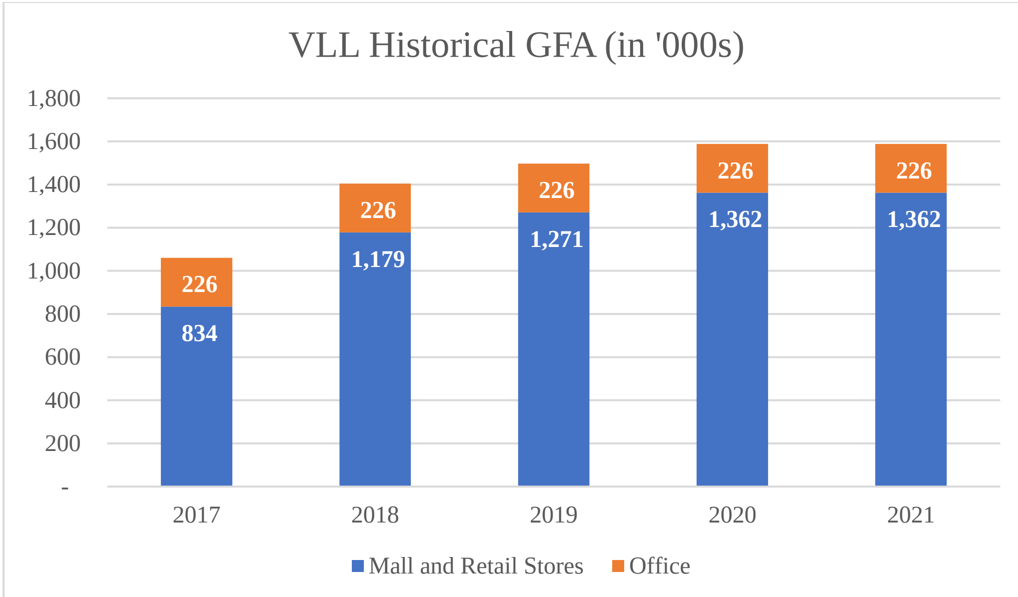
will be expiring this year, while none will expire in 2023. As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.




***Solid expansion program with robust, geographically-diverse pipeline of profitable assets within the Villar Group for potential future acquisitions***

With the strong support and commitment from the Villar Group and the Sponsors, the Company is well positioned to pursue an expansion program that features the potential infusion of high quality income generating assets owned by the Villar Group that would meet the Company's selection criteria with respect to its investment strategy. As of December 31, 2021, Vista Land has a total of 1,588,694 sqm of GFA of investment properties comprising of 31 malls, 7 office buildings and 69 commercial centers. The Properties only comprise 23% of the Vista Land Group's investment properties in terms of GFA.

As one of the leading real estate developers of malls, commercial spaces and offices, the Vista Land Group provides the Company access to high quality and profitable pipeline of assets strategically located in key growth areas across the Philippines. Aside from its existing portfolio of leasable assets, the Villar Group continues to look out for opportunities to sustain and solidify its growth to further develop its existing portfolio, which we believe presents the Company with potential targets for future acquisition, subject to meeting the Company's investment criteria.




One of the office buildings of the Vista Land Group not yet included in this initial Portfolio is Worldwide Corporate Center ("WCC") in Shaw Blvd., Mandaluyong City. The Company plans to infuse WCC in 18 to 24 months from Listing Date via a property-for-share swap or debt transaction. WCC is a 4-level multi-use commercial building with PEZA registration owned and developed by Manuela Corporation. The building sits on a 3-hectare property under a land lease agreement with Leca Realty Corporation until 2050. It has a total GFA of 118,000 sqm. The Lower & Ground Floor Levels are mostly retail spaces while the upper floors are BPO and corporate offices. Among the top tenants of WCC are Vista Land Group, CNN Philippines, Stream International, Sykes and Acquire Asia for office, and AllHome and AllDay for retail. As of the date of this REIT Plan, the occupancy rate is at 97%. The infusion of other assets aside from WCC is still under the evaluation of the Company.

As of the date of this REIT Plan, the Company has no indebtedness relating to the Properties, thereby providing the Company with room to improve and maximize its capital structure and enhance equity returns for its investors through the availment of suitably priced and structured debt instruments for the acquisition of additional properties.

***Experienced, competent and founder-led management team with a proven track record of managing retail and commercial property operations***

The Company's management team is composed of individuals who have spent their careers in the Philippine real estate industry and have gained valuable experience from their tenure. Vista Land Group is headed by the founder, Manuel B. Villar Jr. The management team has a combined and accumulated work experience of over 17 years.

The Company will benefit from the familiarity of the management team with the assets and the growth commitment of the Sponsors. Additionally, the valuable experience gained by senior management in various key positions and capacities throughout their employment with the Sponsors, enhances the Company's management team's ability to understand the dynamic s of the Philippine real estate market and to coordinate seamlessly with the Company's related parties, including the Sponsors.

The experience that the management team and the Company's board of directors have in real estate development, investment, asset and property management, and finance is seen to positively benefit the Company. In particular, the Chairman, Ms. Jerylle Luz C. Quismundo has over 30 years of experience in the real estate industry. The Company's President and Chief Executive Officer, Mr. Manuel Paolo A. Villar, has a combined experience of 23 years in finance, property management and real estate. He has been leading Vista Land as its President and CEO since July 2011. Other key members of the management team similarly have over 17 years of experience in real estate and other sectors. For further details of the Company's Senior Management and Board of Directors, see "*Board of Directors and Management*".

***Opportunities for growth through rent escalation/revision, active asset management and asset enhancement***

The Company's lease rates are set to provide opportunities for growth which is poised to take advantage of the improving economy post pandemic. Our rental revenues have increased over the last four years even at the height of the pandemic in 2020 due primarily to the rental escalation provided for in the contracts, higher sales booked by anchor tenants for variable contracts as well as higher rates for renewal contracts. In addition, the tenant mix of majority essential and the strategic location of our malls being within or near Vista Land community provided for the sustained growth in rentals.

The Company will also benefit from the solid future growth plans which includes active asset management as well as optimization of the use of existing leasable area of the Properties through more efficient use of spaces and or by acquiring additional properties. The additional properties will be coming from the Vista Land Group and the Sponsors existing investment property portfolio which totals 1.6 million square meters of gross floor area and are made up of 31 malls, 7 office buildings and 69 commercial centers where the initial 12 assets of the Company are included.

As an early mover in the retail mall segment in underserved areas, the Company has been consistently providing reasonable and affordable lease rates for its tenant base. Variable lease terms based on the percentages of sales are mostly offered, subject to a minimum guaranteed rent. In comparison to its peers, the Company has even greater capacity to raise its lease rates and still maintain a competitive pricing based on existing market rates. The table below shows the Company's lease rates as well as the range of lease rates in the market.

| Mall Properties | Average Lease Rate | Average Escalation Rates | Area Lease Rate Range* | Area Escalation Rate (Typical)** |
|---|---|---|---|---|
| Las Piñas | | | | |
| Vista Mall Las Piñas<br>Star Mall Annex | ₱ 452.17<br>₱ 350.68 | 5% – 10% | ₱ 350.68 – ₱ 1,500.00 | 10% |
| Lower Cavite | | | | |
| Vista Mall General Trias<br>Vista Mall Tanza | ₱ 800.00<br>₱ 675.00 | 5% – 10% | ₱ 520.00 – ₱ 1,500.00 | 10% |
| Upper Cavite | | | | |
| Vista Mall Imus<br>Vista Mall Molino | ₱ 306.68<br>₱ 354.49 | 5% – 10% | ₱ 204.52 – ₱ 1,000.00 | 10% |
| Rizal | | | | |
| Vista Mall Antipolo | ₱ 388.25 | 5% – 10% | ₱ 388.25 – ₱ 1,100.00 | 10% |
| Pampanga | | | | |
| Vista Mall Pampanga | ₱ 304.12 | 5% – 10% | ₱ 304.12 – ₱850.00 | 10% |
| Bulacan | | | | |
| Starmall SJDM | ₱ 577.64 | 5% – 10% | ₱ 577.64 – ₱ 1,000.00 | 10% |
| Cebu | | | | |
| Vista Mall Azienda | ₱ 315.16 | 5% – 10% | ₱ 315.16 – ₱ 1,800.00 | 10% |

** Based on the industry report of SKF attached to this REIT Plan as Annex B (Retail & Office Market Study). The comparable lease rates are based on the vicinity, location, accessibility, classification, quality, foot-traffic, branding, market activity, retail development, and size of the mall/office establishment being offered in the market.*
*** Based on the industry report, operators normally do not disclose their variable terms as it is subject to negotiation. However, the typical escalation rate observed within the trade areas is 10%.*

With the rising population and improvements in infrastructure developments in the Philippines, the Company stands to benefit from the strengthening and resurgence of business activities in the regions where the Mall Properties are located. The Company's current lease rates are among the lowest in the areas they are located, if not the lowest, among the retail mall segments by a multiple of 2-3x based on the SKF industry report.

As to the Office Properties, Vista Hub BGC and Vista Hub Molino are well positioned to capitalize on the market's recovery. The table below shows the comparative lease rates between the Company's Office Properties and its competitors.

| VistaREIT Office Portfolio | Average Lease Rate | Competitor Lease Rate* | Area Escalation Rate (Typical)** |
|---|---|---|---|
| Vista Hub BGC | ₱ 630.47 | ₱ 1,075.00 | 10% |
| Vista Hub Molino | ₱ 492.56 | ₱ 1,600.00 | 10% |

** Based on the industry report of SKF attached to this REIT Plan as Annex B (Retail & Office Market Study). The comparable lease rates are based on the vicinity, location, accessibility, classification, quality, foot-traffic, branding, market activity, retail development, and size of the mall/office establishment being offered in the market.*
*** Based on the industry report, operators normally do not disclose their variable terms as it is subject to negotiation. However, the typical escalation rate observed within the trade areas is 10%.*

The primary factor for the difference in the lease rates of our Properties is the significant distance from locations that offer higher foot traffic such in in central business districts.

The Company has managed to retain a vacancy rate of 0-3% for its offices even during the pandemic. In contrast, the Industry Report notes that Grade A offices in BGC and offices in Alabang have experienced vacancy levels of 13% and 22% as of the fourth quarter of 2021, respectively. As the business landscape adjusts to the new normal post-pandemic, the Company has the flexibility to gradually match market lease rates while keeping vacancy levels low.

For the last three fiscal years, Related Party tenants contributed 63.70%, 74.72% and 74.50% of the Company's rental income for 2019, 2020, and 2021, respectively. The Company is reliant on the income generated from Related Parties. There is also a risk on the inability of the REIT (and ultimately, the REIT shareholders) to capture the potential upside in the repricing/renegotiation of escalation rates of leases with Related Parties. To mitigate this risk, Related Party transactions are done on an arm's length basis. Our top two tenants, AllHome Corporation and AllDay Marts, Inc., are publicly listed companies and they are engaged in essential businesses. In addition, the Company will subject Related Party transactions to the review of the Related Party Transactions Committee once constituted after Listing Date.

In addition, with the Villar Group's integrated developer model, as well as its growing portfolio of 107 commercial assets, the Company is able to leverage on Vista Land's expertise in active asset management and enhancement. From the development of residential projects to the development and incubation of retail malls and BPO facilities in the vicinity, the Company taps into Vista Land's diversified revenue streams through its self-sustaining model that stretches across several asset classes.

***Poised to take advantage of the post-pandemic economic and retail recovery***

Despite the COVID-19 pandemic, the community malls remained resilient. The retail segment is expected to stage a strong recovery post the pandemic.

Although foot traffic declined during the pandemic, a significant portion of the Mall Properties is occupied by tenants belonging to the essential retail format, such as AllDay, drug stores, AllHome and food establishments. These retailers offering essential goods have been crucial during the lockdowns. With the heightened restrictions for inter-zonal travelling, neighborhood malls with supermarket and pharmacy anchor tenants saw heavy foot traffic from the community as these were easily accessible for the residents in such identified locality. As for the Office Properties, the office buildings remained open during the pandemic as tenants are allowed to conduct their businesses on-site. Though some adopted work-from-home arrangements, the tenants continued to be reliable and fulfilled their rental payment obligations. In 2021, 2,443 sqm of leasable space from the Properties was preterminated or not renewed. This accounts to approximately 0.95% of the total GLA of the Properties.

| | **Occupancy Rates as of December 31** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| Vista Mall Las Piñas (Main) | 95.19% | 89.79% | 88.81% |
| Starmall Las Piñas (Annex) | 97.90% | 89.90% | 91.49% |
| Starmall SJDM | 94.48% | 97.19% | 88.11% |
| Vista Mall Pampanga | 78.26% | 93.21% | 92.61% |
| SOMO - A Vista Mall | 93.86% | 91.87% | 90.48% |
| Vista Mall Antipolo | 88.93% | 86.76% | 87.82% |
| Vista Mall General Trias | 88.75% | 88.63% | 88.91% |
| Vista Mall Tanza | 87.65% | 86.53% | 87.08% |
| Starmall Talisay - Cebu | 85.85% | 84.73% | 91.80% |
| Vista Mall Imus | 81.91% | 100.00% | 99.95% |
| Vista Hub BGC | 98.26% | 98.31% | 98.32% |
| Vista Hub Molino | - | 91.44% | 91.45% |
| **TOTAL** | **85.12%** | **91.71%** | **90.86%** |

Outlook for the retail industry remains positive post the pandemic. Mall-going has been part of the ordinary Filipino's lifestyle and a number of retail projects are being built alongside a growing dynamic consumption activity in the Philippines. As market recovery becomes more evident, mall operations are expected to be driven again by local consumption.

Additionally, the locations of the Company's Mall Properties are strategically located in areas with huge growth potential Based on the Industry Report, the Mall Properties are estimated to cater to 1.6 million households with a total potential spending size of ₱146.90 billion by the year 2025.

| **Property** | **Estimated Household Market Size (2025)** | **Potential Spending Size (2025) (in ₱)** |
|---|---|---|
| Vista Mall Las Piñas (Main)<br>Starmall Las Piñas (Annex) | 174,824 | 17,074,123,868.90 |
| Starmall SJDM | 144,011 | 17,033,578,486.13 |
| Vista Mall Pampanga | 115,751 | 13,493,063,265.11 |
| Vista Mall Molino | 208,181 | 21,376,672,837.62 |
| Vista Mall Antipolo | 174,824 | 17,074,123,868.90 |
| Vista Mall General Trias | 238,231 | 18,056,164,594.77 |
| Vista Mall Tanza | 232,060 | 14,251,553,987.47 |
| Starmall Azienda | 131,537 | 9,458,180,471.61 |
| Vista Mall Imus | 201,509 | 19,080,480,079.90 |
| **Total** | **1,620,928** | **146,897,941,460** |

With a positive and strong outlook for economic and retail recovery, coupled with the Company and the Sponsors' proven track record in the real estate industry, the Company's portfolio is set to take advantage of economic and retail recovery post the pandemic, as well as capitalize on market opportunities as they may arise.

**KEY STRATEGIES**

The primary objective of the Company is to increase shareholder value and it plans to achieve such through the implementation of the following key strategies:

***Achieve organic growth through proactive asset management and enhancement***

The Fund Manager will actively manage the Company's asset portfolio to generate a stable and steadily growing income that will capitalize on opportunities in the market and leverage on optimizing occupancy levels. The Fund Manager will be able to achieve such through the following:

i. Formulating & implementing a capital expenditure policy which aims to maintain, improve, and address any issues regarding asset quality, as well as to maximize and optimize asset utilization of the Company's existing assets.

ii. Diligently managing lease contracts to minimize vacancies in the Properties throughout the course of business

iii. Building and sustaining strong relationships with tenants to better address their needs and to improve their experience with the Company

iv. Ensuring cost efficiency by monitoring costs and expenses relating to the management of the Company's operations

***Pursue inorganic growth through new acquisitions and investments***

Pursuant to the Fund Management Agreement and the REIT Law, the Fund Manager, in accordance with the Company's investment strategy and plans, will work towards maximizing investment returns and enhancing the value of the Company's portfolio. Post the Offer, the Fund Manager will actively consider and solicit opportunities for the Company's investments and future acquisitions that (i) are consistent with the Company's investment policy; and (ii) will improve the Company's portfolio performance.

The Company will leverage on the strong support and commitment of Vista Land and the Villar Group by tapping on the group's growing portfolio for potential acquisition of high-quality income generating assets that meet the Company's selection criteria for investments. Post-Offer, Vista Land has 1.59 million sqm of GFA.

The Fund Manager through the Fund Management and REIT Law and in accordance with the Company's plans, will do a dedicated oversight in the evaluation of potential asset infusion into the Company's current portfolio, to increase the value of the Company. The Fund Manager will actively look for and consider opportunities that is consistent with the Company's investment policy to grow the portfolio and invest in the right properties to improve portfolio performance through (a) strong support and commitment of the Vista Land Group to the Company by tapping from the pipeline of investment properties of 31 malls, 7 office space and 69 commercial centers, and (b) immediate potential to include our biggest office space Worldwide Corporate center in 18 to 24 months from Listing Date via a property-for-share swap or debt transaction.

The Company will be able to remain competitive with newly constructed malls through our Company's strengths and strategies including our experienced, competent and founder-led management team with a proven track record of managing retail and commercial property operations and our quality tenant mix with majority of tenants engaged in essential businesses.

***Deliver a pro-active leasing and tenant management & superior service to tenants***

In order to enhance the attractiveness and appeal of the Properties to its tenants, the Property Manager and Fund Manager will proactively work towards delivering high quality and committed service to its tenants. To ensure it provides dedicated service to the tenants, the following will be implemented:

i. Provide high quality asset management services, improvements and property enhancements to ensure that retention rates remain high;
ii. Address tenant concerns immediately;
iii. Facilitate relocation and expansion requests from tenants; and
iv. Respond to tenants' feedback and queries in a timely and appropriate manner.

***Implement a sound capital and risk management strategy***

The Fund Manager will closely monitor the Company's balance sheet and financial resources to maintain the Company's long-term financial health while optimizing the returns to the shareholders. The Fund Manager will also consider liquidity, interest rate and other relevant financial risks and adopt appropriate hedging policies, to manage its risk exposure.

The Fund manager will utilize the Company's capital structure to tap the capital markets for debt and/or equity capital, as well as other appropriate forms of capital. The Fund Manager will also formulate and implement financing policies to maximize risk-adjusted returns to the shareholders.

***Strengthen environmental, social and governance initiatives to build community goodwill while improving operating cost efficiencies***

The Company is committed to responsible growth, forging communities and creating value for stakeholders. In addition to the strategies to be implemented primarily by the Fund Manager and Property Manager in collaboration with the Company, we are focused on enhancing our commitment to our environmental, social and corporate governance efforts in collaboration with the Villar Group and our Sponsors. Several avenues that the Company can tap into include the following:

*Environment*

Vista Land supports the livelihood projects of Villar Social Institute for Poverty Alleviation and Governance (SIPAG), through the initiative of its managing director, Senator Cynthia Villar, related to waste management. The waste materials are the following: water hyacinths for the waterlily handicraft-weaving enterprise and the handmade paper factory; coconut husks for the coconet-weaving enterprise and the charcoal-making factory; kitchen and garden wastes for the organic fertilizer composting facility; and plastic wastes for the waste plastic recycling factory that produces school chairs. Over 3,000 livelihood projects have been set up nationwide.

*Social*

Almost a year after the country was placed in "community quarantine" to combat the COVID-19 pandemic, Villar SIPAG and the Villar Family mobilized resources to provide assistance to affected people and communities particularly in the foundation's headquarters in Las Piñas City. The following are the executed projects, and some of which are also duplicated in communities in other parts of the country.

- COVID-19 testing laboratory
- Lodging facility to accommodate frontline workers
- Provision of food for healthcare frontline workers
- Provision of PPEs, handwashing stations and food to all the barangays
- Donations to Las Piñas Community Quarantine Centers

*Governance*

The Company's "Manual on Corporate Governance" guides the Company's strategies towards management and investor relations, and in compliance with the revised code of Corporate Governance issued by the Securities and Exchange Commission. The manual ensures that the Company and its employees adhere to set standards and ethics, and requires regular assessments and benchmarking. The Governance Code evolves to adapt to changes within the organization and the industry.

To comply with the principles of good corporate governance, the Board created six (6) committees:

1. Three (3) Directors comprise the Nomination Committee, one of whom is an Independent Director.
2. Three (3) Directors comprise the Compensation and Remuneration Committee, one of whom is an Independent Director.
3. The Audit Committee is composed of three (3) members, two (2) of which are Independent Directors.
4. The Corporate Governance Committee is composed of three (3) members, two (2) of which are Independent Directors.
5. The Board Risk Oversight Committee is composed of three (3) members, two (2) of which are Independent Directors.
6. The Related Party Transactions Committee is composed of three (3) non-executive members, two (2) of which are Independent Directors.

***Continue to elevate mall standards through innovative concepts in the retail experience***

The Company continuously looks out for opportunities where it may innovate and further enhance the experience of its stakeholders based on market trends and the changing office and retail landscape.

In the past year, all tenants of its Mall Properties were encouraged to implement cashless payment options such as AllEasy, GCash, and Paymaya to reduce direct contact with customers in cash handling.

Contactless shopping options were made available for customers who would rather not physically enter the malls. DropBuy enabled shoppers to place orders through the mall hotline which are processed by the malls' personal shoppers. Customers can just drop by at designated pick up points and collect their purchases without having to leave their vehicles. ShopBuddy, now called GetAll Services, allowed customers to order items online and have their purchases delivered directly to their homes via our official logistics partner GetAll.

The malls promoted these initiatives and other activities through various on-ground and digital media platforms. News releases were constantly seeded through various media outlets. Most notably, a viral news story regarding an '*aspin*' named "DogDog" made waves worldwide and cemented malls' position as a pet friendly brand. Apart from this, the Give Hope Project, a Corporate Social Responsibility undertaking of Starmalls and Vista Malls, provided relief to disaster-stricken areas in Rizal and Naga through the collective work of mall tenants, employees and customers.

These efforts further strengthened consumer confidence and enhanced the brand. These also helped sustain and boost mall foot traffic – within the mobility constraints of the pandemic – positively affecting tenant sales and overall mall revenue. Anchor tenants, such as AllHome and AllDay, posted over 20% growth in revenues for the nine months ended September 30, 2021 Targeted marketing efforts and good media relations allowed the malls to remain visible and relevant. Enhanced online presence and digital marketing amplified mall efforts and promoted tenant offerings to a wider audience. Vista Mall and Starmall will continue to innovate and find new ways to further build consumer confidence, attract more customers as well as entice potential partners to invest and set up their business at our strategic locations. As we gear towards the easing of restrictions and the opening up of the economy, we are optimistic that the malls will continue to fulfill its mandate of providing a world class malling experience to the communities that we serve.

## BUSINESSES AND PROPERTIES

## INVESTMENT POLICY

The principal investment mandate and strategy of VistaREIT is to invest on a long-term basis in income-generating real estate that will deliver enhanced recurring income and profitability that meets a select set of criteria, such as location and tenant profile. The primary location criteria of the potential property should be located within the Vista Land integrated development or in a prime location in Metro Manila or key cities in the Philippines to ensure a strong captive market. In terms of tenant profile, the potential property should have a stable occupancy rate and high-quality tenants. VistaREIT is intended to serve as the exclusive REIT of the Vista Land Group. However, in the event the Vista Land Group changes its plans on the exclusivity of VistaREIT, the Company shall make the necessary disclosures at the appropriate time. Furthermore, while VistaREIT is currently focused on the acquisition of properties and developments of the Vista Land Group the Company is open to opportunities that may arise which satisfy its investment criteria and will add value to the Company.

The Fund Manager and the Property Manager intend to work towards maximizing investment yields and profitability margins by increasing Gross Revenue as well as Net Operating Income Margins over time through active management of our Properties.

There are no plans yet at this time for the acquisition of third party properties, but the Company may consider properties that meet its criteria in the future.

**Investment Limitations**
Our Company's business activities and investments are, however, subject to certain limitations under the REIT Law.

***Investments***

Pursuant to the REIT Law (and in many instances subject to the approval of the SEC), our Company generally may invest only in:

(i) real estate and real estate related assets;

(ii) evidence of indebtedness of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Philippines;

(iii) bonds and other forms of indebtedness issued by:

- the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the SEC that is at least two notches higher than that of Philippines bonds; and

- supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development, Asian Development Bank);

(iv) corporate bonds of non-property privately-owned domestic corporations duly registered with the SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;

(v) corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the SEC and the foreign country grants reciprocal rights to Filipinos;

(vi) commercial papers duly registered with the SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;

(vii) equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess a good track record of growth, and have declared dividends for the past three years;

(viii) cash and cash equivalents;

(ix) collective investment schemes, duly registered with the SEC or organized pursuant to the rules and regulations of the BSP; provided however that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing in the prescribed weekly publication of the net asset value per unit of the collective investment scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;

(x) offshore mutual funds with rating acceptable to the SEC; and

(xi) synthetic investment products (i.e. derivatives and other such securities), provided that: (i) synthetic investment products shall not constitute more than 5% of the investible funds of the REIT; (ii) the REIT shall avail of such synthetic investment products solely for the purpose of hedging risk exposures of the existing investments of the REIT; (iii) the synthetic investment products shall be accounted for in accordance with PFRS; (iv) the synthetic investment products shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BSP and/or the SEC; and (iv) the use of synthetic investment products, such as derivatives and other such securities, shall be disclosed in this REIT Plan and under special authority from the SEC.

At least 75.0% of the Deposited Property must be invested in, or consist of, income generating real estate which is held for the purpose of generating a regular stream of income such as, but not limited to, rentals, toll fees, user's fees, ticket sales, parking fees, and storage fees. Geographically, at least 35.0% of the Deposited Property should be invested in property located in the Philippines, and in no case may our Company's investments in such property fall below 35.0% of the Deposited Property. Additionally, our Company may invest in income generating real estate located outside of the Philippines, however, such an investment must not exceed 40.0% of the Deposited Property. Investment in such foreign properties is also subject to special authorization from the SEC. In issuing such authorization, the SEC shall consider, among other things, satisfactory proof that the valuation of assets is fair and reasonable.

As described above, a REIT may also invest in real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued, or traded. However, not more than 15.0% of the funds of a REIT that can be placed in investment vehicles other than income-generating real estate, as allowed under these REIT Law, may be invested in any one issuer's securities or any one managed fund. If the REIT's investment is in Philippine government securities, then the limit is increased to 25.0%.

***Borrowing***

Pursuant to the REIT Law, the Company has adopted a policy that the total borrowing and deferred payments of the Company shall not exceed 35.0% of the Deposited Property. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35.0% limit, but in no circumstances may its total borrowing and deferred payments exceed 70.0% of the Deposited Property. In the event that our Company intends to borrow beyond 35.0% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. Under no circumstances may our Fund Manager borrow on behalf of our Company from any of the funds under its management.

The Company's target/optimal capital structure is to limit its total borrowings and deferred payments to 35% of its Deposited Property Value.

***Property Development***

Pursuant to the REIT Law, a REIT shall not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless:

(i) it intends to hold in fee simple the developed property for at least three years from date of completion;

(ii) the purchase agreement of the property is made subject to the completion of the building with proper cover for construction risks;

(iii) the development and construction of the real estate shall be carried out on terms which are the best available for the REIT and which are no less favorable to the REIT than an arm's length transaction between independent parties;

(iv) the prospects for the real estate upon completion can be reasonably expected to be favourable; and

(v) the total contract value of property development activities undertaken and investments in uncompleted property developments shall not exceed 10% of the Deposited Property of the REIT.

***Capitalization***

Ordinary expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred. For major renovations amounting to at least ₱100,000.00 which prolong the life of the assets and/or improve efficiency of the assets, the expenditures are capitalized as Investment Property. In case the expenditures are below ₱100,000.00, an assessment is made whether this prolongs the life of the assets and/or improve its efficiency.

***Exit Strategy***

As a general practice, VistaREIT arranges for the terms of the land leases from the Sponsor to be consistent with the useful life of the Properties in the portfolio.

VistaREIT has no current joint ownership arrangement. In the event of divestment(s), our Company shall abide by the REIT Law requirement of ensuring an arms-length transaction is carried out among the parties, especially if transacted with a related party. This includes approval of the Related Party Transaction Committee, unanimous vote of all independent directors, valuation in accordance with appraised fair value, among others.

**BUSINESS PLAN**

***Marketing Activities***

The Properties will be actively marketed by the Property Manager to prospective tenants in desired target groups through direct calls/meetings, advertisements in the print media, and liaising with property consultants for our Office Properties such as Santos-Knight Frank, Leechiu Property Consultants, Jones Lang LaSalle, CB Richard Ellis, and Colliers International to locate tenants. Our Company also maintains relationships with its existing tenants and their affiliated companies who may consult our Company when considering expansion options. Our Company has an in-house leasing team to assist clients who are interested in locating, expanding or relocating to our various Properties. The Property Manager's marketing expenses are expected to primarily comprise advertising and promotion expenses and selling expenses. The consultants and prospective tenants are also regularly updated with the list of available retail or office units for rental. Viewings of the premises will be conducted regularly with prospective tenants. The Property Manager will also explore opportunities for joint marketing efforts and other mutually beneficial opportunities with the Sponsor. See "*The Property Manager*."

***Lease Agreements and Rental Rates***

The lease agreements entered into for the Properties contain terms and conditions, including those relating to duration of the lease, provision of security deposit as well as alteration and improvement works, which are generally customary for commercial and office lease agreements. Our Portfolio has a WALE of 5.09 years (by GLA) as of December 31, 2021. Tenants typically pay a security deposit equal to four months' rent and advance rent equal to two months, all of which are forfeited in case the tenant pre-terminates the lease agreement without prior notice or before the expiry of the lease term without cause. The tenants are typically required to pay the monthly rent in advance on a monthly basis, without need of further demand. Tenants of the Properties pay a common use service area fee ("**CUSA**") for the maintenance of the building, services, and the upkeep of common areas. Public utilities such as power and water are charged and billed by the company pursuant to sub-meters assigned to the leased space and for which the tenant is charged a distribution and maintenance fee over the rates charged by the utility companies.

Rental rates for the Office Properties are generally fixed in advance for the tenure of the lease term and are subject to review and renegotiation on expiry of the lease. For the Mall Properties, some rental rates are variable based on percentage of sales but with a Minimum Guaranteed Rent ("**MGR**"). In line with market practice in the Philippines, the lease agreements generally do not provide for rent reviews during the period of the lease. In addition, a significant proportion of leases include a step-up provision or escalation negotiated at the time of execution of the lease, whereby the base rent is increased by a fixed percentage annually during the lease term. As of December 31, 2021, the typical yearly rental escalation for office properties is 5.0% and for retail properties 10.0%.

In certain instances, these terms have been varied to accommodate the specific needs of major tenants such as quarterly lease payment, right to space expansion and rent-free fitting out period. The tenant will normally take possession of the premises after it has made the requisite payments and has formally executed the lease agreement.

Leasable spaces are generally delivered in "bare shell" form. Pursuant to the lease agreement, a tenant is given the right to fit-out the premises, provided that the tenant has signed the contract of lease, paid all required deposits, advance rents and construction bond, and obtained relevant occupancy and business permits, and that the company has approved the fit-out plans of the tenant.

We may allow the lessee to remove all permanent improvements and restore the leased premises to its original conditions when it was delivered; however, all alterations, additions, or improvements made by or on behalf of the tenant shall become our property at the expiry of the termination of the lease, without further compensation to the tenant.

In addition, we have the right to terminate leases upon the occurrence of certain events, such as non-payment of rent, breach of covenant by the tenant, breach of obligations or undertaking or breach of warranties or representations, bankruptcy or insolvency, among others.

Our standard lease contracts have no pre-termination clauses. However, if a contract is terminated before the expiry date at the instance of the tenant for any reason or for reasons attributable to the fault of the tenant, the security deposit and the unused advance rentals shall be forfeited.

***Lease Management***

As of the date of this REIT Plan, the Properties enjoy favorable occupancy level of 97%. As tenant retention is critical to minimizing the turnover of leases, the Property Manager will maintain close communication and a good working relationship with the existing tenants and work with the Fund Manager to manage lease renewals and new leases diligently in order to minimize gaps arising due to either lease expiries or early terminations, including through advance lease negotiations with tenants whose leases are about to expire, searching for potential tenants to take over expected vacancies, and monitoring rent arrears to minimize defaults by tenants. To ensure the timely payment of rent, arrears management procedures will also be enforced to ensure timely payment of rent. We generally require four months' deposit and two months' advance rental. Rentals are billed every fifteenth of the month, and are collected every twenty fifth of the month. We believe that these proactive steps to retain tenants and reduce rental in arrears will help to maintain a stable income stream for our Company.

***Green Initiatives***

Our Company believes that the Properties are compliant with all applicable Philippine environmental laws and regulations. In addition, the Properties are also geared toward sustainability for a positive impact on the environment and the community. The Properties adopt the following initiatives:

- Energy efficiency. The Properties utilize energy-efficient equipment, and we continue to upgrade equipment to increase their energy efficiency. Electricity requirement is also being contracted to a Retail Electricity Supplier (RES) to reduce electricity cost.

  Natural ventilation and air quality. The format and layout of the Properties provide ample ventilation. We monitor the air quality of our Properties daily. Some leasable spaces have direct access to al fresco space. Since most of the Properties are part of a master-planned community, it is surrounded by wide open spaces. Further improvements are introduced during the pandemic as ventilation became increasingly important such as installation of air purifiers within our premises.

- Heat transfer reduction. The Properties adopt measures to reduce heat transfer, such as choosing proper roof color, placement of roof insulation materials and construction of roof gardens which yields significant energy savings.

- Water recycling. The Properties have water recycling systems via rainwater harvesting. The harvested water is set aside for various purposes such as for watering plants and cleaning pavements.

In addition, the Company is also taking part in the sustainability initiative of the Vista Land Group. This program includes tree planting, vermi-culture fertilizers, waste segregation, coconut coir net protection from soil erosion, among others.

***Maintenance Activities***

Over the course of the useful life of the Properties, the Property Manager will have the primary responsibility for the upkeep of the Properties. We endeavor to keep the Properties in good working order, subject to high commercial standards, with amenities and facilities that address the requirements of our tenants. These efforts mean incurring expenses to complete routine maintenance, including maintenance of elevators, air-conditioning, and restrooms, repainting, parking improvement, landscape enhancement, waterproofing, building refurbishment, and equipment upgrades, as well as extraordinary maintenance, in the event of damage from weather disturbances, such as typhoons, earthquakes, or floods, and from other unforeseen events. We have, in the past, and expect to, in the future, fund such necessary maintenance by the Property Manager with cash. We anticipate routine and extraordinary maintenance activities that we will set at 3-5% of the Rental Income annually.

***Third Party Service Providers***

The major suppliers of the Properties are primarily third-party companies that provide manpower services, such as janitorial, sanitation, housekeeping, landscaping maintenance, technical maintenance, and other related maintenance services. Security services are likewise contracted by the Property Manager. There are no exclusivity arrangements between the Company or its third party suppliers and service providers. We are not dependent on any single service provider or supplier for our Properties. Contractors are required to obtain and maintain, at their own expense and throughout the term of the contracts, sufficient liability insurance issued by an insurance company acceptable to our Company. We are not dependent on one or a limited number of suppliers.

## EMPLOYEES

The executive officers of our Company will be seconded from other companies in the Vista Land Group. The employees of the Property Manager will be responsible for supervising, managing, leasing, operating and maintaining the Properties pursuant to the terms of the Property Management Agreement. The employees of the Fund Manager will be responsible for implementing our Company's investment strategies and managing our assets. As such, our Company will not be directly hiring its own employees. In addition, certain administrative functions such as IT, legal and accounting support will be provided by the Vista Land Group. We believe that our Company, the Property Manager, and the Fund Manager are in compliance with all minimum compensation and benefit standards, as well as applicable labor and employment regulations. As of the date of this REIT Plan, there is no existing labor union nor any collective bargaining agreement.

### *Significant Employees*

While we value the contribution of each our employees, we believe that there is no employee as of the date of this REIT Plan that the resignation or loss of whom would have a material adverse impact on our business.

## INSURANCE

The Properties are insured against all risks of sudden and accidental physical loss of or damage to the properties. This includes insuring against, but not limited to, (a) catastrophic perils such as earthquake, typhoons, flood, and volcanic eruption, lahar and other convulsion of nature; (b) water-related damages other than typhoon and flood; (c) machinery and electrical breakdown; (d) electronic equipment, including portable equipment; and, (e) business interruption. In addition, under our lease agreements, our tenants are required to obtain their own insurance.

Pursuant to the REIT IRR, each Property is covered up to the market replacement value and at the time of the loss, with such value to be determined at the time of loss (according to a formula pursuant to the relevant insurance coverage) and loss of rental.

We believe that our insurance coverage is in accordance with its business exposure and in line with prevailing industry standards.

The insurance companies which issued the insurance policies were secured and approved by the Sponsors. Moving forward, all renewals will be approved by the Fund Manager.

## CORPORATE SOCIAL RESPONSIBILITY

As part of the Vista Land Group, the Company will allocate an annual budget for its Corporate Social Responsibility program activities as approved by the Board and Management. Typically, the Vista Land Group partners with one particular local non-stock, non-profit organization. Employees are invited to participate in their program which includes activities like coastal clean-up, relief operations, and tree planting among others.

Through the Villar SIPAG various programs that are in line with its key advocacies such as livelihood generation, jobs creation, environment protection, assistance to the OFWs, development of community enterprises, church-building, and agricultural training through the Villar Farm Schools were implemented in local communities. It has also established long-term and sustainable projects such as providing trainings to residents of the barangay beneficiaries that gives birth to numerous livelihood opportunities, helping in transformation of critical habitats to thriving eco-tourism destination, among others.

## COMPETITION

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

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

For further discussion, please refer to the "*Industry Overview*" section on page 134 of this REIT Plan.

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

## LEGAL PROCEEDINGS

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

## PROPERTIES

### Retail Malls

Retail malls have become popular because of their value-for-money proposition, one-stop shopping concept and diverse tenant mix. We believe we are well-placed to face the increased competition in the retail mall industry because of our competitive advantages including, among other things, the location of our existing retail malls portfolio (including proximity of a number of our malls to major transport hubs), diverse tenant mix, proven tenant selection criteria and the presence of the key tenants within each of our retail malls. Our retail malls also cater to the mass consumer retail segment, which we believe benefit from a lack of direct competition given that other retail malls are predominantly focused on income segments above the mass market.

#### *Vista Mall Las Piñas (Main)*

Vista Mall Las Piñas (Main) is a 4-storey commercial building developed by the Sponsor. It is located in Pamplona Dos, Las Piñas City.

Vista Mall Las Piñas (Main) is a prime example of how our properties are paired with ripe communities. Located in one of the fastest-growing communities in Metro Manila, Vista Mall Las Piñas (Main) caters to the sophisticated tastes of Las Piñas residents that are used to the metropolitan lifestyle. Decked with topnotch cinemas and dining options, Las Piñeros are able to enjoy redefined global mall experience closer to their homes.

In 2018, Vista Mall Las Piñas (Main) underwent major renovations which prolonged the life of the asset.

Following the completion of the Property-for-Share Swap, our Company owns Vista Mall Las Piñas (Main) with an aggregate GLA of 20,605.02 sqm.

| **Key Asset Information** | |
|---|---|
| **Address** | C.V. Starr, Avenue Philamlife Village, Pamplona Dos, Las Piñas City |
| **Classification** | Mall |
| **Building Completion** | 1982 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 28 years |
| **Company Ownership** | Building |
| **Description** | 4-storey commercial Building |
| **Operating Date** | 1982 |
| **GLA (sqm)*** | 20,605.02 |
| **Parking space (sqm & slots)** | 4,236.00 sqm; 353 slots |
| **2021 Gross Rental Income** | ₱167.70 million |
| **Average Annual Rental per sqm*** | ₱500.65 |
| **Occupancy Rate*** | 89% |
| **Occupancy Rate as of the date of this REIT Plan** | 100% |
| **No. of Tenants*** | 57 |
| **Valuation*** | ₱ 3,907.22 million |

| | |
|---|---|
| **Building Footprint (sqm)** | 13,109.00 |
| **Landowner** | Manuela Corporation |
| **Land Lease Term** | 25 years |
| **End of Land Lease Term** | April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 258.92 | 51.59 | 167.70 |
| **Occupancy Rate (%)** | 95.19% | 89.79% | 88.81% |

*Tenant Profile*

Vista Mall Las Piñas (Main) has 57 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 7,822.10 | 16.00 | 7/30/2031 | 37.96% | 18.41% |
| AllDay Marts, Inc. | Supermarket | related party | 3,923.35 | 4.08 | 11/30/2023 | 19.04% | 73.54% |
| Family Shoppers Unlimited, Inc. | Department Store | related party | 1,661.36 | 6.00 | 11/30/2026 | 8.06% | 0.69% |
| Parallax, Incorporated | Cinema | related party | 1,646.56 | 5.00 | 10/3/2022 | 7.99% | 0.14% |
| Allstar E Games Corp. | Recreation-Bingo / E Games | third party | 797.83 | 4.00 | 8/24/2022 | 3.87% | 0.77% |
| Japan Home Centre | Home & Appliance | third party | 258.80 | 10.25 | 8/31/2022 | 1.26% | 1.85% |
| Giligan's Island Baguio, Inc. | Food | third party | 192.00 | 8.97 | 12/20/2022 | 0.93% | 0.84% |
| Global Heart Missions, Inc. | Church | third party | 184.06 | 5.00 | 7/15/2022 | 0.89% | 0.36% |
| CHG Global Inc. | Fashion | third party | 169.31 | 2.52 | 2/7/2022 | 0.82% | 1.13% |
| FamilyHealth & Beauty Corp. | Pharmacy | third party | 163.45 | 5.30 | 12/19/2022 | 0.79% | 1.33% |
| **TOTAL** | | | **16,818.82** | | | **81.62%** | **99.06%** |

*Average Rental Rate*

The average annual rental per sqm for the leases in the building is ₱ 500.65.

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 44% |
| Supermarkets | 21% |
| Department Store | 9% |
| Cinema | 9% |
| Recreation | 4% |
| Food | 4% |
| Church | 1% |
| Fashion | 2% |
| Pharmacy | 1% |
| BPO Office | 0% |
| Office | 1% |
| Services | 2% |
| Others | 2% |
| Total | 100% |

*Related Party Tenants*

Nine (9) related party tenants lease approximately 75% of the GLA of the building as of the December 31, 2021 and account for 82.08% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 4,428.45 | 21.49% | 16.77% |
| 2023 | 3,948.36 | 19.16% | 54.94% |
| 2024 | - | 0.00% | 0.00% |
| 2025 | 185.47 | 0.90% | 0.05% |
| 2026 and beyond | 9,737.69 | 47.26% | 26.87% |
| **TOTAL** | **18,299.97** | **88.81%** | **98.62%** |

As of the date of this REIT Plan, 3,741.37 sqm of expiring GLA in 2022 is under negotiation.

***Starmall Las Piñas (Annex)***

Starmall Las Piñas (Annex) is a 3-storey commercial building developed by the Sponsor located in Alabang-Zapote Road and Dona Manuela St., Manuela 1, Subd., Brgy. Pamplona Tres, Las Piñas City. Given the size of Starmall Las Piñas (Annex), it did not undergo any major renovations in the past five years due to the well-maintenance of the building. Following the completion of the Property-for-Share Swap, our Company owns Starmall Las Piñas (Annex) with an aggregate GLA of 6,227.53 sqm.

Starmall Las Piñas (Annex) benefits from all the benefits Vista Mall Las Piñas enjoys from the surrounding communities.

| Key Asset Information | |
|---|---|
| **Address** | Manuela 1 Subd., Brgy. Pamplona Tres, Las Piñas City |
| **Classification** | Mall |
| **Building Completion** | 1979 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 18 years |
| **Company Ownership** | Building |
| **Description** | 3-storey commercial Building |
| **Operating Date** | 1979 |
| **GLA (sqm)*** | 6,227.53 |
| **Parking space (sqm & slots)** | 612.00 sqm; 51 slots |
| **2021 Gross Rental Income** | ₱24.20 million |
| **Average Annual Rental per sqm*** | ₱445.15 |
| **Occupancy Rate*** | 91% |
| **Occupancy Rate as of the date of this REIT Plan** | 99% |
| **No. of Tenants*** | 25 |
| **Valuation*** | ₱958.23 million |
| **Building Footprint (sqm)** | 2,240.00 |
| **Landowner** | Manuela Corporation |
| **Land Lease Term** | 25 years |
| **End of Land Lease Term** | April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 36.03 | 27.54 | 24.20 |
| **Occupancy Rate (%)** | 97.90% | 89.90% | 91.49% |

*Tenant Profile*

Starmall Las Piñas (Annex) has 25 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| AllDay Marts, Inc. | Supermarket | related party | 2,066.00 | 3.00 | 11/24/2023 | 33.18% | 20.25% |
| Mgs Construction, Inc. | Office | third party | 1,590.56 | 10.00 | 7/13/2024 | 25.54% | 24.12% |
| AllHome Corporation | Home & Appliances | related party | 487.00 | 8.00 | 11/24/2028 | 7.82% | 6.84% |
| Prime Water Infrastructure Corporation | Office | related party | 244.61 | 11.95 | 10/14/2026 | 3.93% | 8.19% |
| Fantaste Good Group, Inc. | Food | related party | 236.94 | 8.00 | 1/31/2027 | 3.80% | 6.27% |
| Metrowide Homebuilders Inc. | Office | related party | 202.66 | 2.00 | 9/14/2023 | 3.25% | 1.34% |
| A14 Food Group Inc. | Food | related party | 199.72 | 5.00 | 12/15/2026 | 3.21% | 18.74% |
| Biz-Solutions, Inc. | Office | related party | 120.40 | 12.63 | 3/31/2025 | 1.93% | 1.82% |
| High Firstbuild Construction, Inc. | Office | related party | 101.00 | 2.00 | 9/14/2023 | 1.62% | 1.48% |
| MGS General Insurance Agency | Office | third party | 88.00 | 3.00 | 12/31/2023 | 1.41% | 1.94% |
| **TOTAL** | | | **5,336.89** | | | **85.70%** | **90.98%** |

*Average Rental Rate*

The average annual rental per sqm for the leases in the building is ₱ 445.15.

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 9% |
| Supermarkets | 36% |
| Department Store | 0% |
| Cinema | 0% |
| Recreation | 0% |
| Food | 9% |
| Church | 0% |
| Fashion | 0% |
| Pharmacy | 0% |
| BPO Office | 0% |
| Office | 46% |
| Services | 0% |
| Others | 0% |
| Total | 100% |

*Related Party Tenants*

Nineteen (19) related party tenants leases approximately 90% of the GLA of the building as of December 31, 2021 and account for 90.71% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 251.41 | 4.04% | 15.21% |
| 2023 | 2,653.06 | 42.60% | 39.77% |
| 2024 | 1,640.56 | 26.34% | 23.78% |
| 2025 | 120.40 | 1.93% | 1.46% |
| 2026 and beyond | 1,032.02 | 16.57% | 14.50% |
| **TOTAL** | **5,697.45** | **91.49%** | **94.71%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

***Starmall SJDM***


Starmall San Jose Del Monte is a 3-storey commercial building developed by the Sponsor. It is located in Quirino Highway, Kaypian Road and Asuncion Diaz Abella Road, Brgy. Kaypian, San Jose Del Monte, Bulacan. Following the completion of the Property-for-Share Swap, our Company owns Starmall SJDM with an aggregate GLA of 35,664.93 sqm.

Starmall San Jose Del Monte is the first Starmall built in Bulacan. This world-class designed regional super center provides a slice of indulgence with a hint of familiarity for the surrounding communities. The Al Fresco Garden houses increasing number of food outlets offering various specialties. Equipped with an upper level walkway, it connects the main mall to the Quirino Highway further providing an improved shopping experience.

| **Key Asset Information** | |
|---|---|
| **Address** | Brgy. Kaypian, San Jose Del Monte, Bulacan |
| **Classification** | Mall |
| **Building Completion** | 2012 |
| **Description** | 3-storey commercial Building |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 31 years |
| **Company Ownership** | Building |
| **Operating Date** | 2012 |
| **GLA (sqm)*** | 35,664.93 |
| **Parking space (sqm & slots)** | 30,616.83 sqm; 857 slots |
| **2021 Gross Rental Income** | ₱218.42 million |
| **Average Annual Rental per sqm*** | ₱634.23 |
| **Occupancy Rate*** | 88% |
| **Occupancy Rate as of the date of this REIT Plan** | 96% |
| **No. of Tenants*** | 145 |

| | |
|---|---|
| **Valuation*** | ₱6,398.91 million |
| **Building Footprint (sqm)** | 52,522.00 |
| **Landowner** | Masterpiece Asia Properties, Inc. |
| **Land Lease Term** | 25 years |
| **End of Land Lease Term** | April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 285.11 | 178.22 | 218.42 |
| **Occupancy Rate (%)** | 94.48% | 97.19% | 88.11% |

*Tenant Profile*

Starmall SJDM has 145 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 10,375.86 | 2.41 | 2/8/2022 | 29.09% | 19.33% |
| Family Shoppers Unlimited, Inc. | Department Store | related party | 3,356.53 | 6.00 | 11/30/2026 | 9.41% | 1.92% |
| Puregold Price Club Inc. | Supermarket | third party | 3,130.26 | 10.00 | 4/10/2022 | 8.78% | 8.18% |
| Parallax, Incorporated | Cinema | related party | 2,306.71 | 14.00 | 4/14/2026 | 6.47% | 0.26% |
| The Diy Shop Corporation | Home & Appliance | third party | 627.58 | 10.00 | 5/14/2022 | 1.76% | 3.37% |
| Golden Arches Development Corporation | Food | third party | 522.17 | 5.00 | 9/30/2022 | 1.46% | 2.06% |
| Mgs Construction, Inc. | Office | third party | 447.54 | 3.86 | 8/9/2022 | 1.25% | 0.00% |
| Abacus Book & Card Corporation | Bookstore | third party | 415.88 | 6.88 | 11/14/2022 | 1.17% | 0.75% |
| Victory Churches of Asia | Church | third party | 413.81 | 0.41 | 1/15/2022 | 1.16% | 1.14% |
| Metro Gaming Entertainment | Recreation | third party | 413.64 | 10.00 | 9/14/2022 | 1.16% | 2.34% |
| **TOTAL** | | | **22,009.98** | | | **61.71%** | **39.34%** |

*Average Rental Rate*

The average annual rental per sqm for the leases in the building is ₱ 634.23.

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 36% |
| Supermarkets | 10% |
| Department Store | 11% |
| Cinema | 8% |
| Recreation | 3% |
| Food | 10% |
| Church | 2% |
| Fashion | 6% |
| Pharmacy | 2% |
| BPO Office | 0% |
| Office | 3% |
| Services | 4% |
| Others | 6% |
| Total | 100% |

*Related Party Tenants*

Thirteen (13) lease approximately 48% of the GLA of the building as of the December 31, 2021 and account for 40.48% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 11,569.21 | 32.44% | 44.78% |
| 2023 | 1,730.45 | 4.85% | 3.42% |
| 2024 | 233.69 | 0.66% | 0.77% |
| 2025 | 104.79 | 0.29% | 0.74% |
| 2026 and beyond | 17,786.07 | 49.87% | 40.89% |
| **TOTAL** | 31,424.21 | 88.11% | 90.60% |

Starmall SJDM has 11,569.21 sqm or 32.44% of its leases expiring in 2022. Out of those, 7,979.02 sqm or 70% are already under negotiation.

*Vista Mall Pampanga*


Vista Mall Pampanga is a 3-storey commercial building developed by the Sponsor. It is located in MacArthur Highway, Brgy. San Agustin, San Fernando, Pampanga. Following the completion of the Property-for-Share Swap, our Company owns Vista Mall Pampanga with an aggregate GLA of 25,526.84 sqm.

Vista Mall Pampanga is a center for diverse and shopping options among Kapampangans. With the premium movie-watching experience offered by Vista Cinemas, Vista Mall Pampanga is a well-loved hangout space for both locals and tourists.

| Key Asset Information | |
|---|---|
| **Address** | Brgy. San Agustin, San Fernando, Pampanga |
| **Classification** | Mall |
| **Building Completion** | 2013 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 39 years |
| **Company Ownership** | Building |
| **Description** | 3-storey commercial Building |
| **Operating Date** | 2013 |
| **GLA (sqm)*** | 25,526.84 |
| **Parking space (sqm & slots)** | 3,112.50 sqm; 249 slots |
| **2021 Gross Rental Income** | ₱90.57 million |
| **Average Annual Rental per sqm*** | ₱332.63 |
| **Occupancy Rate*** | 93% |
| **Occupancy Rate as of the date of this REIT Plan** | 94% |
| **No. of Tenants*** | 39 |
| **Valuation*** | ₱1,848.26 million |
| **Buildin Footprint (sqm)** | 40,195 |
| **Landowner** | Communities Pampanga, Inc. |
| **Land Lease Term** | 25 years |
| **End of Land Lease Term** | April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 105.70 | 104.86 | 90.57 |
| **Occupancy Rate (%)** | 78.26% | 93.21% | 92.61% |

*Tenant Profile*

Vista Mall Pampanga has 39 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 10,921.96 | 10.00 | 5/30/2029 | 42.79% | 56.28% |
| AllDay Marts, Inc. | Supermarket | related party | 3,500.00 | 9.00 | 12/1/2026 | 13.71% | 4.43% |
| Family Shoppers Unlimited, Inc. | Department Store | related party | 1,747.58 | 6.00 | 11/30/2026 | 6.85% | 2.73% |
| Mark's Fitness Place Inc. | Recreation/Amusement Center | related party | 1,724.97 | 3.00 | 1/14/2023 | 6.76% | 0.74% |
| Parallax, Incorporated | Cinema | related party | 1,455.86 | 5.04 | 11/15/2022 | 5.70% | 0.00% |
| Perf Restaurants, Inc | Food | third party | 960.31 | 10.18 | 6/30/2024 | 3.76% | 5.02% |
| CMSTAR Management Inc. | Food | related party | 368.84 | 8.00 | 7/13/2024 | 1.44% | 1.72% |
| Abacus Book & Card Corporation | Bookstore | third party | 350.00 | 5.00 | 2/4/2022 | 1.37% | 1.44% |
| Bistro Americano Corporation | Food | third party | 251.35 | 6.00 | 11/17/2022 | 0.98% | 1.71% |
| SF Fortune Teahouse, Inc. | Food | third party | 212.98 | 1.00 | 9/30/2022 | 0.83% | 1.09% |
| **TOTAL** | | | **21,493.85** | | | **84.20%** | **75.16%** |

*Average Rental Rate*

The average annual rental per sq.m. for the leases in the building is ₱ 332.63.

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 46% |
| Supermarkets | 15% |
| Department Store | 7% |
| Cinema | 6% |
| Recreation | 7% |
| Food | 10% |
| Church | 0% |
| Fashion | 1% |
| Pharmacy | 1% |
| BPO Office | 0% |
| Office | 1% |
| Services | 3% |
| Others | 2% |
| Total | 100% |

*Related Party Tenants*

Ten (10) leases approximately 79% of the GLA of the building as of December 31, 2021 and account for 77.81% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 3,077.31 | 12.06% | 10.06% |
| 2023 | 2,470.52 | 9.68% | 5.94% |
| 2024 | 1,695.83 | 6.64% | 6.58% |
| 2025 | 98.29 | 0.39% | 1.52% |
| 2026 and beyond | 16,299.71 | 63.85% | 73.32% |
| **TOTAL** | **23,641.66** | **92.61%** | **97.42%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

***SOMO - A Vista Mall***


SOMO - A Vista Mall is a 2-storey commercial building developed by the Sponsor. It is located in Brgy. Molino III and IV, Bacoor City, Cavite. Following the completion of the Property-for-Share Swap our Company owns SOMO - A Vista Mall with an aggregate GLA of 31,849.91 sqm.

SOMO - A Vista Mall brings refreshing to the busy intersection of Daang Hari & Molino roads. This giant outdoor shopping and entertainment complex is home to state-of-the-art cinemas, Kinder City's pure fun and excitement, Dear Joe's new café concept, and a multitude of dining options for the residents of Bacoor and nearby towns like Laguna and Las Piñas.

| **Key Asset Information** | |
|---|---|
| **Address** | Brgy. Molino III and IV, Bacoor City, Cavite |
| **Classification** | Mall |
| **Building Completion** | 2015 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 39 years |
| **Company Ownership** | Building |
| **Description** | 2-storey commercial Building |
| **Operating Date** | 2015 |
| **GLA (sqm)*** | 31,849.91 |
| **Parking space (sqm & slots)** | 2,687.50 sqm; 215 slots |
| **2021 Gross Rental Income** | ₱745.76 million |
| **Average Annual Rental per sqm*** | ₱429.64 |
| **Occupancy Rate*** | 91% |
| **Occupancy Rate as of the date of this REIT Plan** | 95% |
| **No. of Tenants*** | 33 |
| **Valuation*** | ₱4,461.54 million |

| | |
|---|---|
| **Building Footprint (sqm)** | 24,998.48 |
| **Landowner** | Masterpiece Asia Properties, Inc. |
| **Land Lease Term** | 25 years |
| **End of Land Lease Term** | April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 322.17 | 717.94 | 745.76 |
| **Occupancy Rate (%)** | 93.86% | 91.87% | 90.64% |

*Tenant Profile*

SOMO - A Vista Mall has 33 tenants as of the December 31, 2021. The major tenants for the building are as follows:

| **Tenant** | **Sector** | **Relationship** | **GLA Leased (sqm)** | **Lease Term** | **Indicative End of the Lease Term** | **% of total GLA of Building** | **% of total Revenue** |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 16,394.35 | 16.66 | 1/29/2035 | 51.47% | 53.74% |
| AllDay Marts, Inc. | Supermarket | related party | 4,598.49 | 5.00 | 7/13/2026 | 14.44% | 19.35% |
| Parallax, Incorporated | Cinema | related party | 2,522.19 | 8.46 | 5/31/2026 | 7.92% | 0.00% |
| Mark's Fitness Place Inc. | Recreation/Amusement Center | related party | 1,050.80 | 6.44 | 1/9/2027 | 3.30% | 0.00% |
| Cuisine Ala More Inc. | Food | related party | 731.74 | 10.25 | 12/1/2025 | 2.30% | 0.46% |
| CMSTAR Management Inc. | Food | related party | 571.71 | 10.00 | 11/4/2026 | 1.80% | 0.80% |
| Planet Cable, Inc. | Non Food | related party | 364.34 | 2.00 | 12/31/2022 | 1.14% | 0.41% |
| Telephilippines, Inc. | BPO | third party | 363.65 | 4.75 | 6/30/2025 | 1.14% | 0.66% |
| Vitacare Clinic and Diagnostics, Inc. | Clinic | related party | 311.87 | 3.00 | 5/31/2024 | 0.98% | 0.21% |
| FJN6 Food Corporation Giligan's Chain of Restaurant | Food | third party | 273.43 | 4.71 | 10/29/2022 | 0.86% | 0.25% |
| **TOTAL** | | | **27,182.57** | | | **85.35%** | **75.88%** |

*Average Rental Rate*

The average annual rental per sq.m. for the leases in the building is ₱ 429.64

The tenant mix per GLA in terms of occupation or business are as follows:

| **Sector** | **% of Occupied GLA of the Building** |
|---|---|
| Home & Appliance | 56% |
| Supermarkets | 15% |
| Department Store | 1% |
| Cinema | 9% |
| Recreation | 4% |
| Food | 8% |
| Church | 0% |
| Fashion | 0% |
| Pharmacy | 0% |
| BPO Office | 1% |
| Office | 1% |
| Services | 1% |
| Others | 4% |
| Total | 100% |

*Related Party Tenants*

Fourteen (14) lease approximately 85% of the GLA of the building as of December 31, 2021 and account for 96.77% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| **Year** | **GLA Expiring (sqm)** | **% of Expiring GLA to total GLA for the Building** | **% of Expiring Rental Income to Total Rental Income of the Building** |
|---|---|---|---|
| 2022 | 1,451.64 | 4.56% | 2.17% |
| 2023 | 596.11 | 1.87% | 0.47% |
| 2024 | 404.37 | 1.27% | 0.44% |
| 2025 | 5,751.18 | 18.06% | 35.94% |
| 2026 and beyond | 20,613.46 | 64.72% | 60.65% |
| **TOTAL** | **28,816.76** | **90.48%** | **99.67%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

***Vista Mall Antipolo***

Vista Mall Antipolo is a 2-storey commercial building developed by the Sponsor. It is conveniently located in M.L. Quezon Exit Road, Brgy. San Roque, Antipolo City, Rizal. Following the completion of the Property-for-Share Swap, our Company owns Vista Mall Antipolo with an aggregate GLA of 16,082.93 sqm.

Vista Mall Antipolo brings an assortment of dining options for families living nearby especially the residents of Mille Luce. A beloved hangout place for the locals of Antipolo, Vista Mall Antipolo offer tourists a quick breather from fast-paced life of Metro Manila.

| **Key Asset Information** | |
|---|---|
| **Address** | Brgy. San Roque, Antipolo City, Rizal |
| **Classification** | Mall |
| **Building Completion** | 2013 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 35 years |
| **Company Ownership** | Building |
| **Description** | 2-storey commercial Building |
| **Operating Date** | 2013 |
| **GLA (sqm)*** | 16,082.93 |
| **Parking space (sqm & slots)** | 1,750.00 sqm; 140 slots |
| **2021 Gross Rental Income** | ₱123.72 million |
| **Average Annual Rental per sqm*** | ₱427.38 |
| **Occupancy Rate*** | 88% |
| **Occupancy Rate as of the date of this REIT Plan** | 96% |
| **No. of Tenants*** | 26 |
| **Valuation*** | ₱2,335.48 million |
| **Building Footprint (sqm)** | 20,446 |
| **Landowner** | Crown Asia Properties, Inc. |
| **Land Lease Term** | 18 and 25 years |
| **End of Land Lease Term** | September 5, 2039 and April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 80.78 | 120.45 | 123.72 |
| **Occupancy Rate (%)** | 88.93% | 86.76% | 87.89% |

*Tenant Profile*

Vista Mall Antipolo has 26 tenants as of December 31, 2021. The major tenants for the building are as follows:

| **Tenant** | **Sector** | **Relationship** | **GLA Leased (sqm)** | **Lease Term** | **Indicative End of the Lease Term** | **% of total GLA of Building** | **% of total Revenue** |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 10,310.57 | 10.00 | 3/31/2026 | 64.11% | 78.72% |
| Christ Commission Fellowship | Church | third party | 1,028.38 | 4.86 | 11/30/2023 | 6.39% | 2.21% |
| Robinsons Supermarket Corporation | Supermarket | third party | 728.91 | 3.83 | 11/30/2024 | 4.53% | 3.10% |
| AF Village Antipolo Inc. | Fitness Gym | third party | 400.06 | 5.01 | 9/3/2023 | 2.49% | 1.04% |
| FamilyHealth & Beauty Corp. | Drugstore | third party | 220.12 | 5.00 | 10/24/2022 | 1.37% | 1.85% |
| FJN6 Food Corporation Giligan's Chain of Restaurant | Food | third party | 203.08 | 8.08 | 6/30/2023 | 1.26% | 1.44% |
| Household Development Corporation | Office | related party | 202.18 | 9.07 | 6/30/2023 | 1.26% | 1.28% |
| Rustan Coffee Corporation | Food | third party | 178.06 | 6.83 | 3/1/2023 | 1.11% | 1.34% |
| CMSTAR Management Inc. | Food | related party | 167.21 | 10.00 | 10/13/2026 | 1.04% | 1.22% |
| Renchar Food and Service Corp. | Food | third party | 136.99 | 3.00 | 12/14/2023 | 0.85% | 0.96% |
| **TOTAL** | | | **13,575.56** | | | **84.41%** | **93.14%** |

*Average Rental Rate*

The average annual rental per sqm for the leases in the building is ₱ 427.38.

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 73% |
| Supermarkets | 5% |
| Department Store | 0% |
| Cinema | 0% |
| Recreation | 0% |
| Food | 6% |
| Church | 7% |
| Fashion | 0% |
| Pharmacy | 2% |
| BPO Office | 0% |
| Office | 2% |
| Services | 4% |
| Others | 0% |
| Total | 100% |

*Related Party Tenants*

Five (5) lease approximately 92% of the GLA of the building as of December 331, 2021 and account for 71.42% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 485.71 | 3.02% | 6.61% |
| 2023 | 2,495.99 | 15.52% | 18.55% |
| 2024 | 664.91 | 4.13% | 5.11% |
| 2025 | - | 0.00% | 0.00% |
| 2026 and beyond | 10,477.78 | 65.15% | 57.53% |
| **TOTAL** | **14,124.39** | **87.82%** | **87.79%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

*Vista Mall General Trias*


Vista Mall General Trias is a 2-storey commercial building developed by the Sponsor located in Arnaldo Highway, Brgy. San Francisco, General Trias City, Cavite. Following the completion of the Property-for-Share Swap, our Company owns Vista Mall General Trias with an aggregate GLA of 26,638.45 sqm.

Vista Mall General Trias boasts Vista Mall's signature brand of spacious, beautiful and cool interiors. With a wide array of world-class homegrown retails brands, Vista Mall General Trias offers a refreshed and invigorated shopping experience to the residents of General Trias and its nearby municipalities.

| Key Asset Information | |
|---|---|
| **Address** | Brgy. San Francisco, General Trias City, Cavite |
| **Classification** | Mall |
| **Building Completion** | 2018 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 46 years |
| **Company Ownership** | Building |
| **Description** | 2-storey commercial Building |
| **Operating Date** | 2018 |
| **GLA (sqm)*** | 26,638.45 |
| **Parking space (sqm & slots)** | 4,980.00 sqm; 415 slots |
| **2021 Gross Rental Income** | ₱183.55 million |
| **Average Annual Rental per sqm*** | ₱297.75 |
| **Occupancy Rate*** | 89% |
| **Occupancy Rate as of the date of this REIT Plan** | 96% |
| **No. of Tenants*** | 14 |
| **Valuation*** | ₱2,961.08 million |
| **Building Footprint (sqm)** | 39,020.00 |
| **Landowner** | Masterpiece Asia Properties, Inc. |

| | |
|---|---|
| **Land Lease Term** | 20 years |
| **End of Land Lease Term** | October 23, 2042 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 176.88 | 199.95 | 183.55 |
| **Occupancy Rate (%)** | 88.75% | 88.63% | 88.91% |

*Tenant Profile*

Vista Mall General Trias has 14 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 12,896.97 | 13.00 | 10/17/2031 | 48.41% | 32.91% |
| AllDay Marts, Inc. | Supermarket | related party | 3,457.53 | 8.00 | 10/17/2026 | 12.98% | 55.79% |
| Parallax, Incorporated | Cinema | related party | 2,907.06 | 6.00 | 12/24/2024 | 10.91% | 0.00% |
| Family Shoppers Unlimited, Inc. | Department Store | related party | 2,607.28 | 6.00 | 11/30/2026 | 9.79% | 0.99% |
| CMSTAR Management Inc. | Food | related party | 1,148.69 | 8.00 | 10/17/2026 | 4.31% | 4.13% |
| TMARTIR24 INC | Fitness Gym | third party | 348.45 | 6.00 | 8/11/2025 | 1.31% | 0.79% |
| Giligan's Holding Corporation | Food | third party | 164.60 | 3.00 | 7/9/2022 | 0.62% | 0.55% |
| AllBank (A Thrift Bank), Inc. | Financial Service | related party | 60.00 | 5.21 | 10/17/2024 | 0.23% | 0.42% |
| Teahub Corporation | Food | third party | 49.30 | 3.00 | 10/11/2022 | 0.19% | 0.32% |
| Planet Cable, Inc. | Non Food | related party | 7.20 | 2.00 | 12/31/2022 | 0.03% | 0.00% |
| **TOTAL** | | | **23,647.08** | | | **88.77%** | **95.89%** |

*Average Rental Rate*

The average annual rental per sqm for the leases in the building is ₱ 297.75.

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 54% |
| Supermarkets | 15% |
| Department Store | 11% |
| Cinema | 12% |

| | |
|---|---|
| Recreation | 3% |
| Food | 3% |
| Church | 0% |
| Fashion | 0% |
| Pharmacy | 0% |
| BPO Office | 0% |
| Office | 0% |
| Services | 1% |
| Others | 0% |
| Total | 100% |

*Related Party Tenants*

Eight (8) lease approximately 94% of the GLA of the building as of December 31, 2021 and account for 97.51% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 247.88 | 0.93% | 0.88% |
| 2023 | 925.67 | 3.47% | 0.69% |
| 2024 | 2,970.56 | 11.15% | 0.35% |
| 2025 | 348.45 | 1.31% | 0.66% |
| 2026 and beyond | 19,190.80 | 72.04% | 96.49% |
| **TOTAL** | **23,683.36** | **88.91%** | **99.07%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

***Vista Mall Tanza***


Vista Mall Tanza is a 2-storey commercial building developed by the Sponsor. It is located in Tanza-Trece Martires Road, Brgy. Punta 2, Tanza, Cavite. Following the completion of the Property-for-Share Swap, our Company owns Vista Mall Tanza with an aggregate GLA of 25,012.82 sqm.

With the nearest shopping center 7 kilometers from its vicinity, Vista Mall Tanza is the only shopping center that caters to the underserved market of Tanza. Defying the monotonous and boxed façade perceived from mall, Vista Mall Tanza with its inspired interiors and spacious halls treat the residents of Tanza and nearby towns to a renewed and refreshing mall shopping experience.

| **Key Asset Information** | |
|---|---|
| **Address** | Brgy. Punta 2, Tanza, Cavite |
| **Classification** | Mall |
| **Building Completion** | 2018 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 42 years |
| **Company Ownership** | Building |
| **Description** | 2-storey commercial Building |
| **Operating Date** | 2018 |
| **GLA (sqm)*** | 25,012.82 |
| **Parking space (sqm & slots)** | 5,475.00 sqm; 365 slots |
| **2021 Gross Rental Income** | ₱220.87 million |
| **Average Annual Rental per sqm*** | ₱282.33 |
| **Occupancy Rate*** | 87% |
| **Occupancy Rate as of the date of this REIT Plan** | 93% |
| **No. of Tenants*** | 16 |
| **Valuation*** | ₱2,611.18 million |

| | |
|---|---|
| **Building Footprint (sqm)** | 30,829.90 |
| **Landowner** | Masterpiece Asia Properties, Inc. |
| **Land Lease Term** | 20 years |
| **End of Land Lease Term** | October 23, 2042 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 123.10 | 187.35 | 220.87 |
| **Occupancy Rate (%)** | 87.65% | 86.53% | 87.22% |

*Tenant Profile*

Vista Mall Tanza has 16 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 12,968.88 | 13.00 | 11/16/2031 | 51.85% | 27.97% |
| AllDay Marts, Inc. | Supermarket | related party | 3,543.59 | 8.00 | 11/16/2026 | 14.17% | 47.44% |
| Family Shoppers Unlimited, Inc. | Department Store | related party | 2,004.05 | 6.00 | 11/30/2026 | 8.01% | 0.57% |
| Parallax, Incorporated | Cinema | related party | 1,386.66 | 4.08 | 2/22/2023 | 5.54% | 0.00% |
| CMSTAR Management Inc. | Food | related party | 1,248.08 | 5.00 | 11/16/2023 | 4.99% | 3.14% |
| Cuisine Ala More Inc. | Food | related party | 283.77 | 5.00 | 1/31/2025 | 1.13% | 0.90% |
| Giligan's Holding Corporation | Food | third party | 144.00 | 3.00 | 6/11/2022 | 0.58% | 0.30% |
| AllBank (A Thrift Bank), Inc. | Financial Service | related party | 62.55 | 5.50 | 5/25/2026 | 0.25% | 0.48% |
| Prime Water Infrastructure Corporation | Office | related party | 52.00 | 5.00 | 11/16/2023 | 0.21% | 0.00% |
| Teahub Corporation | Food | third party | 43.15 | 3.00 | 10/21/2022 | 0.17% | 0.22% |
| **TOTAL** | | | **21,736.73** | | | **86.90%** | **81.02%** |

*Average Rental Rate*

The average annual rental per sq.m. for the leases in the building is ₱ 282.33

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 59% |
| Supermarkets | 16% |
| Department Store | 9% |
| Cinema | 6% |
| Recreation | 4% |
| Food | 4% |
| Church | 0% |
| Fashion | 0% |
| Pharmacy | 0% |
| BPO Office | 0% |
| Office | 0% |
| Services | 0% |
| Others | 0% |
| Total | 100% |

*Related Party Tenants*

Ten (10) lease approximately 86% of the GLA of the building as of December 31, 2021 and account for 99.25% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 258.93 | 1.04% | 0.75% |
| 2023 | 2,567.53 | 10.26% | 3.49% |
| 2024 | 8.00 | 0.03% | 0.00% |
| 2025 | 283.77 | 1.13% | 0.95% |
| 2026 and beyond | 18,662.52 | 74.61% | 94.75% |
| **TOTAL** | **21,780.75** | **87.08%** | **99.94%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

*Starmall Talisay - Cebu*


Starmall Talisay - Cebu is a 2-storey commercial building developed by the Sponsor. It is located in Cebu South Road, Brgy. Lawaan I, Talisay City, Cebu. Following the completion of the Property-for-Share Swap, our Company owns Starmall Talisay - Cebu with an aggregate GLA of 19,643.57 sqm.

Starmall Talisay - Cebu makes a mark in the fastest growing metropolitan city in Cebu. The opening of Starmall's latest offering has raised the level of convenience being offered by community malls. Its Mediterranean-inspired façade, sophisticated interior design, and lush landscapes provide a relaxing stroll for its customers as they browse its lineup of tenants and anchor stores.

| **Key Asset Information** | |
|---|---|
| **Address** | Brgy. Lawaan I, Talisay City, Cebu |
| **Classification** | Mall |
| **Building Completion** | 2013 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 32 years |
| **Company Ownership** | Building |
| **Description** | 2-storey commercial Building |
| **Operating Date** | 2013 |
| **GLA (sqm)*** | 19,643.57 |
| **Parking space (sqm & slots)** | 1,237.50 sqm; 99 slots |
| **2021 Gross Rental Income** | ₱83.39 million |
| **Average Annual Rental per sqm*** | ₱358.28 |
| **Occupancy Rate*** | 92% |

| | |
|---|---|
| **Occupancy Rate as of the date of this REIT Plan** | 100% |
| **No. of Tenants*** | 12 |
| **Valuation*** | ₱2,943.62 million |
| **Building Footprint (sqm)** | 12,072.25 |
| **Landowner** | Masterpiece Asia Properties, Inc. |
| **Land Lease Term** | 17, 20 and 25 years |
| **End of Land Lease Term** | April 1, 2042, July 17, 2038 and April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 133.24 | 31.97 | 83.39 |
| **Occupancy Rate (%)** | 85.85% | 84.73% | 94.33% |

*Tenant Profile*

Starmall Talisay - Cebu has 12 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 11,109.33 | 14.00 | 4/30/2031 | 56.55% | 46.88% |
| AllDay Marts, Inc. | Supermarket | related party | 2,200.00 | 10.00 | 3/4/2031 | 11.20% | 3.90% |
| Jollibee Foods Corporation | Storage/Stockroom | third party | 895.93 | 12.00 | 11/3/2025 | 4.56% | 7.04% |
| CMSTAR Management Inc. | Food | related party | 346.74 | 8.00 | 11/27/2026 | 1.77% | 11.19% |
| Fresh N' Famous Foods, Inc. | Fastfood / Quick Service Restaurant | third party | 191.55 | 8.00 | 1/29/2023 | 0.98% | 3.57% |
| Old Town Barbershop | Services | third party | 62.50 | 6.00 | 7/14/2023 | 0.32% | 0.00% |
| Environet Total Services Inc. | Office | related party | 10.00 | 4.00 | 7/14/2022 | 0.05% | 0.20% |
| Planet Cable, Inc. | Non Food | related party | 5.95 | 2.00 | 12/31/2022 | 0.03% | 0.00% |
| BDO Unibank, Inc. | Financial Service | third party | 2.00 | 8.00 | 4/30/2023 | 0.01% | 0.42% |
| Garriga Vending Corporation | Services | third party | 0.32 | 8.00 | 9/30/2023 | 0.00% | 0.01% |
| **TOTAL** | | | **14,824.32** | | | **75.47%** | **73.20%** |

*Average Rental Rate*

The average annual rental per sqm for the leases in the building is ₱ 358.28.

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 78% |
| Supermarkets | 13% |
| Department Store | 0% |
| Cinema | 0% |
| Recreation | 0% |
| Food | 9% |
| Church | 0% |
| Fashion | 0% |
| Pharmacy | 0% |
| BPO Office | 0% |
| Office | 0% |
| Services | 0% |
| Others | 0% |
| Total | 100% |

*Related Party Tenants*

Six (6) lease approximately 70% of the GLA of the building as of December 31, 2021 and account for 91.54% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 224.14 | 1.14% | 0.51% |
| 2023 | 256.37 | 1.31% | 1.66% |
| 2024 | - | 0.00% | 0.00% |
| 2025 | 895.93 | 4.56% | 2.73% |
| 2026 and beyond | 16,656.07 | 84.79% | 73.31% |
| **TOTAL** | **18,032.51** | **91.80%** | **78.21%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

*Vista Mall Imus*


Vista Mall Imus is a 1-storey commercial building developed by the Sponsor. It is located in Emilio Aguinaldo Highway, Brgy. Palico IV, Imus City, Cavite. Following the completion of the Property-for-Share Swap, our Company owns Vista Mall Imus with an aggregate GLA of 12,778.45 sqm.

Situated along the busy Emilio Aguinaldo Highway, Vista Mall Imus offers locals all their essentials found in one place. With the recent opening of the Bacoor-Imus diversion road, residents in the surrounding areas such as Princeton Heights by Filinvest and Vista Toscana by Crown Asia now have access to Vista Mall Imus which carries the signature Vista Mall common-beauty in convenience.

| Key Asset Information | |
|---|---|
| **Address** | Brgy. Palico IV, Imus City, Cavite |
| **Classification** | Mall |
| **Building Completion** | 2015 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 26 years |
| **Company Ownership** | Building |
| **Description** | 1-storey commercial Building |
| **Operating Date** | 2015 |
| **GLA (sqm)*** | 12,778.45 |
| **Parking space (sqm & slots)** | 2,062.50 sqm; 165 slots |
| **2021 Gross Rental Income** | ₱44.70 million |
| **Average Annual Rental per sqm*** | ₱318.28 |
| **Occupancy Rate*** | 100% |
| **Occupancy Rate as of the date of this REIT Plan** | 97% |
| **No. of Tenants*** | 5 |
| **Valuation*** | ₱637.73 million |

| | |
|---|---|
| **Building Footprint (sqm)** | 20,308.00 |
| **Landowner** | Masterpiece Asia Properties, Inc. |
| **Land Lease Term** | 25 years |
| **End of Land Lease Term** | April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 73.31 | 52.09 | 44.70 |
| **Occupancy Rate (%)** | 81.91% | 100.00% | 99.95% |

*Tenant Profile*

Vista Mall Imus has 5 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| AllHome Corporation | Home & Appliances | related party | 12,276.79 | 14.00 | 9/17/2031 | 96.07% | 80.78% |
| CMSTAR Management Inc. | Food | related party | 249.90 | 10.00 | 4/26/2026 | 1.96% | 13.95% |
| AllBank (A Thrift Bank), Inc. | Bank | related party | 164.56 | 5.81 | 12/22/2025 | 1.29% | 4.48% |
| All Day Retail Concepts, Inc. | Convenience Store | related party | 67.70 | 9.00 | 9/17/2025 | 0.53% | 0.78% |
| Planet Cable, Inc. | Non Food | related party | 13.50 | 2.00 | 12/31/2022 | 0.11% | 0.00% |
| **TOTAL** | | | **12,772.45** | | | **99.95%** | **100.00%** |

*Average Rental Rate*

The average annual rental per sq.m. for the leases in the building is ₱ 318.28

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 96% |
| Supermarkets | 0% |
| Department Store | 0% |

| | |
|---|---|
| Cinema | 0% |
| Recreation | 0% |
| Food | 2% |
| Church | 0% |
| Fashion | 0% |
| Pharmacy | 0% |
| BPO Office | 0% |
| Office | 0% |
| Services | 0% |
| Others | 2% |
| Total | 100% |

*Related Party Tenants*

Five (5) leases approximately 100% of the GLA of the building as of December 31, 2021 and account for 100% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 13.50 | 0.11% | 0.00% |
| 2023 | - | 0.00% | 0.00% |
| 2024 | - | 0.00% | 0.00% |
| 2025 | 232.26 | 1.82% | 5.80% |
| 2026 and beyond | 12,526.69 | 98.03% | 94.20% |
| **TOTAL** | **12,772.45** | **99.95%** | **100.00%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

**Office Buildings**

Our office buildings are designed to house BPOs as anchor tenants. Food outlets and other retail establishments located at these office buildings provide 24-hour support to BPO tenants and their employees.

***Vista Hub Molino***


Vista Hub Molino is a PEZA-accredited, 7-storey BPO building developed by the Sponsor. It is located in Daanghari Road, Brgy. Molino IV, Bacoor City, Cavite. Following the completion of the Property-for-Share Swap, our Company owns Vista Hub Molino with an aggregate GLA of 15,631.08 sqm.

Situated within the Vista Alabang communicity and adjacent to SOMO - A Vista Mall. The construction of Vista Hub Molino was completed in 2019. The amount spent in 2019 was ₱83.69 million while the revenue was at ₱0.85 million in 2019. Since its opening in 2020, it has been the home of AVG Group's Headquarters and Teleperformance Philippines' Alabang office. Despite opening during the pandemic, it boasts a constant occupancy rate of over 90%.

Vista Hub Molino is equipped with 3 high-speed elevators, a fire alarm and smoke detection system, a back-up generator, and 24-hour security.

Telephilippines is one of the major BPO players in the Philippines. They employ about 45,000 employees and are present in more than 20 locations. The leased premises are used for BPO as back office, technical support, customer support and other support services. It is a major tenant in as they generate stable demand in BPO spaces for Vista Hub Molino.

| Key Asset Information | |
|---|---|
| **Address** | Brgy. Molino IV, Bacoor City, Cavite |
| **Classification** | Office |
| **Building Completion** | 2019 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | 41 years |
| **Company Ownership** | Building |

| | |
|---|---|
| **Description** | 7-storey BPO Building |
| **Operating Date** | 2020 |
| **GLA (sqm)*** | 15,631.08 |
| **Parking space (sqm & slots)** | 3,100.00 sqm; 248 slots |
| **2021 Gross Rental Income** | ₱97.33 million |
| **Average Annual Rental per sqm*** | ₱616.40 |
| **Occupancy Rate*** | 91% |
| **Occupancy Rate as of the date of this REIT Plan** | 100% |
| **No. of Tenants*** | 8 |
| **Valuation*** | ₱2,827.38 million |
| **Land Area (sqm)** | 5,214.72 |
| **Landowner** | Masterpiece Asia Properties, Inc. |
| **Land Lease Term** | 25 years |
| **End of Land Lease Term** | April 1, 2047 |

**as of December 31, 2021*

*Historical Asset Information*

| | **For the fiscal year ended December 31,** | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 0.85 | 45.14 | 97.33 |
| **Occupancy Rate (%)** | 0.00% | 91.44% | 91.45% |

*Tenant Profile*

Vista Hub Molino has 8 tenants as of December 31, 2021. The major tenants for the building are as follows:

| **Tenant** | **Sector** | **Relationship** | **GLA Leased (sqm)** | **Lease Term** | **Indicative End of the Lease Term** | **% of total GLA of Building** | **% of total Revenue** |
|---|---|---|---|---|---|---|---|
| Telephilippines, Inc. | BPO | third party | 9,922.88 | 5.00 | 6/30/2025 | 63.48% | 90.74% |
| AllValue Holdings Corp. | Office | related party | 2,010.80 | 5.00 | 12/8/2024 | 12.86% | 0.00% |
| AllHome Corporation | Home & Appliances | related party | 1,438.91 | 10.00 | 1/1/2030 | 9.21% | 8.47% |
| Metroexpress Connect, Inc. | Office | related party | 427.00 | 5.00 | 2/2/2025 | 2.73% | 0.00% |
| Mgs Construction, Inc. | Office | third party | 404.98 | 5.00 | 12/8/2024 | 2.59% | 0.73% |
| Greenscapes Plus Phils, Inc. | Office | related party | 67.18 | 5.00 | 12/8/2024 | 0.43% | 0.06% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Globe Telecom Inc. | Telecommunications | third party | 11.66 | 6.99 | 2/28/2025 | 0.07% | 0.00% |
| Planet Cable, Inc. | Non Food | related party | 11.66 | 2.00 | 12/31/2022 | 0.07% | 0.00% |
| **TOTAL** | | | **14,295.07** | | | **91.45%** | **100.00%** |

*Average Rental Rate*

The average annual rental per sq.m. for the leases in the building is ₱ 616.40

The tenant mix per GLA in terms of occupation or business are as follows:

| Sector | % of Occupied GLA of the Building |
|---|---|
| Home & Appliance | 10% |
| Food | 0% |
| BPO Office | 69% |
| Office | 20% |
| Services | 0% |
| Others | 0% |
| Total | 100% |

*Related Party Tenants*

Six (6) lease approximately 28% of the GLA of the building as of December 31, 2021 and account for 9.13% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| Year | GLA Expiring (sqm) | % of Expiring GLA to total GLA for the Building | % of Expiring Rental Income to Total Rental Income of the Building |
|---|---|---|---|
| 2022 | 11.66 | 0.07% | 0.00% |
| 2023 | - | 0.00% | 0.00% |
| 2024 | 2,482.96 | 15.88% | 0.91% |
| 2025 | 10,361.54 | 66.29% | 89.21% |
| 2026 and beyond | 1,438.91 | 9.21% | 9.88% |
| **TOTAL** | **14,295.07** | **91.45%** | **100.00%** |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

*Vista Hub BGC*

Vista Hub BGC is a PEZA-accredited, 14-storey office building developed by the Sponsor. It is located in 21st Drive corner 5th Avenue, BGC, The Fort, Taguig. Following the completion of the Property-for-Share Swap, our Company owns Vista Hub BGC with an aggregate GLA of 20,742.42 sqm.

Located within the Bonifacio Global City central business district, Vista Hub BGC became the headquarters of Google Philippines in 2017, and has since enjoyed a 98% occupancy even during the pandemic.

Vista Hub BGC is equipped with high-speed elevators, a fire alarm and smoke detection system, a back-up generator, and 24-hour security.

Google Services Philippines, Inc. is a BPO company which provides support to Google, a multinational technology company. The leased premises are used for BPO as back office, technical support, customer support, other support services and other facilities for employee use. It is a major tenant in as they generate stable demand in BPO spaces for Vista Hub BGC.

| **Key Asset Information** |
| --- |

| | |
|---|---|
| **Address** | BGC, The Fort, Taguig City |
| **Classification** | Office |
| **Building Completion** | 2016 |
| **Estimated Useful Life** | 40 years |
| **Estimated Remaining Useful Life** | N/A |
| **Company Ownership** | Office & Commercial Unit Spaces with Parking Slots |
| **Description** | 14-storey office building |
| **Operating Date** | 2017 |
| **GLA (sqm)*** | 20,742.42 |
| **Parking space (sqm & slots)** | 3,825.00 sqm; 306 slots |
| **2021 Gross Rental Income** | ₱200.28 million |
| **Average Annual Rental per sqm*** | ₱1,136.35 |
| **Occupancy Rate*** | 98% |
| **Occupancy Rate as of the date of this REIT Plan** | 97% |
| **No. of Tenants *** | 7 |
| **Valuation*** | ₱4,062.36 million |
| **Building Footprint (sqm)** | 2,651.21 |
| **Landowner** | Vista Residences, Inc.** |
| **Land Lease Expiry** | N/A |
| **End of Land Lease Term** | N/A |

**as of December 31, 2021*

***Owns Office & Commercial Unit Spaces with Parking Slots as evidenced by Condominium Certificate of Titles*

*Historical Asset Information*

| | For the fiscal year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| **Gross Rental Income* (₱ million)** | 241.76 | 194.40 | 200.28 |
| **Occupancy Rate (%)** | 98.26% | 98.31% | 98.32% |

*Tenant Profile*

Vista Hub BGC has 7 tenants as of December 31, 2021. The major tenants for the building are as follows:

| Tenant | Sector | Relationship | GLA Leased (sqm) | Lease Term | Indicative End of the Lease Term | % of total GLA of Building | % of total Revenue |
|---|---|---|---|---|---|---|---|
| Google Services Philippines, Inc. | BPO | third party | 19,906.43 | 5.08 | 11/30/2022 | 95.97% | 97.69% |
| CMSTAR Management Inc. | Food | related party | 290.65 | 8.00 | 1/31/2026 | 1.40% | 1.11% |
| All Day Retail Concepts, Inc. | Convenience Store | related party | 110.56 | 8.00 | 9/30/2025 | 0.53% | 0.97% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Jethrock Construction Corporation | Storage/Stockroom | third party | 50.00 | 1.00 | 7/31/2022 | 0.24% | 0.11% |
| PLDT Inc. | Telecommunications | third party | 15.60 | 7.00 | 6/30/2024 | 0.08% | 0.00% |
| Arsysmedia Technologies Inc. | Marketing Collaterals | third party | 10.00 | 5.00 | 10/31/2024 | 0.05% | 0.04% |
| Globe Telecom Inc. | Telecommunications | third party | 10.00 | 7.00 | 3/31/2024 | 0.05% | 0.07% |
| **TOTAL** | | | **20,393.24** | | | **98.32%** | **100.00%** |

*Average Rental Rate*

The average annual rental per sqm for the leases in the building is ₱ 1,136.35.

The tenant mix per GLA in terms of occupation or business are as follows:

| **Sector** | **% of Occupied GLA of the Building** |
|---|---|
| Home & Appliance | 0% |
| Food | 1% |
| BPO Office | 98% |
| Office | 0% |
| Services | 0% |
| Others | 1% |
| Total | 100% |

*Related Party Tenants*

Two (2) leases approximately 2% of the GLA of the building as of December 31, 2021 and account for 2.49% of the total Rental Income from the property.

*Lease Expiry and Renewals*

The table below sets out details of the lease expiry profile of the building as of December 31, 2021:

| **Year** | **GLA Expiring (sqm)** | **% of Expiring GLA to total GLA for the Building** | **% of Expiring Rental Income to Total Rental Income of the Building** |
|---|---|---|---|
| 2022 | 19,956.43 | 96.21% | 89.45% |
| 2023 | - | 0.00% | 0.00% |
| 2024 | 35.60 | 0.17% | 0.12% |
| 2025 | 110.56 | 0.53% | 0.97% |
| 2026 and beyond | 290.65 | 1.40% | 1.10% |
| **TOTAL** | **20,393.24** | **98.32%** | 91.64% |

As of the date of this REIT Plan, all of the expiring GLA in 2022 is under negotiation.

***Significance of AllHome Corporation as Major Tenant across multiple Properties***

AllHome Corporation is a major tenant across multiple Properties, which is a publicly-listed company offering one-stop shop for home improvement, construction, furniture appliance needs. AllHome Corporation occupies 47.65% of the total occupied GLA of our Portfolio. As a major tenant across multiple properties, the Company benefits from AllHome since it continues to remain as a strong anchor tenant for the Mall Properties and contributes significantly to the Company's cash flows and to the foot traffic for the Mall Properties. In the event the lease agreements with AllHome Corporation are terminated and we are unable to lease the space to other tenants, it could have a material adverse effect on the business, operations, and financial condition of the Company. To mitigate this risk, Related Party transactions are done on an arm's length basis. In addition, AllHome Corporation is a publicly listed company and they are engaged in essential businesses. For further discussion please refer to risk discussions under the headings "*The Company enters into Related Party Transactions*" and "*Risk on Tenants leasing more than 10% of the total leasable area*" on page 56 of the REIT Plan, respectively.

**INTELLECTUAL PROPERTY**

Under the Intellectual Property Code of the Philippines, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office issues a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the consent of the owner from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The certificate of registration also serves as prima facie evidence of the validity of registration and the ownership of the mark of the registrant. A certificate of registration remains in force for an initial period of 10 years and may be renewed for periods of ten 10 years at its expiration.

As of the date of this REIT Plan, we have a pending application for the registration of the following mark with the Philippine Intellectual Property Office:

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

Furthermore, we have secured an exclusive domain for the website and email system – www.vistareit.com.ph.

# THE SPONSORS

The Sponsors of VistaREIT are direct or indirect subsidiaries of Vista Land & Lifescapes, Inc.

Vista Land is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country with presence in more than 147 cities and municipalities and a land bank of approximately 3,000 hectares as of December 31, 2021, located in areas in proximity to major roads and primary infrastructure. Since it commenced operations in 1977, Vista Land has built over 400,000 homes. It believes that it is one of the few leading integrated property developers in the Philippines that is focused on the affordable market. In addition to providing a wide range of housing products to its customers across all income segments through its residential property development business, Vista Land is involved in commercial property development through its retail mails and BPO commercial centers.

***Masterpiece Asia Properties, Inc.***

MAPI was incorporated in the Philippines on November 5, 2001. Its primary business is to develop and lease commercial mall spaces and Business Process Outsourcing ("**BPO**") centers. MAPI is currently engaged in leasing commercial centers including retail malls, Vista Malls and Starmalls, located in key cities and municipalities in the Philippines and office spaces.

MAPI is engaged in the operation and development of commercial properties for lease. Vista Land owns MAPI through Vista Malls, Inc., its retail mall and BPO platform.

***Manuela Corporation***

Manuela was incorporated in the Philippines on February 22, 1972. The primary business of Manuela is to develop and lease commercial mall spaces and BPO centers. Manuela is currently engaged in leasing commercial centers including retail malls of Starmalls that are located in key cities and municipalities in the Philippines and office spaces. The company is also engaged in selling residential house and lots in Manuelaville and Augustine Grove.

Manuela is engaged in the operation and development of commercial properties for lease. Vista Land owns Manuela through Vista Malls, Inc., its retail mall and BPO platform.

***Vista Residences, Inc.***

Vista Residences was incorporated as Polar Mines Realty Ventures, Inc. on November 10, 2003. Vista Land acquired 100% of the voting shares of Polar Mines Realty Ventures, Inc. on October 29, 2009. On January 29, 2010, the SEC approved the change of the corporate name of the company from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc.". Vista Land had only begun developing vertical homes five years before the acquisition of Polar Mines Realty Ventures, Inc., which had a particular focus on the development and sales of residential high-rise condominium projects across the Philippines. The acquisition of Polar Mines Realty Ventures, Inc. was designed to increase Vista Land's presence in the vertical homes segment. The name change to Vista Residences, Inc. was designed to consolidate the development and sales of all of Vista Land's vertical and high-rise condominium projects under the brand name "Vista Residences," thus creating a uniform, clear and strong market identity for Vista Land's vertical development projects.

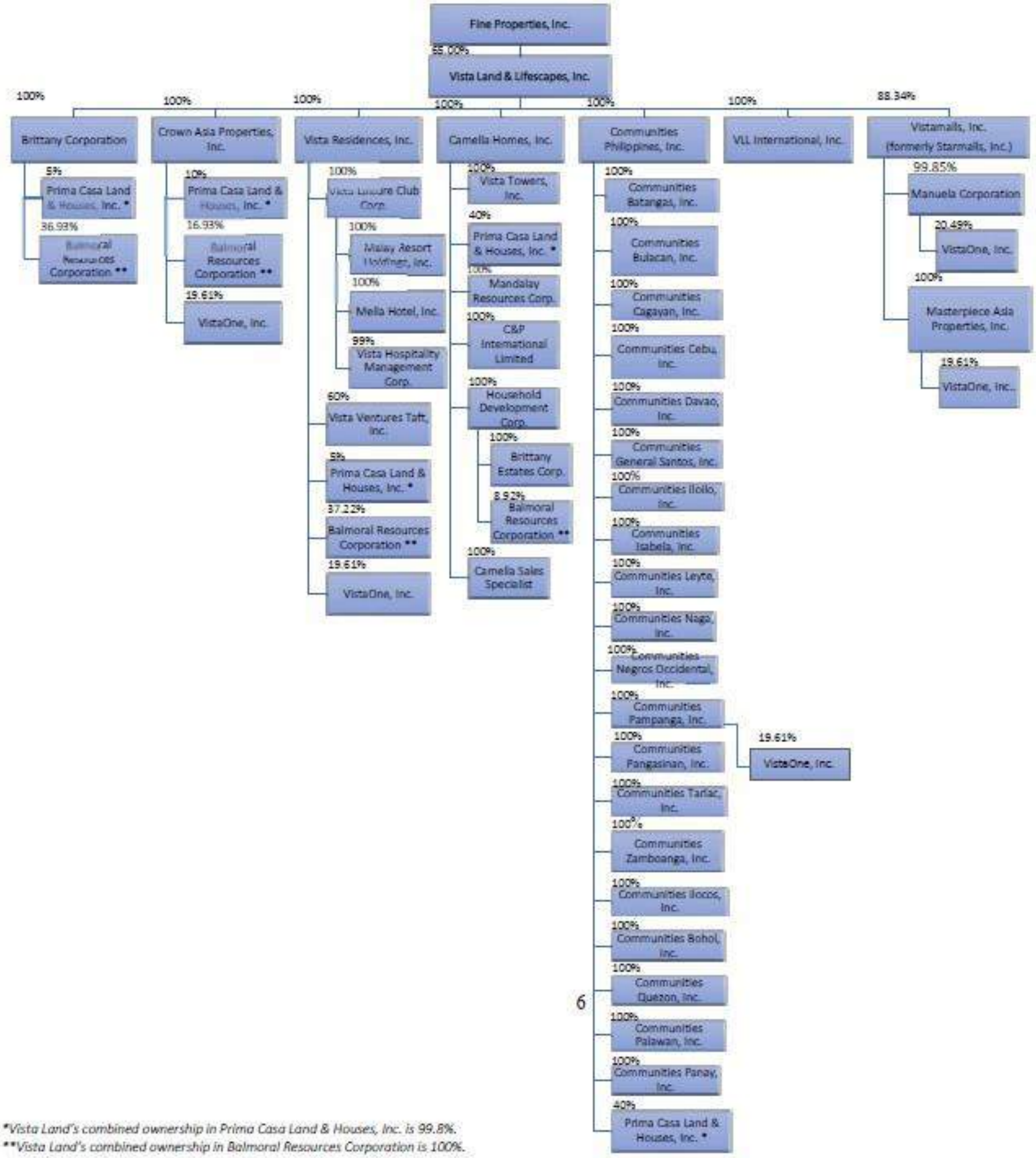
***Crown Asia Properties, Inc.***

Crown Asia was established to cater primarily to the middle-income housing segment. Since 1996, Crown Asia had launched a large proportion of its projects under the "Crown Asia" brand name. Among these developments are Valenza in Sta. Rosa, La Mediterranea in Dasmariñas, Cavite, Maia Alta in Antipolo City, Ponticelli in Bacoor, Cavite, Citta Italia in Imus, Cavite and Residenza in Bacoor, Cavite.

***Communities Pampanga, Inc.***

Communities Pampanga was incorporated in the Philippines on February 5, 2004. It was organized to carry out the business of a registered real estate dealer, and all alike undertakings pertinent to its business. Communities Pampanga is involved in the evaluation and acquisition of undeveloped land, planning and design of community development, securing regulatory approvals for development and sales, supervision of land development and house construction, and the marketing and selling of new houses. It is also engaged in leasing commercial centers including retail malls, Vista Malls, located in Pampanga. Communities Pampanga is a wholly-owned subsidiary of Communities Philippines, Inc. which is a wholly-owned subsidiary of Vista Land.

The following is the structure of Vista Land Group as of December 31, 2021.




*Vista Land's combined ownership in Prima Casa Land & Houses, Inc. is 99.8%.
**Vista Land's combined ownership in Balmoral Resources Corporation is 100%.

# THE FUND MANAGER AND THE PROPERTY MANAGER

## THE FUND MANAGER

Our Fund Manager is VFund Management, Inc., formerly Communities Palawan, Inc. and incorporated on November 8, 2011 with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. The principal place of business of the Fund Manager is at Lower Ground Floor, Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The Fund Manager has an 11-year track record in the development of real estate industry. The Fund Manager has submitted the application for the amendment of the company's articles of incorporation (among others) to: (a) increase the authorized capital stock to ₱500,000,000.00 divided into 500,000,000 common shares with a par value of ₱1.00, (b) change the corporate name to VFund Management, Inc.; and (c) change the primary purpose of the company to engage in the business of providing fund management services to REIT companies. On April 18, 2022, the SEC approved the foregoing amendments to the Fund Manager's articles of incorporation. Our Fund Manager is a wholly-owned subsidiary of Communities Philippines, Inc. which in turn is a wholly-owned subsidiary of Vista Land. Our Fund Manager's main responsibility is to manage our Company's assets and liabilities for the benefit of our Shareholders, with a focus on investment yields and profitability margins. For a more detailed discussion on the Company's strategy, see the section entitled "*Business and Properties—Key Strategies*" in this REIT Plan. As of the date of the REIT plan, the Fund Manager has no assets under management apart from the Company's assets. The Fund Manager intends to employ staff that can support its day-to-day operations. Currently, the Fund Manager has the President, CFO and its Chief Audit Executive as its full time employees, each of whom have track records and experience in financial management and real estate industry of at least 10 years prior to joining the Fund Manager. Cecille Marie H. Bernardo has 10 years of experience, Michelle E. Hernandez has 18 years of experience, and Adrian H. Bajador has 13 years of experience. The Fund Manager will employ additional staff as the need arises. The Fund Manager will set up an internal audit group that will oversee the internal control system of VFund Management, Inc. and it will also adapt SAP software for the operational, financial reporting and business analytics processes.

Save as is disclosed in this REIT Plan, the Fund Manager is not engaged in any property fund business in the Philippines.

The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a 5-year, renewable agreement defining the relationship between the Company and the Fund Manager. See "Certain *Agreements Relating to our Company and the Properties—Fund Management Agreement*." Pursuant to the Fund Management Agreement, the Fund Manager's main responsibility is to manage our Company's assets and liabilities for the benefit of our Shareholders.

As of the date of this REIT Plan, the Fund Manager has 12 assets under management, consisting of the Properties. In addition to the Fund Manager's board of directors and senior management as set out below, the Fund Manager is supported by two full-time employees, who have a track record and experience in financial management as well as experience in the real estate industry.

The Fund Manager shall, pursuant to the provisions of the REIT Law and the Fund Management Agreement, implement the investment strategies of our Company by determining the allocation of the Company's assets to the allowable investment outlets in accordance with this REIT Plan and our investment strategies and selecting income-generating real estate in accordance with the investment strategies of the Company.

Notwithstanding the written instructions of our Company, the Fund Manager has the fiduciary responsibility to:

- objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions;
- oversee and coordinate property acquisition, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans;

- cause a valuation of any of the real estate and other properties of our Company to be carried out by the Company's appointed property valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;

- take all necessary measures to ensure:

    - that the Net Asset Value per Share of the Company is calculated as and when an annual valuation report is issued by the Company's appointed property valuer for the relevant period, and that such Net Asset Value per share is disclosed in the annual reports;

    - that the investment and borrowing limitations set out in this REIT Plan and the conditions under which the REIT was authorized are complied with;

    - that all transactions carried out by or on behalf of the Company are conducted at arm's length;

    - that at all times the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid, and binding and enforceable by or on behalf of the Company;

    - that the Property Manager obtains adequate property insurance for the real properties of our Company from insurance companies approved by the Fund Manager;

- take custody of all relevant documents supporting the insurance taken on real properties of the Company;

- provide research and analysis on valuation and market movements of our Company's assets, including the monitoring of the real estate market for desirable opportunities and recommend, from time to time, to the Board, the formulation of new, additional, or revised investment policies and strategies;

- recommend the appropriate capital structure for our Company;

- manage assets and liabilities, including investment of corporate funds in money market placements and arrangement of debt for our Company;

- negotiate and finalize loan documents on behalf of our Company and determine debt drawdowns;

- recommend to the Board when to make capital calls and, where appropriate, enforce or cause the enforcement of remedies for failure of Shareholders to deliver capital contributions;

- open, maintain, and close accounts, including custodial accounts with banks, and subject to applicable Philippine law, including banks located outside the Philippines, and draw checks or other orders for the payment of monies;

- submit periodic reports ensuring that: (i) the three-year investment strategy prepared by the Company is submitted to the SEC and the PSE; and (ii) quarterly written reports on the performance of the Company's fund and properties and of the appropriate benchmarks are submitted to the Company, the SEC and the PSE within 45 days after the end of each quarter;

- do such other acts as is necessary or advisable in connection with the maintenance and administration of the assets of our Company including ensuring that all our investors are provided with appropriate and relevant information and communications as well as supervising all consultants and our other service providers;

- negotiate for and implement the purchase of assets to be held by our Company for investment;

- perform legal review, documentation, structuring, and due diligence on assets to be acquired;

- where necessary in the reasonable determination of the Fund Manager, retain persons, firms or entities to provide certain management and administrative services, including tax, corporate secretarial, and accounting services;

- pursue various exit options and make necessary strategic recommendations to our Company;

- accredit insurance companies for purposes of providing a list of approved insurance companies to the Property Manager for the real properties of our Company;

- fully, properly, and clearly record and document all procedures and processes followed, and decisions made in relation to whether or not to invest in a particular property;

- establish and understand the investment objectives, instructions, risk profile, and investment restrictions of our Company prior to making any investment recommendations or carrying out any transactions for or on behalf of our Company;

- do any and all acts on behalf of our Company as it may deem necessary or advisable in connection with the management and administration of our Company's assets, including without limitation, the voting of assets, participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto; and

- perform all such functions necessary and incidental to asset management.

In the absence of fraud or negligence by the Fund Manager, it shall not incur liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Fund Management Agreement.

***Fund Management Fee***

Under the Fund Management Agreement, the Fund Manager will receive an annual fund management fee equivalent to 1.50% of the Gross Rental Revenue, inclusive of value-added tax (the "**Fund Management Fee**").

In addition, the Fund Manager shall be entitled to receive from VistaREIT an Acquisition Fee equivalent to 1% of the acquisition price, for every acquisition, exclusive of value-added taxes ("**Acquisition Fee**"). The Fund Manager shall likewise be entitled to receive a Divestment Fee of 0.50% of the sales price for every property divested, exclusive of value-added taxes ("**Divestment Fee**").

The total amount of Fund Management Fee, Acquisition Fee, and Divestment Fee, paid to the Fund Manager in any given year, shall not exceed 1.00% of the Net Asset Value of the Properties for that same year.

**Termination of the Fund Management Agreement**

Either the Company or the Fund Manager, as the case may be, may terminate the Fund Management Agreement on any of the following grounds:

- a material breach, default or failure to comply with obligations and undertakings under the Fund Management Agreement, including gross negligence or fraud, and such material breach, default or failure cannot be remedied or persists or continues to remain unremedied;

- the cessation of the corporate existence of the Fund Manager or the Company, or the failure to obtain or maintain any license required by applicable Philippine Law for the performance of the Fund Management Agreement, or

- the change of principal stockholders of the Fund Manager or the Company;

- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Fund Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

**Conflict of Interest**

If the Fund Manager has a material interest in a transaction with or for our Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, it shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to our Company and has taken all reasonable steps to ensure fair treatment of our Company.

The Fund Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including our Company. It shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations. Finally, the Fund Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of the Company. It shall fully disclose such policies to our Company.

The Fund Manager has adopted its "Policy and Procedure on Confidentiality" to protect the integrity and confidentiality of the information relating to the funds and properties of the Company. It has also adopted its "Related Party Transactions Policy" which defines related party relationships and transactions and sets out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the SEC on material related party transactions.

**Directors and Executive Officers of the Fund Manager**

The Fund Manager's board of directors is entrusted with the responsibility for the overall management of the Fund Manager, while the Fund Manager's executive officers, particularly the President and Chief Executive Officer, are responsible for implementation and supervision of the business of the Fund Manager. The current position, role, and business and working experience of each of the directors and executive officers of the Fund Manager is set out below:

| Name | Age | Nationality | Position | Director Since |
|---|---|---|---|---|
| Laura Suarez Acuzar | 72 | Filipino | Chairman of the Board & Independent Director | 2022 |
| Cecille Marie H. Bernardo | 52 | Filipino | President & Director | 2022 |
| Teodulo Antonio G. San Juan Jr. | 54 | Filipino | Independent Director | 2022 |
| Susana Montilla So | 61 | Filipino | Independent Director | 2022 |
| Arbin Omar P. Cariño | 40 | Filipino | Corporate Secretary & Chief Compliance Officer | - |
| Michelle E. Hernandez | 38 | Filipino | Director and Chief Financial Officer | - |
| Adrian H. Bajador | 35 | Filipino | Chief Audit Executive | - |
| Joanna Pauline C. Pimentel | 35 | Filipino | Data Protection Officer | - |

The Board of Directors of our Fund Manager (the "Fund Manager's Board") is responsible for the overall corporate governance of our Fund Manager including establishing goals for management and monitoring the achievement of these goals. Our Fund Manager is also responsible for the strategic business direction and risk management of our Company. All Fund Manager's Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of directors.

Our Fund Manager's Board has established a framework for the management of our Fund Manager and our Company, including a system of internal control and a business risk management process. Following Memorandum Circular No. 1, Series of 2020 issued by the SEC, our Fund Manager's Board comprises five members, three of whom are independent directors, with at least one (1) of them have a working knowledge of the real estate industry, fund management, corporate finance, or other relevant finance-related functions. The directors of the REIT and our Sponsors, jointly or separately, do not occupy more than 49% of the board of directors of our Fund Manager.

As of the date of this REIT Plan, the directors and executive officers of our Fund Manager have over 16 years of accumulated experience in the areas of fund management, corporate finance, other relevant finance-related functions, property management in the real estate industry or in the development of the real estate industry.

There are no positions held by the Fund Manager's directors and executive officers in the Company and none of the directors and officers of the Fund Manager has any shareholdings in the Company or interest in the Properties.

Information on the business and working experience of the Fund Manager's directors and executive officers is set out below:

**Laura Suarez Acuzar**, *Chairman of the Board and Independent Director.* Ms. Acuzar, 72, completed her Bachelor of Science in Commerce – Accountancy degree in the University of Santo Tomas, and Management Development Program in the Asian Institute of Management in 1981. In 1993, she finished the Advanced Management Program of Harvard Business School in Boston, USA. She was previously an Audit & Business Advisory Partner of SGV & Co., an Independent Director & Audit Committee Chairperson of Loyola Plans Consolidated Inc., and an Audit Committee Member of UST Hospital, Inc. Ms. Acuzar was also a Board and Audit Committee Member of Kerrisdale Community Center Society in Vancouver, BC, a Board Member and President of the UST Alumni Association, a Board Member of the Urban Inc. Productions Society, Vancouver BC, and a Charter Member and Incorporator of the Corporate Institute of the Philippines. In 2019, she assumed the position of Independent Director and Chairman Audit Committee of AllHome Corporation.

**Cecille Marie H. Bernardo**, *President and Director*. Ms. Bernardo, 52, graduated cum laude from the University of the Philippines with a degree in Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant and the top 6 in the 1991 CPA Board Examinations. She took a Master of Applied Finance at the University of Melbourne in 2002. She was previously an Audit Executive of SGV & Co., a Corporate Planning Manager of the MBVillar Group, a Commercial Finance Director of the Coca-Cola Export Corporation, and the President of AllBank (A Thrift Bank), Inc. She is a member of the Philippine Institute of Certified Public Accountants. In 2019, Ms. Bernardo became the Chief Procurement Officer of Vista Land and Lifescapes, Inc.

**Teodulo Antonio G. San Juan Jr.** *Independent Director*. Atty. San Juan, 54, graduated from the Ateneo de Manila University with a degree in Bachelor of Arts Major in Economics and earned his Bachelor of Laws in the University of the Philippines in 1996. He placed 7$^{th}$ in the 1997 Philippine Bar Examinations. Atty. San Juan was a Senior Partner in Castillo Laman Tan Pantaleon & San Jose Law Office from 2005 to 2017, the Corporate Secretary of UP Provident Fund, Inc. from 2008 to 2016, and the President and Chief Legal Officer of Prime Asset Ventures, Inc. from 2017 to 2020. He is currently a Partner in Gulapa & Lim Law Office and a Senior Lecturer in the University of the Philippines College of Law. Atty. San Juan also serves as a Director, Treasurer and/or Corporate Secretary of Almarteo Holdings, Inc., Alteo Holdings, Inc. and Margarita Elaro Holdings, Inc.

**Susana Montilla So**, *Independent Director.* Ms. So, 61, completed her Bachelor of Science in Commerce Major in Accounting from the University of Santo Tomas in 1983. Ms. So was previously a Manager/Account Officer in the Project Finance Department of the Union Bank of the Philippines, the First Vice President/Department Head of the Housing Finance Department of Planters Development Bank, and the Senior Vice President – Head of the Bids and Awards Committee of Property Company of Friends, Inc. In 2021, she retired as Consultant for the Bids and Awards Committee of Property Company of Friends, Inc.

**Arbin Omar P. Cariño**, *Corporate Secretary and Compliance Officer*. Atty, Cariño, 41, graduated from the De La Salle University with a double degree in Bachelor of Science in Chemistry and Bachelor of Secondary Education - Major in Physics and Math. He earned his law degree from San Beda College of Law in 2008. He is currently the Legal Counsel of Household Development Corporation. He also serves as the Corporate Secretary of AllBank (A Thrift Bank), Inc. and the Assistant Corporate Secretary of VProperty Management, Inc. He was previously associated with the law firms of Buñag & Lotilla Law Office from 2011 to 2012 as well as Kapunan Law Offices from 2008 to 2011.As of the date of this REIT Plan, the directors and executive officers of the Fund Manager have over 16 of experience in the areas of fund management, corporate finance, other relevant finance-related functions, property management in the real estate industry or in the development of the real estate industry. Its President and Chief Executive Officer and a majority, but not less than two of its full-time professionals, have track records and experience in financial management and real estate industry for over 16 years prior to joining the Fund Manager.

**Michelle E. Hernandez**, *Director and Chief Financial Officer*. Ms. Hernandez, 38, graduated cum laude from the Pamantasan ng Lungsod ng Maynila with a degree in Bachelor of Science in Accountancy. She is a Certified Public Accountant. She served as the Finance Head and Chief Accountant of various Vista Land & Lifescapes, Inc. subsidiaries. Prior to her appointment, Ms. Hernandez served as Head Analyst of Vista Land & Lifescapes, Inc.

**Adrian H. Bajador**, *Chief Audit Executive.* Mr. Bajador, 35, graduated magna cum laude from the University of the Philippines Diliman with a degree in Bachelor of Science in Business Administration and Accountancy. He placed 8$^{th}$ in the October 2008 Certified Public Accountant Licensure Exam. He was previously the Junior Accounting Controller of Double A (1991) Public Company and the Assistant Vice President in Citibank N.A. In 2021, he joined Prime Asset Ventures, Inc. as a Senior Financial Analyst.

**Joanna Pauline C. Pimentel**, *Data Protection Officer*. Atty. Pimentel, 35, graduated from the Ateneo de Manila University with a degree in Bachelor of Arts in Management Economics in 2008. She received her Juris Doctor from the Ateneo de Manila Law School in 2012 and her Masters of Law from the Columbia University – Law School in 2020. She previously worked as a Junior Associate for Sycip Salazar Hernandez & Gatmaitan Law, a Court Attorney for the Supreme Court of the Philippines, and was the Chief of Political Affairs in the House of Representatives. Atty. Pimentel is currently working as an In-House Lawyer for Vista Land and Lifescapes, Inc.

As of the date of this REIT plan, the Fund Manager has engaged the Cecille Marie H. Bernardo as its President and two (2) full-time and qualified professional employees namely Michelle E. Hernandez and Rosalia G. Domingo. All have with track records and experience in financial management and real estate industry of at least 3 years prior to joining the Fund Manager. However, their experience on "real estate" is sourced from more than three years of being employed in the Vista Land & Lifescapes, Inc Group.

Cecille Marie H. Bernardo has 10 years of experience, Michelle E. Hernandez has 18 years of experience, and Rosalia G. Domingo has 25 years of experience.

The following officers overlap between the Company, the Fund Manager, and the Property Manager:

| Name of Officer | Company | Fund Manager | Property Manager |
|---|---|---|---|
| Arbin Omar P. Cariño | - | *Corporate Secretary* | *Assistant Corporate* |

| | | | |
|---|---|---|---|
| | | | *Secretary* |

**Involvement in Certain Legal Proceedings of Directors and Officers of the Fund Manager**

To the best of our knowledge, none of the above-named directors or executive officers has, in the last five years, been subject to the following:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or

- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

**Corporate Governance**

The Fund Manager is currently subject to the principles of corporate governance required by the SEC. In addition, the Fund Manager will be filing the necessary application for licensing as a fund manager of a REIT as required by the SEC. The Fund Manager will strive to meet all requirements for corporate governance as set forth in the rules for secondary license.

**Related Party Transactions**

***Review Procedures for Related Party Transactions***

In general, the Fund Manager has established internal control procedures to ensure that all future transactions involving the Company and a related party of the Fund Manager or the Sponsor are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favorable than those extended to unrelated third parties. In respect of such transactions, the Fund Manager would have to demonstrate that the transactions would be undertaken on normal commercial terms, which may include obtaining (where practicable) quotations from parties unrelated to the Fund Manager or Sponsor, or obtaining a valuation from an independent valuer (in accordance with, among other things, the REIT Law). Moreover, in respect of material related party transactions or transactions requiring prior authority, the Fund Manager has set review and approval requirements by its Board of Directors including the independent directors

***Existing Related Party Transactions***

Other than the Fund Management Agreement, the Fund Manager has no other existing related party transactions with the Company.

**THE PROPERTY MANAGER**

Our Property Manager is VProperty Management, Inc., incorporated as LET Ventures, Inc. on August 6, 2019. On October 22, 2020, the SEC approved the amendment of the company's articles of incorporation (among others) to: (a) change the corporate name to VProperty Management, Inc.; and (b) change the primary purpose of the company to engage in the business of providing property management, lease management, marketing, and project management and such other duties and functions necessary and incidental to property management. The Property Manager's application for the amendment of the company's articles of incorporation to further change its corporate name to VProperty Management, Inc. was approved by the SEC on April 8, 2022. Our Property Manager is a wholly owned subsidiary of Vista Residences, one of the Sponsors.

Pursuant to the Property Management Agreement entered on March 18, 2022 between our Company and our Property Manager, our Property Manager shall have the overall responsibility for the day-to-day facilities management of the Properties, marketing of the office and retail spaces therein, management of client accounts, lease administration, operations management, and handling of tenant relations. Specifically, our Property Manager will oversee negotiation and execution of lease contracts, enforcement of lease terms and conditions, and awarding, extension, and termination of leases; supervision of billing and collection of rentals and other payments from tenants, as well as monitoring of past due accounts and receivables; and, building management operations relating to security, utilities, repairs, and maintenance, emergency management, including engagement of contractors for such purpose.

As of the date of this REIT Plan, the directors and executive officers of the Property Manager have over 18 years of accumulated experience in commercial real estate operations, leasing, and property management.

The Property Manager's executive officers will be primarily responsible for the day-to-day management of the Company's Properties, pursuant to the Property Management Agreement. As of the date of the REIT plan, the Property Manager has no assets under management apart from the Company's assets. The Property Manager has engaged two full-time professionals Mari-Karr M. Cachuella and Louella M. Fernandez, with track records and experience in property management and real estate industry of at least 5 years prior to joining the Property Manager. Mari-Karr M. Cachuella has 14 years of experience while Louella M. Fernandez has 18 years of experience. The Property Manager will employ additional staff as the need arises. The Property Manager will set up an internal audit group that will oversee the internal control system of VProperty Management, Inc. and it will also adopt SAP software for the operational, financial reporting and business analytics processes. The Property Manager intends to employ staff that can support its day-to-day operations. For other services, such as janitorial, technical, and security services, the Property Manager may engage third-party service providers. See "*Business – Third Party Service Providers*".

The Property Manager shall maintain sufficient financial resources at its disposal to enable it to conduct its business effectively and meet its liabilities.

**Operations**

The Property Manager performs day-to-day property management functions at the Properties pursuant to the Property Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Property Manager. See "*Certain Agreements Relating to our Company and the Properties—Property Management Agreement*." These functions include managing the execution of new leases and renewing or replacing expiring leases as well as marketing and promotion of the Properties. In addition, the Property Manager will oversee the overall management of maintenance and repair of the structure of the Properties; the formulation and implementation of policies and programs in respect of building management; maintenance and improvement; securing and administering routine management services, including security control, fire precautions, communication systems and emergency management; and overseeing building management operations.

**Property Management Fee**

Under the Property Management Agreement, the Property Manager shall be entitled to receive from VistaREIT an annual management fee equivalent to 1.50% of the Gross Rental Revenue, inclusive of value added tax (the **"Property Management Fee"**) provided that such Property Management Fee shall not exceed 1.00% of the Net Asset Value of the Properties.

**Termination of the Property Management Agreement**

Either the Company or the Property Manager, as the case may be, may terminate the Property Management Agreement on any of the following grounds:

- a material breach, default or failure to comply with obligations and undertakings under the Property Management Agreement, including gross negligence or fraud, and such material breach, default or failure cannot be remedied or persists or continues to remain unremedied;
- the cessation of the corporate existence of the Property Manager or the Company, or the failure to obtain or maintain any license required by applicable Philippine Law for the performance of the Property Management Agreement, or
- the change of principal stockholders of the Property Manager or the Company;
- the insolvency of either party, or suspension of payment of its debts, or the commission
- by either party of any act of bankruptcy under applicable Philippine law; and
- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Property Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Property Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

**Conflict of Interest**

If the Property Manager has a material interest in a transaction with or for our Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, it shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to our Company and has taken all reasonable steps to ensure fair treatment of our Company. None of the directors of the Property Manager currently holds any interest in the property owned by or definitely proposed to be acquired by our Company.

The Property Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including our Company. It shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations. Finally, the Property Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of our Company. It shall fully disclose such policies to our Company.

The Property Manager has adopted its "Policy and Procedure on Confidentiality" to protect the integrity and confidentiality of the information relating to the funds and properties of our Company. It has also adopted its "Related Transactions Policy" which defines related party relationships and transactions and sets out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the SEC on material related party transactions.

**Directors and Executive Officers of the Property Manager**

The Property Manager's board of directors is entrusted with the responsibility for the overall management of the Property Manager, while the Property Manager's executive officers, particularly the President and Chief Executive Officer, are responsible for implementation, and shall be available at all times to supervise the business of the Property Manager. The current position, role, and business and working experience of each of the directors and executive officers of the Property Manager is set out below:

| Name | Age | Nationality | Position | Director Since |
|---|---|---|---|---|
| Marcelino C. Mendoza | 67 | Filipino | Chairman of the Board | 2022 |

| | | | | |
|---|---|---|---|---|
| Mari-Karr M. Cachuella | 50 | Filipino | Director and President | 2022 |
| Marilou O. Adea | 71 | Filipino | Independent Director | 2022 |
| Ruben O. Fruto | 83 | Filipino | Independent Director | 2022 |
| Cherrylyn P. Caoile | 47 | Filipino | Independent Director | 2022 |
| Ma. Nalen S.J. Rosero | 51 | Filipino | Corporate Secretary | - |
| Louella M. Fernandez | 40 | Filipino | Chief Financial Officer | - |
| Jefferson N. Enteria | 33 | Filipino | Chief Audit Executive | - |
| Arbin Omar P. Cariño | 40 | Filipino | Assistant Corporate Secretary | |
| Christopher John A. Torres | 37 | Filipino | Data Protection Officer | - |

The directors and executive officers of our Property Manager have over 180 years of accumulated experience in commercial real estate operations, leasing, and property management. Our Property Manager's executive officers will be primarily responsible for the day-to-day management of our Properties, pursuant to our Property Management Agreement.

The Property Manager has three Independent Directors with a combined working knowledge of the real estate industry of 62 years.

The Property Manager's real estate appraiser is Asian Appraisal, Inc.

The Chairman, Marcelino C. Mendoza and President, Mari-Karr M. Cachuella, are the two responsible officers of the Property Manager, and each has more than three years track record in property portfolio management.

There are no positions held by the Property Manager's directors and executive officers in the Company and none of the directors and officers of the Property has any shareholdings in the Company or interest in the Properties.

Information on the business and work experience of the Property Manager's directors and executive officers is set out below:

**Marcelino C. Mendoza,** *Chairman of the Board.* Mr. Mendoza, 67, graduated from the University of the Philippines with a degree in Bachelor of Science in Industrial Engineering in 1976. He completed his Master in Business Administration degree at the Ateneo de Manila Graduate School of Business in 1984. He also received his Certificate for Advance Course in Successful Communities from the Harvard University Graduate School of Design in 1987. He is an Industrial Engineer. He held various positions within Vista Land and Lifescapes, Inc. including serving as its Chief Financial Officer from 2007 to 2009 and its Chairman of the Board from 2008 to 2013. Mr. Mendoza also served as the President and Chairman of the Board of MGS Construction, Inc. In 2015, he assumed his position as Chairman of the Board of Bria Homes, Inc. Mr. Mendoza is also a member of the Organization of Socialized Housing Developers Association of the Philippines, Inc. (OSHDP) which he also currently chairs.

**Mari-Karr M. Cachuella,** *Director and President.* Ms. Cachuella, 50, completed her Bachelor of Science in Interior Design from the University of the Philippines Diliman in 1994. She previously served as the Vice President for Commercial and Retail Customer Service of Union Bank of the Philippines, Senior Vice President/Operations Head of SITEL Philippines, and Vice President for Customer Service of SM Development Corporation. Ms. Cachuella is currently the Property Management Operations Head of GlobalLand Property Management, Inc.

**Marilou O. Adea**, *Independent Director*. Ms. Adea, 71, is currently a Consultant of FBO Management Network, Inc. and a Director of Malarayat Rural Bank, Inc. She was the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc., Manuela Corporation and 3N2J Shipping & Trading Services, Inc. Ms. Adea previously served as the Independent

Director for Vista Land and Lifescapes, Inc. from 2007 to 2021, Project Director for Site Acquisition Director of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994 and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. Ms. Adea worked with the Home Development Mutual Fund from 1978 to 1986. Ms. Adea holds a Degree in Bachelor of Science in Business Administration Major in Marketing Management from the University of the Philippines.

**Ruben O. Fruto**, *Independent Director.* Atty. Fruto, 83, graduated with the degree of Bachelor of Laws from the Ateneo de Manila University in 1961. He was formerly a partner in the law firm of Feria, Feria, Lugtu & La O' and the Oben, Fruto & Ventura Law Office. In February 1987, he was the Chief Legal Counsel and Senior Vice President of the Development Bank of the Philippines and Director from 1991 to 1998. He was the Undersecretary of Finance from March 1990 to May 15, 1991. Presently aside from private practice in corporate and civil litigation, he is also of Counsel of Feria Tantoco Daos Law Office. He is also currently General Counsel of Wallem Philippines, Inc. and Wallem Philippines Shipping, Inc., and Legal Counsel of Toyota Balintawak, Inc., Toyota North Edsa, Inc. and Marc Properties Corporation.

**Cherrylyn P. Caoile**, *Independent Director.* Ms. Caoile, 47, received her Juris Doctor from the Ateneo de Manila School of Law, and her degree of Bachelor of Science in Legal Management from the De La Salle University. She was as Assistant Professor in the Commercial Law Department at the De La Salle University from 2003 to 2005, and a Partner at Picazo Buyco Tan Fider & Santos from 2009 to 2019. Presently aside from private practice, she is also a member of the Committee on Economic Affairs at the House of Representatives. Atty. Caoile, is currently the Chairman of the Board at Taipan Security Services, Inc. and the Independent Director for Vistamalls, Inc.

**Ma. Nalen S.J. Rosero**. *Corporate Secretary.* Atty. Rosero, 51, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Corporate Secretary and a Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also a Director of Manuela Corporation and Masterpiece Properties, Inc., and the Corporate Secretary of Vistamalls, Inc. From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Relaga & Cruz (ACCRA) Law Offices. On September 11, 2013, Atty. Rosero was designated as Compliance Officer and Chief Information Officer of Vista Land and Lifescapes, Inc.

**Louella M. Fernandez**¸ *Chief Financial Officer*. Ms. Fernandez, 40, graduated cum laude with a degree in Bachelor of Science in Accountancy from Jose Rizal University in 2004. She is a Certified Public Accountant. She served various positions under Vista Land and Lifescapes, Inc. and its subsidiaries including Cost Accounting Head from 2016 to 2017 and Finance Head from 2017 to 2019. Ms. Fernandez currently serves as the Controller of GlobalLand Property Management, Inc. She is also a member of the Philippine Institute of Certified Public Accountants.

**Jefferson N. Enteria,** *Chief Audit Executive*. Mr. Enteria, 33, graduated from the Polytechnic University of the Philippines with a degree in Bachelor of Science in Accountancy in 2009. He is a Certified Public Accountant. Mr. Enteria is currently the Internal Audit Head of Vista Land and Lifescapes, Inc. He is also a member of the Institute of Internal Auditors of the Philippines.

**Christopher John A. Torres,** *Data Protection Officer.* Atty. Torres, 37, earned his Bachelor of Arts Major in Political Science from the University of San Carlos in 2006 and his Bachelor of Laws from the San Beda College in 2010. He previously worked as a Lawyer in SGV & Co., De Guzman San Diego Mejia and Hernandez Law Office, and in Cayetano Sebastian Dado and Cruz Law Office. Atty. Torres currently serves as an In-House Lawyer in Vista Land and Lifescapes, Inc. He is also a member of the Integrated Bar of the Philippines (Manila IV Chapter).

**Arbin Omar P. Cariño**, *Assistant Corporate Secretary*. Atty, Cariño, 41, graduated from the De La Salle University with a double degree in Bachelor of Science in Chemistry and Bachelor of Secondary Education - Major in Physics and Math. He earned his law degree from San Beda College of Law in 2008. He is currently the Legal Counsel of Household Development Corporation. He also serves as the Corporate Secretary of AllBank (A Thrift Bank), Inc. and the Assistant

Corporate Secretary of VFund Management, Inc. He was previously associated with the law firms of Buñag & Lotilla Law Office from 2011 to 2012 as well as Kapunan Law Offices from 2008 to 2011.

As of the date of this REIT plan, the Property Manager has engaged two full-time professionals Mari-Karr M. Cachuella and Louella M. Fernandez, with track records and experience in property management and real estate industry of at least 5 years prior to joining the Property Manager. Mari-Karr M. Cachuella has 14 years of experience while Louella M. Fernandez has 18 years of experience.

The following individuals serve as interlocking directors and/or officers of the Company, the Fund Manager, and the Property Manager

| Name of Officer | Company | Fund Manager | Property Manager |
|---|---|---|---|
| Arbin Omar P. Cariño | - | *Corporate Secretary and Chief Compliance Officer* | *Assistant Corporate Secretary* |

**Involvement in Certain Legal Proceedings of Directors and Officers of the Property Manager**

To the best of our knowledge, none of the above-named directors or executive officers has, in the last five years, been subject to the following:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or

- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

**Related Party Transactions**

***Review Procedures for Related Party Transactions***

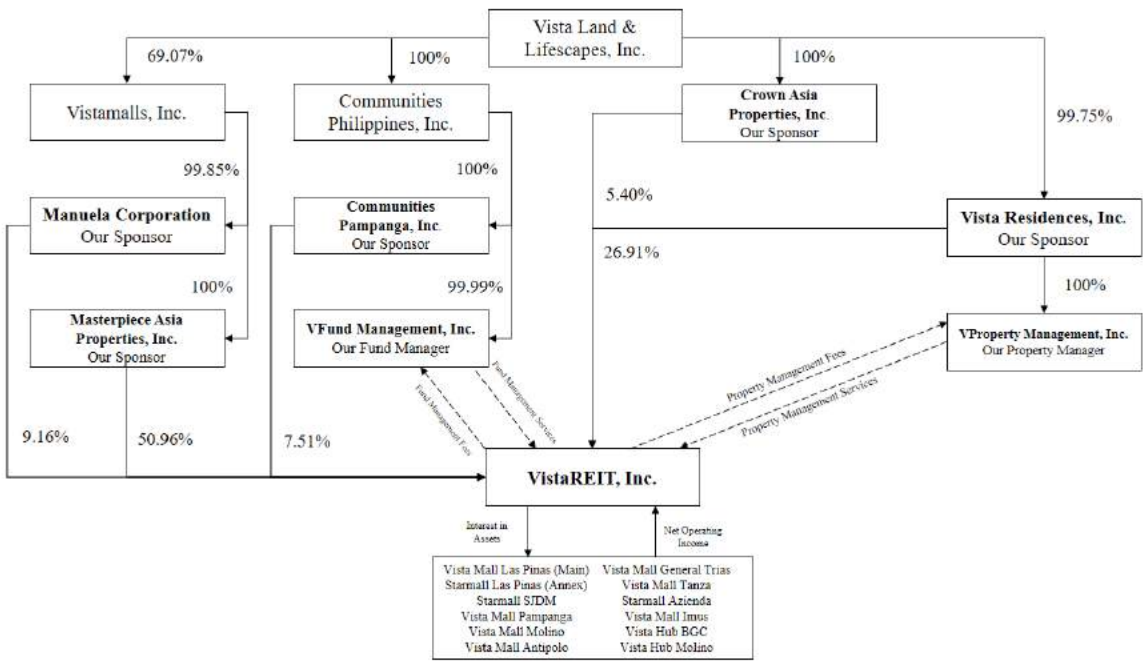
In general, the Property Manager has established a related party transactions policy to ensure that all future transactions involving the Company and a related party of the Property Manager or the Sponsor are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favorable than those extended to unrelated third parties. In respect of material related party transactions or transactions requiring prior authority, the Property Manager has set review and approval requirements by its Board of Directors including the independent directors.

***Existing Related Party Transactions***

Other than the Property Management Agreement, the Property Manager has no other existing related party transactions with the Company.

## OPERATIONAL STRUCTURE

Our Company is a domestic corporation that will operate as a REIT. The operational and ownership structure of VistaREIT and the relationship with the Sponsors, the Fund Manager, the Property Manager, and Vista Land, as of the date of this REIT Plan, are illustrated in the following diagram:




While the Fund Manager and the Property Manager are Subsidiaries of the Sponsors, in performing their roles as Fund Manager and Property Manager, respectively, they are functionally independent from the Sponsors.

Pursuant to the provisions of the REIT Law and the Fund Management Agreement, the Fund Manager must implement the investment strategies of the REIT by determining the allocation of the Company's assets to the allowable investment outlets in accordance with this REIT Plan and our investment strategies and selecting income-generating real estate in accordance with the investment strategies of the Company. Notwithstanding the written instructions of our Company, the Fund Manager has the fiduciary responsibility to objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions. See "*The Fund Manager and Property Manager – The Fund Manager*".

The principal investment mandate and strategy of VistaREIT is to invest in on a long-term basis in a diversified portfolio of income-generating commercial real estate assets strategically located within the Vista Land integrated development or in key urban areas. We aim to maintain high occupancy rate and quality tenants with particular focus on those offering essential goods and/or services. Through the Property Manager, VistaREIT intends to maximize operational efficiency of the Properties and with the help of the Fund Manager, maximize investment yields and profitability margins. See "*Business and Properties—Investment Policy*."

Our Company generates returns for its Shareholders by owning, and managing, real estate properties in line with its investment strategy. See "*Business and Properties—Key Strategies*" for more details.

By operating pursuant to our investment strategy and under the provisions of the REIT Law, our Company benefits from preferential tax treatment. Instead of being subject to income tax on our Company's taxable net income as defined in Chapter IV, Title II of the Tax Code, our Company's income tax liability is instead based on its taxable net income as defined in the REIT Law, which allows for the dividends distributed by the Company to the Company's Shareholders to be deducted for the purposes of determining the Company's taxable net income. See "*Regulatory and Environmental Matters—Real Estate Laws—Taxation of REITs*".

## DESCRIPTION OF THE OFFER SHARES

The following is general information relating to our capital stock but does not purport to be complete or to give full effect to the provisions of law and is in all respects qualified by reference to the applicable provisions of our Articles of Incorporation and By-Laws.

The Offer Shares shall be offered at a price of ₱1.75 per Offer Share (the Offer Price). The determination of the Offer Price is further discussed on page 77 of this REIT Plan. A total of 7,500,000,000 common shares will be outstanding after the Offer and the Offer Shares will comprise up to 36.67% of the outstanding Shares after the Offer, assuming the full exercise of the Overallotment Option. All the issued and outstanding shares of the Company, including the Offer Shares, will be listed and traded on the Main Board of the PSE.

### *Share Capital Information*

As of the date of this REIT Plan, we have an authorized capital stock of fifteen billion pesos (₱15,000,000,000), divided into 15,000,000,000 common shares with a par value of ₱1.00 per share. As of the date of this REIT Plan, we have 7,500,000,000 common shares issued and outstanding. We have no shares held in treasury.

The Offer Shares will consist of 2,500,000,000 Firm Shares and up to 250,000,000 Option Shares. The Firm Shares will comprise shares owned by the Selling Shareholders to be offered and issued by way of a secondary offer. The Option Shares will comprise up to 250,000,000 issued Shares to be offered by way of a secondary offer.

### Rights Relating to Shares

The key rights of Shareholders include rights to:

- receive income and other distributions attributable to the Shares held;
- receive audited accounts and the annual reports of our Company; and
- participate in the termination of our Company by receiving a share of all net cash proceeds derived from the realization of the assets of our Company less any liabilities, in accordance with their proportionate interests in our Company. However, no Shareholder has a right to require that any asset of our Company be transferred to him, her or it.

### *Voting Rights of Shares*

Each common share is entitled to one vote. At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in our books at the time of the closing of the transfer books for such meeting.

In accordance with Section 23 of the Corporation Code, at each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number his shares shall equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

Our common shares have full voting rights. However, the Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the Board of Directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

***Dividend Rights of Common Shares***

We are allowed to declare dividends out of our unrestricted retained earnings at such times and in such percentages as may be determined by our Board of Directors. Such determination will take into consideration factors such as debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among other things.

A cash dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than two-thirds of our outstanding capital stock. The Corporation Code defines the term “outstanding capital stock” to mean the “total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares.” Such shareholders’ approval may be given at a general or special meeting duly called for such purpose.

Under the REIT Law, our shareholders are entitled to annual dividends, amounting to at least 90% of our distributable income. Distributable income excludes proceeds from the sale of the REIT’s assets that are re-invested by the REIT within one year from the date of the sale. See “*Dividends and Dividend Policy*.”

***Rights of Shareholders to Residual Assets of the Company***

Each holder of a Share is entitled to a pro rata share in our assets available for distribution to the shareholders in the event of dissolution, liquidation and winding up.

***Pre-emptive Rights***

Pursuant to our Articles of Incorporation, our stockholders have no pre-emptive right to subscribe to any issue or disposition of shares of any class of the Company.

***Appraisal Rights***

Under Philippine law, shareholders dissenting from the following corporate actions may demand payment of the fair value of their shares in certain circumstances:

- in case any amendment to the corporation’s articles of incorporation has the effect of changing and restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class;

- in case of any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;

- in case of merger or consolidation;

- in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and

- in case of extension or shortening of the term of corporate existence.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen. The appraisal rights may be exercised by the dissenting stockholder by making a written demand within 30 days after the date on which the vote was taken on the corporate action. The failure to make the demand within the period shall be deemed a waiver of the appraisal rights.

The payment to the dissenting stockholder of the fair value of his shares will only be available if our Company has unrestricted retained earnings to cover such purchase. From the time the shareholder makes a demand for payment until the Company purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

***Derivative Rights***

Under Philippine law, shareholders have the right to institute proceedings on behalf of the corporation in a derivative action in the event that the corporation itself is unable or unwilling to institute the necessary proceedings to rectify the wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

***Right of Inspection***

It is a recognized right of a shareholder to inspect the corporate books, records of all business transactions of the corporation and the minutes of any meeting of the Board and shareholders at reasonable hours on Banking Days and may demand a copy of excerpts from such records or minutes at his or her expense. On the other hand, the corporation may refuse such inspection if the shareholder demanding to examine or copy the records of the corporation has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

***Right to Financial Statements***

Another recognized right of a shareholder is the right to be furnished with the most recent financial statement of the corporation, which shall include a balance sheet as of the end of the last taxable year and a profit and loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certified by an independent certified public accountant.

***Change in Control***

There are no existing provisions in our Articles of Incorporation or By-Laws which will delay, defer or in any manner prevent a change in control of the Company.

**Shareholders' Meetings**

***Annual or Regular Shareholders' Meetings***

All Philippine corporations are required to hold an annual meeting of shareholders for corporate purposes, one of which is the election of directors. Our by-laws provide for annual meetings on the first Monday of July of each year, and if a legal holiday, then on the day following.

***Special Shareholders' Meeting***

Special meetings of shareholders, for any purpose or purposes, may at any time be called by the Board of Directors, at its own instance, or at the request of stockholders representing a majority of the outstanding capital stock, or the President.

Pursuant to Section 49 of the Corporation Code, stockholders may propose the holding of a special meeting and items to be included in the agenda. Shareholders who, alone or together with other shareholders, hold at least 5.0% of the outstanding capital stock of a publicly listed company have the right to include items on the agenda prior to the regular/special stockholders' meeting. Moreover, shareholders of a publicly listed company holding at least 10.0% or more of the outstanding capital stock may call for a special stockholders' meeting, subject to the guidelines set under Section 49 of the Revised Philippine Corporation Code, SEC Memorandum Circular No. 7 (series of 2021) ("**SEC Circular No. 7**"), and other relevant regulations. The shareholders calling for the special stockholders' meeting must have held the shares for a period of at least one year prior to the receipt by the Corporate Secretary of a written call for a special stockholders' meeting.

***Notice of Shareholders' Meeting***

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. Notices for the meetings shall be sent by the Secretary by personal delivery, by mail or electronic message at least two weeks for regular meetings and one week for special meetings, or such other period as may be allowed by applicable regulation, prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any shareholder, in person or by proxy, before or after the meeting.

When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is decided. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

For a special stockholders' meeting called pursuant to SEC Circular No. 7, the Board shall issue the notice to convene the stockholders' meeting at least seven days prior to the proposed date of the special meeting after a determination that the objectives and conditions in the written call are consistent with the requirements of SEC Circular No. 7.

***Quorum***

Unless otherwise provided by law or an existing shareholders' agreement, shareholders who own or hold a majority of the outstanding capital stock must be present or represented in all regular or special meeting of shareholders in order to constitute a quorum, except in cases where the Corporation Code provides a greater percentage vis-a-vis the total outstanding capital stock. If no quorum is constituted, the meeting shall be adjourned until shareholders who own or hold the requisite number of shares shall be present or represented.

Upon approval of and upon notice by the Board of Directors, meetings may be attended by the stockholders either in person or through video or teleconference or such other means as may be subsequently permitted by applicable law or regulation.

***Voting***

The shareholders may vote at all meetings the corresponding number of shares registered in their respective names, either in person or by proxy duly appointed as discussed herein below.

***Fixing Record Dates***

The Board of Directors has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their shares voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. In lieu of fixing the record date, the Board of Directors may, by resolution, direct the stock transfer books of the Company be closed for a period not exceeding 60 days nor less than 30 days preceding the date of any meeting of shareholders.

Pursuant to SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than ten and not more than 30 days from the date of declaration of cash dividends.

In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the SEC and shall be indicated in the SEC order which shall not be less than 10 days nor more than 30 days after all clearances and approvals by the Philippine SEC shall have been secured. Regardless of the kind of dividends, the record date set shall not be less than ten trading days from receipt by the PSE of the notice of declaration of the dividend.

***Proxies***

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy. A proxy shall be in writing and duly presented to and received by the Corporate Secretary for inspection and recording within five Banking Days prior to the scheduled meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary. No proxy shall be valid and effective for a period longer than five years at any one time.

No member of the PSE and no broker/dealer shall give any proxy, consent or authorization, in respect of any securities carried for the account of a customer to a person other than the customer, without the express written authorization of such customer. The proxy executed by the broker shall be accompanied by a certification under oath stating that before the proxy was given by the broker, he had duly obtained the written consent of the persons in whose account the shares are held. There shall be a presumption of regularity in the execution of proxies and proxies shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge. Proxies are required to comply with the relevant provisions of the Corporation Code, the SRC, the Implementing Rules and Regulations of the SRC (as amended), and SEC Memorandum Circular No. 5 (series of 1996) issued by the SEC.

**Issue of Shares**

The Shares, when listed on the PSE, may be traded on the PSE. For so long as our Company is listed on the PSE, the Company may, subject to provisions of our Company's Organizational Documents and the REIT Law, issue further Shares, at an issue price determined in accordance with the applicable provisions of our Organizational Documents and the REIT Law.

Any suspension of the issue of Shares will be announced to the PSE.

Investors should note that the Fund Manager will not be required to redeem or repurchase any Shares so long as our Company is listed on the PSE. It is intended that Shareholders deal in their Shares through trading on the PSE.

Subject to applicable limitations, we may issue additional shares to any person for consideration deemed fair by our Board, provided said consideration shall not be less than the par value of the issued shares. All of the shares of stock of the REIT shall be issued in the form of uncertificated securities. Investors may not require the Company to issue a certificate in respect of any share recorded at their name. Under the PSE Rules, only fully paid shares may be listed on the PSE.

**Transfer of Common Shares**

All the issued and outstanding shares of the Company will be in scripless form through the electronic book-entry system of the Company's stock transfer agent and lodged with the depository agent as required by the PSE. Legal title to uncertificated shares will be shown in an electronic register of shareholders which shall be maintained by the stock transfer agent of the Company. See "*The Philippine Stock Market*" on page 277 of this REIT Plan.

Under Philippine law, transfer of the Shares is not required to be effected on the PSE, but any off exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transaction tax applicable to transfers effected on an exchange. See "*Taxation*" on page 284 of this REIT Plan. All transfers of Shares on the PSE must be effected through a licensed stockbroker in the Philippines.

**Share Register**

Our share register is maintained at the principal office of our stock transfer agent, Stock Transfer Services, Inc.

**Mandatory Tender Offer**

Pursuant to the SRC and its implementing rules and regulations, it is mandatory for any person or group of persons acting in concert to make a tender offer to all the shareholders of the target corporation before the intended acquisition of:

- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of 12 months;

- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders; or

- equity which would result in ownership of over 50% of the outstanding equity securities of a public company.

Pertaining to the first instance, when the securities tendered pursuant to such an offer exceed the number of shares that the acquiring person or group of persons is willing to acquire, the securities shall be purchased from each tendering shareholder on a pro rata basis according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both the selling shareholder with whom the acquirer may have been in private negotiations and the minority shareholders.

Pertaining to the second instance, the tender offer shall be made for all the outstanding voting shares. The sale of shares pursuant to the private transaction with the stockholders shall not be completed prior to the closing and completion of the tender offer.

Pertaining to the third instance, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of the company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer shall be required to accept all securities tendered.

Further, no mandatory tender is required in:

- purchases of shares from unissued capital stock unless such purchases will result in a 50% or more ownership of shares by the purchaser or such percentage that is sufficient to gain control of the Board;

- purchases from an increase in the authorized capital stock of the target company;

- purchases in connection with a foreclosure proceeding involving a pledge or security where the acquisition is made by a debtor or creditor;

- purchases in connection with a privatization undertaken by the government of the Philippines;
- purchases in connection with corporate rehabilitation under court supervision;
- purchases through an open market transaction at the prevailing market price; or
- purchases resulting from a merger or consolidation.

**Fundamental Matters**

The Corporation Code provides that the following acts of a corporation require the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the corporation: (i) amendment of the articles of incorporation; (ii) removal of directors; (iii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the corporation; (iv) investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized; (v) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws; (vi) merger or consolidation; (vii) an increase or decrease in capital stock; (viii) dissolution; (ix) extension or shortening of the corporate term; (x) creation or increase of bonded indebtedness; (xi) declaration of stock dividends; (xii) management contracts with related parties; and (xiii) ratification of contracts between the corporation and a director or officer.

Further, the approval of shareholders holding a majority of the outstanding capital stock of a Philippine corporation, including non-voting shares, is required for the adoption or amendment of the by-laws of such corporation.

**Accounting and Auditing Requirements**

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of our operations for the preceding year. This report is required to include audited financial statements.

## SUBSTANTIAL HOLDINGS

While there is no rule specifically mandating the reporting to the PSE of any substantial changes in shareholdings, the REIT Law and the Amended REIT Listing Rules adopt the disclosure and reportorial requirements under the SRC.

Our Company is therefore subject to the provisions of the Corporation Code and SRC, which state that any person who acquires directly or indirectly the beneficial ownership of more than 5% of a class of shares or in excess of such lesser percentage as the SEC by rule may prescribe, shall, within ten days after such acquisition or such reasonable time as fixed by the SEC, submit to the issuer of the securities, to the PSE, and to the SEC a sworn statement, containing the following information and such other information as the SEC may require in the public interest or for the protection of investors:

- the personal background, identity, residence, and citizenship of, and the nature of such beneficial ownership by, such person and all other person by whom or on whose behalf the purchases are effected; in the event the beneficial owner is a juridical person, the business of the beneficial owner shall also be reported;

- if the purpose of the purchases or prospective purchases is to acquire control of the business of the issuer of the securities, any plans or proposals which such persons may have that will effect a major change in its business or corporate structure;

- the number of shares of such security which are beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly, by; (i) such person, and (ii) each associate of such person, giving the background, identity, residence, and citizenship of each such associate; and

- information as to any contracts, arrangements, or understanding with any person with respect to any securities of the issuer including but not limited to transfer, joint ventures, loan or option arrangements, puts or call guarantees or division of losses or profits, or proxies naming the persons with whom such contracts, arrangements, or understanding have been entered into, and giving the details thereof.

As of the date of this REIT Plan, the Sponsors, in the aggregate, hold more than 5% of our Company's issued and outstanding Shares.

**CONTINUATION OF OUR COMPANY**

Under the provisions of the Corporation Code and the Company's Amended Articles of Incorporation, our Company shall have perpetual existence.

## BOARD OF DIRECTORS AND MANAGEMENT

The overall management and supervision of the Company is undertaken by the Board. Our executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning our business operations, financial condition and results of operations for its review. Currently, the Board will consist of seven (7) members[17] with four regular directors and three independent directors. The directors named below were elected at the Company's special stockholders meeting on March 16, 2022. All directors will hold office until their successors have been duly elected and qualified. Other than as a stockholder of the Company, no director or executive officer currently holds any interest in any property owned by or definitely proposed to be acquired by our Company.

The following table sets forth the Board of Directors of the Company:

| Name | Age | Position | Director Since | Citizenship |
|---|---|---|---|---|
| Jerylle Luz C. Quismundo | 58 | Chairman of the Board | 2022 | Filipino |
| Manuel Paolo A. Villar | 46 | Director | 2020 | Filipino |
| Brian N. Edang | 43 | Director | 2020 | Filipino |
| Melissa Camille Z. Domingo | 34 | Director | 2022 | Filipino |
| Justina F. Callangan | 69 | Independent Director | 2022 | Filipino |
| Leticia A. Moreno | 61 | Independent Director | 2022 | Filipino |
| Raul N. Esteban | 59 | Independent Director | 2022 | Filipino |

The following table sets forth our key executive and corporate officers ("**Senior Management**"):

| Name | Age | Position | Citizenship |
|---|---|---|---|
| Manuel Paolo A. Villar | 45 | President and Chief Executive Officer | Filipino |
| Melissa Camille Z. Domingo | 34 | Chief Financial Officer, Treasurer & Head, Investor Relations | Filipino |
| Ma. Nalen S.J. Rosero | 51 | Assistant Corporate Secretary, Chief Legal Counsel, Compliance Officer, and Chief Information Officer | Filipino |
| Marilyn S. Oblena | 40 | Chief Audit Executive | Filipino |
| Mayumi Mitzi L. Arao | 43 | Data Protection Officer | Filipino |
| Gemma M. Santos | 59 | Corporate Secretary | Filipino |

Our Company's management team is composed of individuals who have spent their careers in the Philippine real estate industry and have gained valuable experience as long-time employees of Vista Land or its subsidiaries. Together with the independent directors of the Board, the team boasts of a combined and accumulated work experience of 24 years. The valuable experience gained in management positions throughout the Group enhance our Company's management team's ability to understand the dynamic Philippine real estate market and to coordinate seamlessly with our Company's Related Parties, including our Sponsors. Combining leading-edge product innovation with prudent and effective risk management practices, the Group manages a complex portfolio of projects and developments and is able to thrive and prosper through the cyclical nature of the real estate industry. The Group employs a proven and highly credible management talent pool across all levels of the organization, most with experience across multiple business lines.

Our Chairman, Jerylle Luz C. Quismundo, carries with her 32 years of experience in real estate. Our Director and President & Chief Executive Officer, Manuel Paolo A. Villar, has a combined experience of 23 years in finance, property management and real estate. Our director, Brian N. Edang has 20 years of experience in finance, property management

[17] The application for the amendment of our Articles of Incorporation to increase the number of board seats from five (5) to seven (7) has been submitted with the Securities and Exchange Commission and is currently under review.

and real estate. Our independent director, Justina F. Callangan, has a combined experience of 40 years in finance and property management. Our independent director, Leticia A. Moreno, was the First Vice President of the Union Bank of the Philippines and has 30 years of experience in finance. Our independent director, Raul N. Esteban, is also an Independent Director of Vistamalls, Inc. and AllDay Marts, Inc., and has a combined experience of 33 years in property management and real estate. Our treasurer, Melissa Camille Z. Domingo has a 15-year track record in finance, property management and real estate. Our Corporate Secretary, Gemma M. Santos carries with her 25 years' experience in finance, fund management and real estate. There are no planned changes in our Company's senior management in the foreseeable future.

| **Key Officers** | **Position** | **Track Record (Years of Experience)** | **Finance** | **Fund Management** | **Property Management** | **Real Estate** |
|---|---|---|---|---|---|---|
| Manuel Paolo A. Villar | President & CEO | 23 | ✓ | | ✓ | ✓ |
| Melissa Camille Z. Domingo | Treasurer, Chief Financial Officer & Head, Investor Relations | 15 | ✓ | | ✓ | ✓ |
| Ma. Nalen S.J. Rosero | Chief Compliance Officer | 21 | | | | ✓ |
| Marilyn S. Oblena | Chief Audit Executive | 18 | ✓ | | | ✓ |
| Mayumi Mitzi L. Arao | Data Protection Officer | 9 | | | | ✓ |
| **Average Experience in years** | | **17** | | | | |

The following states the business experience of our incumbent directors and officers for the last five years:

**Jerylle Luz C. Quismundo,** *Chairman of the Board.* Ms. Quismundo, 58, graduated cum laude with a degree in Bachelor of Science in Business Economics from the University of the Philippines Diliman in 1983. She took her Master in Business Administration from the same university in 1989. She has held various positions under the M.B. Villar Group of Companies since1989 and is the incumbent President of various Vista Land and Lifescapes, Inc. subsidiaries including Brittany Corporation, Camella Homes, Inc. Vista Residences, Inc., and Crown Asia Properties, Inc.

**Manuel Paolo A. Villar,** *Director and President & Chief Executive Officer.* Mr. Villar, 45, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey &Co. in the United States from 1999 to 2001. He joined Vista Land in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He was elected President, Chief Executive Officer, Director, and Vice Chairman of Vista Land and Lifescapes, Inc. *(listed company)* in July 2011 and President of Vistamalls, Inc. *(listed company)* in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Powersource Phils Development Corp. and the Chairman of Vista Land subsidiaries Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. Mr. Villar also is the majority shareholder of Prime Asset Ventures, Inc., and a director of Fine Properties, Inc,

**Brian N. Edang**, *Director.* Mr. Edang, 43, is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head Investor Relations of Vista Land and Lifescapes, Inc. from 2007 up to present, and the Chief Financial Officer of Vista Land & Lifescapes, Inc. since November 2018. Mr.

Edang is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Financial Executives Institute of the Philippines (FINEX).

**Melissa Camille Z. Domingo**, *Chief Financial Officer, Treasurer, and Head, Investor Relations.* Ms. Domingo, 34, graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration & Accountancy in 2008. She is a Certified Public Accountant. In 2011, she took the Certified Internal Auditor examination and was part of the Top 50 successful examinees globally. Prior to joining Vista Land in 2013 as Senior Financial Analyst, she was with SGV & Co. (EY Philippines) as Associate Director. She was the Finance Head of Vista Land until she assumed the Chief Audit Executive position in June 2019, which she concurrently holds.

**Justina F. Callangan,** *Independent Director.* Atty. Callangan, 69, graduated cum laude with a degree in Bachelor of Arts in Political Science in the University of the East in 1973. She received her degree in Bachelor of Laws from San Sebastian College in 1980. She served as the Consultant in the Listings Department of the Philippine Stock Exchange from 2018 to 2019, and Director of the Corporate Governance and Finance Department of the Securities and Exchange Commission from 2012 to 2017. She currently works as a Consultant in Divina Law Office, ASA Philippines Foundation, Inc. and a Director of the Securities Investors Protection Fund, Inc. From November 2018 to December 2019, Atty. Callangan served as consultant in the Listings Department of the Philippine Stock Exchange. Ms. Callangan also serves as the Independent Director of ORIX Metro Leasing and Finance Corporation *(regulated company)* and Vista Land & Lifescapes, Inc. *(listed company).* She is also nominated as the Independent Director of the AIB Money Market Fund *(regulated company)*.

**Leticia A. Moreno,** *Independent Director.* Ms. Moreno, 61, graduated with a degree in Bachelor of Science in Business Economics from the University of the Philippines Diliman in 1982. She also received her Master of Business Administration from the same university in 1990. She was with the Corporate Banking Center of the Union Bank of the Philippines as a relationship manager. Before retiring in 2020, Ms. Moreno held the position of First Vice President of the Union Bank of the Philippines.

**Raul N. Esteban,** *Independent Director.* Mr. Esteban, 59, graduated from the Ateneo de Manila University with a degree of Bachelor of Science in Management Engineering. He became a brand manager of Unilever Philippine from 1983 to 1986. He was the Country Representative of PPF (A Subsidiary of Unilever) from 1986 to 1988. He was Founding Partner of AGB-Nielsen Philippines and was Chairman until 2012. He held various positions in the Advertising Board of the Philippines, Advertising Congress, MORES (Marketing & Opinion Research Society of the Philippines) and ESOMAR (World Association of Marketing, Social, and Opinion Research) from 2000 to present. Currently, he is the Managing Director of Philippine Survey and Research Center Inc. Mr. Esteban is currently an independent director of Vistamalls, Inc. *(listed company)* and AllDay Marts, Inc. *(listed company)*.

**Gemma M. Santos,** *Corporate Secretary.* Atty. Santos, 59, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer, and was a Senior Partner at Picazo Buyco Tan Fider & Santos Law Offices until 2017. She currently serves as a Special Counsel at the same firm. She is also the Corporate Secretary of Vista Land & Lifescapes, Inc., Golden MV Holdings, Inc. and Fine Properties, Inc., and a director of Bulacan Water District, Philippine Associated Smelting and Refining Corporation (PASAR).

**Ma. Nalen S.J. Rosero,** *Assistant Corporate Secretary and Chief Compliance Officer.* Atty. Rosero, 51, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Corporate Secretary and a Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also a Director of Manuela Corporation and Masterpiece Properties, Inc., and the Corporate Secretary of Vistamalls, Inc. From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Relaga & Cruz (ACCRA) Law Offices. On September 11, 2013, Atty. Rosero was designated as Compliance Officer and Chief Information Officer of Vista Land and Lifescapes, Inc.

**Marilyn S. Oblena,** *Chief Audit Executive.* Ms. Oblena, 40, graduated with a degree in Bachelor of Science in Accountancy from the University of Santo Tomas in 2002. She is a Certified Public Accountant. Ms. Oblena previously served as the Controller for Property Company of Friends, Inc. from 2010 to 2018. At present, she is the Accounting Head of Masterpiece Asia Properties, Inc. She is a member of the Philippine Institute of Certified Public Accountants and the Institute of Internal Auditors – Philippines.

**Mayumi Mitzi L. Arao,** *Data Protection Officer.* Atty. Arao, 43, earned her Bachelor of Arts in English Language Studies from the University of the Philippines in 1999 and graduated from the Arellano University School of Law in 2015. She served as a Court Attorney VI in the Supreme Court of the Philippines from 2006 to 2013. Atty. Arao is a practicing lawyer at Rosero Sabillo Lazaro Carino Law Offices. She is also a member of the Integrated Bar of the Philippines.

The following individuals serve as interlocking directors and/or officers overlap betweenof the Company, the Fund Manager, and the Property Manager

| Name of Officer | Company | Fund Manager | Property Manager |
|---|---|---|---|
| Ma. Nalen S.J. Rosero | Chief Compliance Officer and Assistant Corporate Secretary | Corporate Secretary | Corporate Secretary |
| Arbin Omar P. Cariño | - | Assistant Corporate Secretary | Assistant Corporate Secretary |

**Involvement in Certain Legal Proceedings of Directors and Senior Management**

To the best of our knowledge, none of the above-named directors or executive officers has, in the last five years, been subject to the following:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or

- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

**Family Relationships**

There are no family relationships either by consanguinity or affinity up to the fourth civil degree among our Directors, executive officers and shareholders.

**Board Committees**

Specific responsibilities of the Board are delegated to the Executive Committee, Corporate Governance Committee, Board Risk Oversight Committee, Audit Committee and the Related Party Transaction Committee. A brief description of the functions and responsibilities of the key committees are set out below:

***Executive Committee***

The Executive Committee has the duty and responsibility to assist the Board of Directors by exercising any of the powers and attributes, to the extent allowed by law, of the Board during the intervening period between meetings of the Board, and shall report on all resolutions adopted by it to the Board at the meeting of the Board immediately succeeding the meeting/s of the Executive Committee during which such resolutions were approved. It should be composed of at least three members.

The committee is chaired by Manuel Paolo A. Villar, with Jerylle Luz C. Quismundo, Brian N. Edang, and Melissa Camille Z. Domingo as members.

***Corporate Governance Committee***

The Corporate Governance Committee has the duty and responsibility to assist the Board of Directors in the performance, overseeing and review of its corporate governance responsibilities, including functions of a nomination and remuneration committee. It should be composed of at least three members, a majority of whom should be independent directors, including the chairman of the committee.

The committee is chaired by Justina F. Callangan, with Leticia A. Moreno and Melissa Camille Z. Domingo as members.

***Board Risk Oversight Committee***

The Board Risk Oversight Committee shall be responsible for the oversight of the Corporation's Enterprise Risk Management system to ensure its functionality, effectiveness, continued relevance, and comprehensiveness. The Board Risk Oversight Committee shall be composed of at least three (3) members of the Board, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the Board Risk Oversight Committee shall have relevant knowledge and experience on risk and risk management.

The committee is chaired by Leticia A. Moreno, with Raul N. Esteban and Manuel Paolo A. Villar as members.

***Audit Committee***

The Audit Committee shall enhance the Board's oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

The committee shall consist of at least three (3) members including at least two appropriately qualified non-executive directors, majority of whom, including the chairman of the committee should be independent directors. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

The committee is chaired by Raul N. Esteban, with Justina F. Callangan and Brian N. Edang as members.

We expect to adopt an Audit Committee Charter that identifies the functions and responsibilities of the Audit Committee, including the (1) review and evaluation of the professional qualifications, performance and independence of the external auditor and the lead partner, (2) review and approval, with the external auditor, of the nature and scope of the audit plans, (3) review and approval of fees, remuneration and terms of engagement of the external auditor for audit and non-audit services, (4) evaluation and approval of non-audit work by external auditors, (5) review of reports or communications of the external auditors, (6) ensuring that the external auditor complies with auditing standards, and (7) ensuring that the external auditor or the lead, engagement, or handling partner having primary responsibility for the audit or review of the Company is changed every five years or earlier.

We also expect to assess the effectiveness of the Audit Committee on an annual basis to ensure that its performance meets and complies with best practices.

The assessment of the performance of the Audit Committee shall be conducted by the Company within one (1) year from the date of listing of the Offer Shares on the PSE

***Related Party Transaction Committee***

The Related Party Transaction Committee shall be tasked with reviewing all material related party transactions of the Company. The Related Party Transaction Committee shall evaluate on an ongoing basis existing relations between and among business and counterparties to ensure that all related parties are continuously identified, related party transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, related party transactions and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors. The Related Party Transaction Committee shall evaluate all material related party transactions to ensure these are not on more favorable economic terms than similar transaction with non-related parties under similar circumstances and that no corporate or business resources are misappropriated or misapplied. Related-party transactions require the unanimous approval of the independent directors of the REIT – please refer to the discussion under the section *Related Party Transactions and SEC Regulation* on page 273.

The Related Party Transaction Committee shall be composed of at least three directors, two of whom should be independent, including the Chairman.

The committee is chaired by Leticia A. Moreno, with Raul N. Esteban and Jerylle Luz C. Quismundo as members.

**Compliance with Corporate Governance Practices**

The Board has adopted the Manual on Corporate Governance ("**Manual**"), which institutionalizes the principles of good corporate governance in the entire organization. We believe that it is a necessary component of sound strategic business management, hence, we undertake efforts to create awareness within the organization.

The Manual provides that it is the Board that has the primary responsibility for the governance of the corporation. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Board is mandated to attend its regular and special meetings in person or through teleconferencing.

In adopting the Manual, we define the responsibilities of the Board and its members, in governing the conduct of the business of the Company, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices.

The Manual shall be subject to regular review taking into account the subsequent issuances of the SEC on best corporate governance practices and the Company's changing needs, actual conditions prevailing in the environment and regulatory requirements.

The Company does not deviate from the Manual.

**Executive Compensation**

At present, the directors do not receive any allowance or per diem per meeting. The Company's By-Laws provides that each Director shall receive a reasonable per diem for his or her attendance at every meeting of the Board of Directors.

Furthermore, every member of the Board shall receive such compensation for their services, as may, from time to time, be determined by the Board.

Our key officers, namely: Ms. Jerylle Luz C. Quismundo, Mr. Manuel Paolo A. Villar, Mr. Brian N. Edang, Ms. Melissa Camille Z. Domingo and Ms. Marilyn S. Oblena, are also serving as officers of Vista Land. They do not receive any compensation from our Company. The compensation of these officers is paid by Vista Land.

There are no other executive officers other than aforementioned and there was no other compensation paid to the directors for the periods indicated.

**Standard Arrangements**

There have not been, nor will be, any standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, for the last completed fiscal year and the ensuing year.

**Other Arrangements**

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

**Employment Contract between the Company and Senior Management Officers**

There are no special employment contracts between the Company and Senior Management.

**Warrants and Options held by the Senior Management Officers and Directors**

There are no outstanding warrants or options held by Senior Management, and all officers and directors as a group.

**Significant Employees**

While we value the contribution of each our employees, we believe that there is no employee as of the date of this REIT Plan that the resignation or loss of whom would have a material adverse impact on our business.

# CERTAIN AGREEMENTS RELATING TO THE COMPANY AND THE PROPERTIES

## LEASE AGREEMENTS

The Properties are primarily located on land owned by the Sponsors and are not part of the Property-for-Share Swap. Pursuant to the Deed of Assignment and Subscription, the Company and the Sponsors entered into lease agreements for the long-term lease of the land where the Properties are located. The land lease agreements are renewable for similar period or such other period, terms and conditions mutually agreed by the parties.

The following table summarizes the Leases for the land covering the Properties acquired by the Company under the Property-for-Shares Swap:

| Property | Location | Leased Area (sqm) | Landowner/Lessor | Rent | Term | Lease Expiration |
|---|---|---|---|---|---|---|
| Vista Mall Las Piñas (Main) | Pamplona Dos, Las Piñas City | 13,109.00 | Manuela Corporation | 1% of Rental Income | 25 years | April 1, 2047 |
| Starmall Las Piñas (Annex) | Pamplona Tres, Las Piñas City | 2,240.00 | Manuela Corporation | 1% of Rental Income | 25 years | April 1, 2047 |
| Starmall San Jose Del Monte | SJDM Bulacan | 52,522.00 | Masterpiece Asia Properties, Inc. | 1% of Rental Income | 25 years | April 1, 2047 |
| Vista Mall Pampanga | San Fernando, Pampanga | 40,195.00 | Communities Pampanga, Inc. | 1% of Rental Income | 25 years | April 1, 2047 |
| SOMO– A Vista Mall | Bacoor City, Cavite | 24,998.48 | Masterpiece Asia Properties, Inc. | 1% of Rental Income | 25 years | April 1, 2047 |
| Vista Mall Antipolo | Antipolo City, Rizal | 20,446.00 | Crown Asia Properties, Inc. | 0.68% of Rental Income | 25 years | April 1, 2047 |
| | | | Beatrice Realty Development Company, Inc. / Crown Asia Properties, Inc. | 0.32% of Rental Income | 18 years | September 5, 2039 |
| Vista Mall General Trias | General Trias City, Cavite | 39,020.00 | Household Development Corp. / Masterpiece Asia Properties, Inc. | 1% of Rental Income | 20 years | October 23, 2042 |
| Vista Mall Tanza | Tanza, Cavite | 30,829.90 | Household Development Corp. / Masterpiece Asia Properties, Inc. | 1% of Rental Income | 20 years | October 23, 2042 |
| Starmall Talisay - Cebu | Talisay City, Cebu | 12,072.25 | Masterpiece Asia Properties, Inc. | 0.32% of Rental Income | 25 years | April 1, 2047 |
| | | | Cebu Realty, Inc. / Masterpiece Asia Properties, Inc. | 0.61% of Rental Income | 17 years | April 1, 2042 |
| | | | Spouses Vicente Manigos, Jr. and Cerlita Manigos / Masterpiece Asia Properties, Inc. | 0.07% of Rental Income | 20 years | July 17, 2038 |
| Vista Mall Imus | Imus City, Cavite | 20,308.00 | Masterpiece Asia Properties, Inc. | 1% of Rental Income | 25 years | April 1, 2047 |
| Vista Hub Molino | Bacoor City, Cavite | 5,214.72 | Masterpiece Asia Properties, Inc. | 1% of Rental Income | 25 years | April 1, 2047 |

The land lease agreements are renewable for a similar period, or such other period, terms and conditions mutually agreed by the parties.

## FUND MANAGEMENT AGREEMENT

On March 18, 2022, the Company and the Fund Manager entered into the Fund Management Agreement which shall have a term from approval of the Company's Registration Statement and Listing Application for its initial public offering. The term of the Fund Management Agreement is deemed extended unless the Fund Manager is found to have been guilty of an act which constituted a ground for termination under the Fund Management Agreement.

Subject to compliance with applicable regulations, the Fund Manager shall have the overall responsibility for the allocation of the deposited property to the allowable investment outlets and selection of income-generating real estate. The Fund Manager shall execute and implement the investment strategies for the Company, and oversee and coordinate property acquisition, property management, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as refinancing and asset disposition plans. The Fund Manager shall perform all other duties and functions required of a REIT fund manager under the REIT Law, its implementing rules and regulations, and the requirements of the pertinent government authority.

The Fund Manager shall have the authority to disburse funds of the Company within the budget approved by the board of directors of the Company, and to designate the authorized signatories to effect such disbursements, oversee and coordinate leasing, negotiate and award contracts for property acquisition, operational and financial reporting, appraisals, audits, market review, accounting and reporting procedures, refinancing and asset disposition plans, all in accordance with the financing, operating, and marketing plans approved by the board of directors of the Company, and to designate the authorized signatories to execute such contracts.

Under the Fund Management Agreement, the Fund Manager shall perform the following functions, in accordance with the REIT Plan and the investment strategy of the Company:

(a) implement the investment strategies of the Company by:

1. determining the allocation of the Assets to the allowable investment outlets in accordance with the REIT Plan and the investment strategies of the Company; and

2. selecting income-generating real estate in accordance with the investment strategies of the Company;

For this purpose, however, notwithstanding the written instructions of the Company, it shall be the fiduciary responsibility of the Fund Manager to objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions;

(b) oversee and coordinate property acquisition, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans;

(c) cause a valuation of any of the real estate, including the Properties, and other properties of the Company to be carried out by the appointed Property Valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;

(d) take all necessary measures to ensure:

1. that the Net Asset Value per unit of the Company is calculated as and when an annual valuation report is issued by the Property Valuer for the relevant period, and that such Net Asset Value per unit shall be disclosed in the annual reports;

2. that the investment and borrowing limitations set out in the REIT Plan and the conditions under which the Company was authorized are complied with;

3. that all transactions carried out by or on behalf of the Company are conducted at arm's length;

4. that, at all times, the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement, agreements, and any other agreements)

entered into on behalf of the scheme with respect to its assets, and that each such contract is legal, valid and binding, and enforceable by or on behalf of the Company; and

5. that the Property Manager obtains adequate property insurance for the real properties of the Company, including the Properties, from insurance companies approved by the Fund Manager. It shall take custody of all relevant documents supporting the insurance taken on real properties of the Company, including the Properties;

(e) provide research and analysis on valuation and market movement of Assets, including the monitoring of the real estate market for desirable opportunities, and recommend, from time to time, to the board of directors of the Company, the formulation of new, additional, or revised investment policies and strategies;

(f) recommend the appropriate capital structure for the Company;

(g) manage assets and liabilities, including investment of corporate funds in money market, placements and arrangement of debt for the Company, negotiate and finalize the loan documents on behalf of the Company and determine debt drawdowns;

(h) recommend to the board of the Company when to make capital calls and, where appropriate, enforce or cause the enforcement of remedies for failure of shareholders of the Company to deliver capital contributions;

(i) open, maintain and close accounts, including custodial accounts with banks, and subject to applicable Philippine law, including banks located outside the Philippines, and draw checks or other orders for the payment of monies;

(j) submit periodic reports to the Company: (i) on an annual basis, audited financial statements of the Fund Manager; and (ii) on a quarterly basis, (iii) unaudited financial statements of the Company and (2) status reports on the proposed investments of the Company;

(k) to do such other acts as is necessity or advisable in connection with the maintenance and administration of the Assets of the Company including ensuring that all investors in the Company are provided with appropriate and relevant information and communications as well as supervising all consultants and other service providers of the Company;

(l) negotiate for the purchase of and purchasing of Assets to be held by the Company for investment;

(m) perform legal review, documentation, structuring, due diligence on Assets to be acquired;

(n) where necessary in the reasonable determination of the Asset Manager, retain persons, funds or entities to provide certain management and administrative services, including tax, corporate secretarial, and accounting services;

(o) pursue various exit options and make necessary strategic recommendations to the Company;

(p) accredit insurance companies for purposes of providing a list of approved insurance companies to the Property Manager for the real properties of the Company;

(q) fully, properly and clearly record and document all procedures and processes followed, and decisions made in relation to whether or not to invest in a particular property;

(r) establish and understand the investment objectives, instructions, risk profile and investment restrictions of the Company prior to making any investment recommendations or carrying out any transactions for or on behalf of the Company; and

(s) do any and all acts on behalf of the Company as it may deem necessary or advisable in connection with the management and administration of the Assets, including without limitation, the participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters, as applicable and necessary, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto.

*Fund Management Fees*

As compensation for the services, the Fund Manager shall be entitled to receive from the Company an annual fund management fee equivalent 1.5% of the Rental Income (the "**Fund Management Fee**"). In addition, the Fund Manager shall be entitled to receive from the Company an acquisition fee equivalent to 1% of the acquisition price, for every property acquisition by the Company, exclusive of value-added taxes ("**Acquisition Fee**"). The Fund Manager shall likewise be entitled to receive from the Company a divestment fee of 0.50% of the sales price for every real property divested by the Company, exclusive of value-added taxes ("**Divestment Fee**"). The total amount of Management Fee, Acquisition Fee, and Divestment Fee, paid to the Fund Manager in any given year, shall not exceed 1% of the Net Asset Value of the Properties for that same year.

*Termination*

Either the Company or the Fund Manager, as the case may be, may terminate the Fund Management Agreement on any of the following grounds:

- a material breach, default or failure to comply with obligations and undertakings under the Fund Management Agreement, including gross negligence or fraud, and such material breach, default or failure cannot be remedied or persists or continues to remain unremedied;

- the cessation of the corporate existence of the Fund Manager or the Company, or the failure to obtain or maintain any license required by applicable Philippine Law for the performance of the Fund Management Agreement, or the change of principal stockholders of the Fund Manager or the Company;

- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Fund Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

*Assignment*

The Fund Manager may not assign its rights and obligations under the Fund Management Agreement without the prior written consent of the Company.

**PROPERTY MANAGEMENT AGREEMENT**

On March 16, 2022, the Company and the Property Manager entered into the Property Management Agreement which shall have a term from approval of the Company's Registration Statement and Listing Application for its initial public offering. The term of the Property Management Agreement is deemed extended unless the Property Manager is found to have been guilty of an act which constituted a ground for termination under the Property Management Agreement.

The Property Manager shall have the overall responsibility for the facilities management of the Properties, marketing of the office and retail spaces in the Properties, management of client accounts, lease administration, operations management, and handling tenant relations. The Property Manager shall have the authority to disburse funds of the Company, in so far as such disbursement relates to its functions as stated herein, and within the budget approved by the board of directors of the Company, and to designate the authorized signatories to effect such disbursements, negotiate and award lease contracts, execute and deliver, on behalf of the Company, all leasing and broker's contracts in accordance with the leasing and marketing plans approved by the board of directors of the Company, and to designate the authorized signatories to execute such contracts.

*Services*

Under the Property Management Agreement, the Property Manager shall perform the following functions, in accordance with the REIT Plan and the investment strategy of the Company:

(a) marketing of vacant office units, retail units, and other spaces in the Properties (including preparation and submission of proposals and offers to prospective lessees in the name of the Company) and identification of potential tenants;

(b) formulation and implementation of leasing and marketing strategies, and packaging of leasing and marketing materials to be provided to prospective lessees;

(c) appointment of, and liaising with, external licensed real estate brokers;

(d) supervision and coordination of all activities and services to be performed towards ensuring the lease of vacant office units, retail units, and other spaces in the Properties;

(e) negotiation, review, and execution of lease contracts on behalf of the Company, enforcement of lease terms and conditions, and awarding, extension, and termination of leases;

(f) planning, analysis and review of tenant mix, rental rates, and policies in relation to industry or market standards and requirements;

(g) supervision of periodic audit of leases and tenant service requirements, including evaluation of customer satisfaction as Properties' tenants;

(h) preparation of monthly status reports on the leasing performance of the Properties and review of financial reports for submission to the Company, and preparation and submission of status reports on the proposals and offers to prospective lessees of the Building as and when such information are available;

(i) supervision of billing and collection of rentals and other payments from tenants;

(j) monitoring past due accounts and receivables;

(k) enforce tenancy conditions;

(l) legal review of lease provisions, preparation of lease contracts and related documentation;

(m) supervision, monitoring, and fulfillment, including signing of tenants' permit applications as a representative of the Company, for physical tenant requirements including those relating to renovation, construction, and fitting-out of leased premises, or any alteration, additions, or improvements thereon, re-measurement of leased premises, review of tenants' fit-out plans and monitoring of tenants' fit-out works;

(n) represent the Company in compliance with the various government agencies, relating to any concerns regarding management of the Properties;

(o) review of rules and regulations covering the use of Common Areas;

(p) ensure compliance with government regulations in respect of the Properties;

(q) perform tenancy administration work, such as managing tenant occupancy and ancillary amenities, and negotiating with tenants on grant, surrender and renewal of lease, rent review, termination and re-letting of premises;

(r) conduct rental assessment, formulating tenancy terms, preparing tenancy agreements, rent collection and accounting, recovery of arrears and possession;

(s) secure and administer routine management services, including security control, fire precautions, communication systems and emergency management;

(t) maintain and manage the physical structures of the Properties;

(u) formulate and implement policies and programs in respect of building management, maintenance and improvement;

(v) initiating refurbishment and monitoring such activity;

(w) overseeing building management operations relating to security, utilities, repairs, and maintenance, emergency management, and other items constituting direct operating expenses, including engagement of contractors for such purposes, on behalf of the Company;

(x) performance of any and all acts and functions on behalf of the Company as it may deem necessary, incidental, or advisable in connection with the management and administration of leases, and property management; and

(y) fully, properly and clearly document all procedures and processes followed, and decisions made in relation to whether or not to invest in particular properties in accordance with the REIT Law.

*Property Management Fees*

The Property Manager shall be entitled to receive from the Company, an annual management fee equivalent to 1.5% of the Rental Income (the "**Management Fee**"), provided that such Management Fee shall not exceed 1% of the Net Asset Value of the Properties.

*Termination*

Either the Company or the Property Manager, as the case may be, may terminate the Property Management Agreement on any of the following grounds:

- a material breach, default or failure to comply with obligations and undertakings under the Property Management Agreement, including gross negligence or fraud, and such material breach, default or failure cannot be remedied or persists or continues to remain unremedied;

- the cessation of the corporate existence of the Property Manager or the Company, or the failure to obtain or maintain any license required by applicable Philippine Law for the performance of the Property Management Agreement, or the change of principal stockholders of the Property Manager or the Company;

- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Property Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Property Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

*Assignment*

The Property Manager may not assign the Property Management Agreement without the prior written consent of the Company

*Subcontracting*

The Property Manager shall be allowed to subcontract any of the services, provided that such subcontractor is of reputable repute and has the required competency to perform such service. Notwithstanding a subcontracting arrangement, the Property Manager shall be primarily responsible for all actions of the subcontractor, and shall hold the Company free and harmless from any and all liabilities, fault, or cause of action of such subcontractor.

# PERMITS AND LICENSES

Our Property Manager will be responsible for ensuring our continued compliance with applicable laws and regulations, including any changes or updates that may materially impact or adversely affect our operations and business.

As of the date of the REIT Plan, our Company, the Sponsors, or the previous property managers of the assets have obtained all governmental approvals, permits and licenses issued by the appropriate Government agencies or authorities, which are necessary to conduct our business and operations, as confirmed by Atty. Rossan R. Lee in a legal opinion dated March 16, 2022. We are also awaiting issuance of certain permits from the appropriate government agencies in the ordinary course of renewal, and the transfer of the proof of ownership of the Properties under the name of VistaREIT, Inc. Our Company does not expect difficulties in renewing expired permits which are in the process of renewal and, as per the ordinary course of business, are considered valid until their renewal application is rejected. Detailed below are all of the major permits and licenses necessary for us to operate our business, the failure to possess any of which would have a material adverse effect on our business and operations. Permits and licenses with respect to our Properties are currently under the name of the relevant Sponsor who transferred such property under the Property-for-Share Swap. With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of such permit/license to the Company.

**COMPANY PERMIT AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Certificate of Incorporation | Securities and Exchange Commission | Vista One, Inc. | August 24, 2020 | N/A |
| Certificate of Filing Amended Articles of Incorporation | Securities and Exchange Commission | Vista One, Inc. | December 29, 2021 | N/A |
| Certificate of Registration | Bureau of Internal Revenue | Vista One, Inc. | September 9, 2020 | N/A |
| Business Permit | City Government of Las Piñas | Vista One, Inc. | February 3, 2022 | 31 December 2022 |

**VISTA HUB BGC PERMIT AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of Taguig | Vista Residences, Inc. | January 28, 2022 | 31 December 2022 |
| Certificate of Occupancy* | City Government of Taguig | Vista Residences, Inc. | December 14, 2016 | Valid until revoked |
| PEZA Registration | Philippine Economic Zone Authority | VistaREIT, Inc. | April 28, 2022 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Vista Residences, Inc. | April 2, 2018 | N/A |
| Environmental Compliance Certificate (ECC) | Department of Environment and Natural Resources – Environmental Management | Vista Residences, Inc. | August 29, 2014 | Valid until revoked |

| | | | | |
|---|---|---|---|---|
| | Bureau (DENR-EMB) | | | |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**VISTA HUB MOLINO PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of Bacoor | Masterpiece Asia Properties, Inc. | March 7, 2022 | 31 December 2022 |
| Certificate of Occupancy* | City Government of Bacoor | Masterpiece Asia Properties, Inc. | September 6, 2017 | Valid until revoked |
| PEZA Registration | Philippine Economic Zone Authority | VistaREIT, Inc. | April 28, 2022 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Masterpiece Asia Properties, Inc. | May 25, 2015 | N/A |
| ECC | DENR | Masterpiece Asia Properties, Inc. | August 31, 2017 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**VISTA MALL LAS PIÑAS – MAIN PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of Las Piñas | Manuela Corporation | January 20, 2022 | 31 December 2022 |
| Certificate of Registration | Bureau of Internal Revenue | Manuela Corporation | August 26, 1998 | N/A |
| ECC | DENR | Manuela Corporation | | |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**STARMALL LAS PIÑAS – ANNEX PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of Las Piñas | Manuela Corporation | January 20, 2022 | 31 December 2022 |
| Certificate of Registration* | Bureau of Internal Revenue | Manuela Corporation | August 26, 1998 | N/A |
| Certificate of Non-Coverage (CNC) | DENR-EMB | Manuela Corporation | October 2, 2018 | Valid until revoked |
| ECC | DENR | Manuela Corporation | | |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**STARMALL SAN JOSE DEL MONTE PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of San Jose Del Monte | Masterpiece Asia Properties, Inc. | February 24, 2022 | 31 December 2022 |
| Certificate of Occupancy* | City Government of San Jose Del Monte | Masterpiece Asia Properties, Inc. | January 2012 | Valid until revoked |
| Certificate of Occupancy* (Expansion) | City Government of San Jose Del Monte | Masterpiece Asia Properties, Inc. | June 30, 2016 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Masterpiece Asia Properties, Inc. | March 19, 2012 | N/A |
| ECC (Main Building) | DENR-EMB | Manuela Corporation | December 10, 2010 | Valid until revoked |
| ECC (Expansion) | DENR-EMB | Masterpiece Asia Properties, Inc. | October 9, 2014 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**STARMALL TALISAY – CEBU PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of Talisay | Masterpiece Asia Properties, Inc. | March 9, 2022 | 31 December 2022 |
| Certificate of Occupancy* | City Government of Talisay | Masterpiece Asia Properties, Inc. | November 7, 2014 | Valid until revoked |
| Certificate of Occupancy* (Expansion) | City Government of Talisay | Masterpiece Asia Properties, Inc. | August 2017 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Masterpiece Asia Properties, Inc. | November 26, 2014 | N/A |
| ECC | DENR-EMB | Masterpiece Asia Properties, Inc. | February 4, 2014 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**SOMO – A VISTA MALL PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of Bacoor | Masterpiece Asia Properties, Inc. | March 7, 2022 | 31 December 2022 |
| Certificate of Occupancy* | City Government of Bacoor | Masterpiece Asia Properties, Inc. | January 12, 2015 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Masterpiece Asia Properties, Inc. | May 25, 2015 | N/A |
| ECC | DENR-EMB | Masterpiece Asia Properties, Inc. | December 12, 2013 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**VISTA MALL IMUS PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of Imus | Masterpiece Asia Properties, Inc. | March 7, 2022 | 31 December 2022 |
| Certificate of Occupancy* | City Government of Imus | Masterpiece Asia Properties, Inc. | September 17, 2015 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Masterpiece Asia Properties, Inc. | October 2, 2015 | N/A |
| ECC | DENR-EMB | Masterpiece Asia Properties, Inc. | July 2, 2014 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**VISTA MALL TANZA PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | Municipal Government of Tanza | Masterpiece Asia Properties, Inc. | February14, 2022 | 31 December 2022 |
| Certificate of Occupancy* | Municipal Government of Tanza | Masterpiece Asia Properties, Inc. | September 28, 2018 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Masterpiece Asia Properties, Inc. | October 30, 2018 | N/A |
| ECC | DENR-EMB | Masterpiece Asia Properties, Inc. | January 19, 2018 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**VISTA MALL GENERAL TRIAS PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of General Trias | Masterpiece Asia Properties, Inc. | March 11, 2022 | 31 December 2022 |
| Certificate of Occupancy* | City Government of Trias | Masterpiece Asia Properties, Inc. | September 14, 2018 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Masterpiece Asia Properties, Inc. | October 30, 2018 | N/A |
| ECC | DENR-EMB | Masterpiece Asia Properties, Inc. | January 10, 2018 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**VISTA MALL ANTIPOLO PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Certificate of Occupancy* | City Government of Antipolo | Crown Asia Properties, Inc. | March 15, 2013 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Crown Asia Properties, Inc. | January 1, 1996 | N/A |
| ECC/CNC | DENR-EMB | Crown Asia Properties, Inc. | May 15, 2015 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

**VISTA MALL PAMPANGA PERMITS AND LICENSES**

| Permit/License/Certification | Issuing Agency | Issued to | Date Issued | Expiry |
|---|---|---|---|---|
| Business Permit* | City Government of San Fernando | Communities Pampanga, Inc. | January 21, 2022 | 31 December 2022 |
| Certificate of Occupancy* | City Government of San Fernando | Communities Pampanga, Inc. | March 10, 2016 | Valid until revoked |
| Certificate of Registration | Bureau of Internal Revenue | Communities Pampanga, Inc. | February 19, 2004 | N/A |
| ECC/CNC | DENR-EMB | Communities Pampanga, Inc. | October 23, 2017 | Valid until revoked |

** With the issuance of the eCAR for the Property-for-Share Swap, the Company will request for the transfer or apply for the issuance of a new permit/license.*

# REGULATORY AND ENVIRONMENTAL MATTERS

*The following description is a summary of certain sector specific laws and regulations in the Philippines, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws and regulations.*

## REAL ESTATE LAWS

### The REIT Law

Republic Act No. 9856 or the Real Estate Investment Trust Act of 2009 lapsed into law on December 17, 2009. Pursuant to Section 22 of the said law, the SEC approved the implementing rules and regulations of the Real Estate Investment Trust Act of 2009 on May 13, 2010. Under the REIT Law, a REIT is a stock corporation established primarily for the purpose of owning income-generating real estate assets. Although designated as a trust, the REIT Law explicitly provides that a REIT is not a "trust" as contemplated under other existing laws and regulations. Instead, the term is used for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

On January 20, 2020, the SEC issued Memorandum Circular No. 1, Series of 2020 (the "**Revised REIT IRR**"), amending the existing REIT regulations by, among other things, modifying the minimum public ownership of a REIT, incorporating a reinvestment of proceeds policy, imposing additional corporate governance mechanisms into a REIT, and adding qualifications of a REIT fund manager and property manager. The regulatory amendment was published in a newspaper of general circulation on January 23, 2020 and became effective on February 7, 2020.

#### *Minimum Requirements of a REIT*

In order to be considered a REIT and to benefit from the incentives under the law, the shares of a REIT must be registered with the SEC in accordance with the SRC and listed with the PSE in accordance with its Listing and Disclosure Rules and its Amended REIT Listing Rules (the "**PSE Rules**"). The procedure for the registration and listing of such shares as a REIT shall comply with the applicable registration and listing rules and regulations of the SEC and the PSE, in addition to the specific requirements under the REIT Law and the PSE Rules.

Pursuant to the SRC and PSE Rules, a REIT must meet the following requirements:

1. A REIT must be incorporated as a stock corporation with a minimum paid-up capital of ₱300,000,000 at the time of incorporation which can be either in cash and/or property;

2. Its Articles of Incorporation and By-Laws must provide that all the shares of stock of the REIT shall be issued in the form of uncertificated securities;

3. It must be a public company and to be considered as such, maintain its status as a listed company; and upon and after listing, have at least 1,000 public shareholders each owning at least 50 shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT;

4. It must appoint a fund manager that is independent from the REIT and its sponsor(s)/promoter(s), and is in compliance with the Fit and Proper Rule of the SEC for a REIT and the Revised REIT IRR;

5. It must appoint a property manager who is independent from the REIT and its sponsor/promoter(s), and is in compliance with the Fit and Proper Rule of the SEC for a REIT and the Revised REIT IRR;

6. At least 1/3 or at least two (2), whichever is higher, of the Board of Directors of the REIT must be independent directors;

7. It must have such organization and governance structure that is consistent with the Revised Code of Corporate Governance and pertinent provisions of the SRC and hold such meetings as provided for in its constitutive documents pursuant to the Corporation Code;

8. It must submit a reinvestment plan and a firm undertaking on the part of its sponsors/promoters which transferred income-generating real estate to the REIT to reinvest in real estate or infrastructure projects in the Philippines any monies realized by such sponsors/promoters from (a) the subsequent sale of REIT shares or other securities issued in exchange of income-generating real estate transferred by such sponsors/promoters to the REIT; or (b) the sale of any income-generating real estate to the REIT;

9. A REIT must distribute at least 90% of its distributable income annually, as dividends to its shareholders not later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT, subject to the conditions provided in Rule 4, Section 4 of the Revised REIT IRR;

10. The REIT shall also appoint an independent and duly accredited Property Valuer in accordance with Rule 9, Section 1 of the Revised REIT IRR; and

11. The REIT may only invest in certain allowable investments as will be further discussed in detail below.

***Allowable Investments of a REIT***

The REIT Law and the Revised REIT IRR limit the allowable investment of a REIT to the following:

1. Real estate, whereby 75% of the total value of the REIT's assets reflecting the fair market value of total assets held ("**Deposited Property**") must be invested in, or consist of, income-generating real estate and 35% of which must be located in the Philippines. Should a REIT invest in income-generating real estate located outside of the Philippines, the same should not exceed 40% of its Deposited Property and only upon special authority from the SEC. An investment in real estate may be by way of direct ownership or a shareholding in a domestic special purpose vehicle constituted to hold/own real estate. The real estate to be acquired by the REIT should have a good track record for three years from date of acquisition. An income-generating real estate is defined under the REIT Law to mean real property which is held for the purpose of generating a regular stream of income such as rentals, toll fees, user's fees, ticket sales, parking fees and storage fees;

2. Real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued or traded;

3. Evidence of indebtedness of the Republic of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines (i.e., treasury bills, fixed rate treasury notes, retail treasury bonds denominated in either Philippine or in foreign currency, and foreign currency linked notes);

4. Bonds and other evidence of indebtedness issued by: (a) the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the SEC that is at least two notches higher than that of ROP bonds; and (b) supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development or the Asian Development Bank);

5. Corporate bonds or non-property privately-owned domestic corporations duly registered with the SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;

6. Corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the SEC and the foreign country grants reciprocal rights to Filipinos;

7. Commercial papers duly registered with the SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;

8. Equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past 3 years;

9. Cash and cash equivalent items;

10. Collective investment schemes duly registered with the SEC or organized pursuant to the rules and regulation of the BSP, provided that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing the prescribed weekly publication of the Net Asset Value Per Unit of the Collective Investment Scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;

11. Offshore mutual funds with ratings acceptable to the SEC; and

12. Synthetic Investment Products, provided that (i) it shall not constitute more than 5% of its investible funds; (ii) availment is solely for the purpose of hedging risk exposures of the existing investments of the REIT; (iii) it shall be accounted for in accordance with the PFRS; (iv) it shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BPS and/or the SEC; and (iv) its use shall be disclosed in the REIT Plan and under special authority from the SEC.

## Taxation of REITs

### *Income Tax*

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020 and by Republic Act No. 11534, otherwise known as the CREATE Law (the "**CREATE Law**"), a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25% as provided under Section 27(A) of the National Internal Revenue Code, as amended (the "**Tax Code**") on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, as amended, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, taxable net income means the pertinent items of gross income specified in Section 32 of the Tax Code less (a) all allowable deductions enumerated in Section 34 of the Tax Code (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the Shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

In computing the income tax due of a REIT, the formula to be used shall be as follows:

| | |
|---|---|
| Gross Income | (as defined under Section 32 of the Tax Code) |
| Less: | |
| Allowable Deductions | (as provided under Section 34 whether itemized or Optional Standard Deduction) |
| Dividends Paid | (as defined under Revenue Regulations No. 13-11, as amended) |
| Taxable Net Income | |

x 25%
Income Tax Due

Under Revenue Regulations No. 3-2020, a REIT shall maintain its status as a public company from the year of its listing, at the latest and thereafter, and shall comply with the provisions of its submitted Reinvestment Plan, as certified by the SEC. Otherwise, the dividend payment shall not be allowed as a deduction from its taxable income. For purposes of Revenue Regulations No. 3-2020, a "public company" is a company listed with the Exchange and which, upon and after listing, has at least 1,000 public shareholders each owning at least 50 shares of any class and who, in the aggregate, own at least one-third (1/3) of the outstanding capital stock of the REIT.

Furthermore, upon the occurrence of any of the following events, a REIT shall be subject to income tax on its taxable net income as defined in the Tax Code instead of its taxable net income as defined in the REIT Law: (a) failure to maintain its status as a public company as defined in the REIT Law; (b) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the SEC; (c) failure to distribute at least 90% of its Distributable Income as required by the REIT Law; (d) failure to comply with the Reinvestment Plan, as certified by the SEC or (e) any combination of the foregoing. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

A REIT availing of tax incentives under the REIT Law shall not be entitled to avail of incentives for the same types of taxes that may be available under special laws. Moreover, under Revenue Regulations No. 3-2020, as a condition for the availment of tax incentives, the REIT must comply with its Reinvestment Plan, as certified by the SEC. The Certification from the SEC that the REIT is compliant with its Reinvestment Plan must be submitted by the REIT as an attachment to its Annual Income Tax return and Audited Financial Statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

***Creditable Withholding Tax***

Income payments received by a REIT which are subject to the expanded withholding tax shall be subject to a lower creditable withholding tax of 1%.

***Transfer Taxes***

The sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest thereto, shall be subject to 50% of the applicable Documentary Stamp Tax ("**DST**"). Moreover, all applicable registration and annotation fees relative or incidental thereto shall be 50% of the applicable registration and annotation fees. Both incentives can be availed by an unlisted REIT, provided it is listed with the PSE within two years from the initial availment of the incentives.

The 50% of the applicable DST shall be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such tax should have been paid upon the occurrence of any of the following events: (a) failure to list with the PSE within a period of two years from the date of initial availment; (b) failure to maintain its status as a public company as defined in the REIT Law; (c) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities with the SEC; (d) failure to distribute at least 90% of its Distributable Income required under the REIT Law or (e) failure to comply with the Reinvestment Plan as certified by the SEC. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

***Value Added Tax***

The gross sales from any disposal of real property or gross receipts from the rental of such real property by the REIT shall be subject to Value Added Tax ("**VAT**"). The REIT shall not be considered as a dealer in securities and shall not be subject to VAT on its sale, exchange, or transfer of securities forming part of its real estate-related assets.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulations No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT, as well as income tax and DST, if made pursuant to a tax-free exchange under Section 40(C)(2) of the Tax Code.

***Tax-Free Exchange***

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, transfers or exchanges of real property for shares of stock in a REIT falling under Section 40(C)(2) of the Tax Code shall have the following tax consequences: (a) the transferor shall not recognize any gain or loss on the transfer of the property to a REIT, and shall not be subject to capital gains tax, income tax, or creditable withholding tax on the transfer of such property to a REIT; (b) the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X), in relation to Section 40(C)(2) of the Tax Code; and (c) the transfer would be exempt from DST as provided under Section 199 of the Tax Code.

In general, Section 15 of Revenue Regulations No. 13-2011 provides that unless otherwise provided in the REIT Law, the internal revenue taxes under the Tax Code shall apply.

On January 2018, Republic Act No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion Act (the "**TRAIN Law**") was passed, and Section 86 thereof provides for a repealing clause enumerating the laws or provisions of laws that are repealed and the persons and/or transactions affected made subject to the changes in the VAT provisions of Title IV of the Tax Code, as amended. The REIT Law is not part of this enumeration. On March 15, 2018, the BIR issued Revenue Regulations No. 13-2018, amending the consolidated VAT rules under Revenue Regulations No. 16-2005. Among other things, Revenue Regulations No. 13-2018 inserted as among the VAT exempt transactions the transfer of property pursuant to Section 40(C)(2) of the Tax Code implementing Section 34 of the TRAIN Law.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulations No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X) of the Tax Code.

Previous tax regulations required entities entering into tax-free exchanges to obtain a confirmation or ruling from the Bureau of Internal Revenue that a transaction would qualify as a tax-free exchange. On April 11, 2021, Republic Act No. 11534, otherwise known as the CREATE Law (the "**CREATE Law**"), took effect. The CREATE Law expanded the list of tax-free exchanges and reiterated the VAT exemption of these transactions. It also removed the requirement of confirmation. Now, prior confirmation of the tax-free nature of an exchange under Section 40(C)(2) of the Tax Code need not be obtained from the Bureau of Internal Revenue for purposes of availing of the tax exemption. As such, at present, only a tax clearance ("**CAR**") need be obtained from the relevant Revenue District Office to effect the transfer of assets and issuance of shares through a tax-free exchange.

***Reportorial Requirements and Other Matters***

Under Revenue Regulations No. 13-2011, every quarter, a REIT is required to submit to the Large Taxpayers Regular Audit Division 3 ("**LTRAD 3**") a sworn statement containing the list of its shareholders, their Tax Identification Number, their shareholdings, and the percentage that their shareholding represents.

As a withholding agent, the REIT is required to file withholding tax returns and remit withholding taxes on all income payments that are subject to withholding pursuant to the provisions of the Tax Code and its implementing regulations.

A REIT shall, in addition to the existing requirements under the Tax Code and its implementing regulations, and the requirements contained in the above paragraphs, submit to LTRAD 3, annually on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year) the following:

- a certification by a responsible person designated by the SEC that the REIT is compliant with the minimum public ownership requirement;
- a schedule of dividend payments indicating the name, address, amount of investment, classification of shares, amount of dividends, final tax-due of each investor, and a sworn statement that the minimum ownership requirement was maintained at all times;
- a certified true copy of the Philippine passport, or Certificate of Recognition issued under Republic Act No. 9255 of an overseas Filipino investor;
- a certified true copy of the employment contract of an overseas Filipino investor;
- a copy of the contract between the REIT and its fund manager;
- a copy of the contract between the REIT and its property manager;
- a written report on the performance of the REIT's funds and properties;
- any amendment(s) to the REIT Plan as approved by the SEC;
- a copy of the valuation report prepared by the REIT's appointed property valuer; and
- original/certified true copy of the Certification from the SEC that the REIT is compliant with its Reinvestment Plan, duly received by the BIR.

In case of each failure to file an information return, statement, or list, or to keep any record, or to supply any information required by Revenue Regulations No. 13-2011, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall upon notice and demand by the SEC, payment by the person failing to file, keep, or supply the same of ₱1,000 for each such failure; provided, however, that the aggregate amount to be imposed for all such failures during a calendar year shall not exceed ₱25,000.

***Tax Incentives***

A REIT enjoys the following tax incentives:

1. A tax deduction for dividends paid, in addition to the allowable deductions provided for under the Tax Code, to arrive at its taxable net income. For a REIT to enjoy this tax incentive, it should maintain its status as a "public company," observe the mandatory 90% dividend pay-out requirement of distributable income to shareholders, and submit a sworn statement that the minimum ownership requirements for the relevant years were maintained at all times."

2. Exemption from the minimum corporate income tax ("**MCIT**"), as well as documentary stamp tax ("**DST**") on the sale, barter, exchange, or other disposition of listed investor securities through the PSE, including cross or block sales with prior approval of the PSE. It is also exempted from paying the initial public offering ("**IPO**") tax on its initial and secondary offering of its investor securities. Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act, permanently repealed the IPO tax.

3. A lower creditable withholding tax rate of 1% of its receipt of income payments. It also benefits from the 50% reduction on the amount of DST due on sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest, and applicable registration and annotation fees incidental to such transfers.

Shareholders of a REIT enjoy the following tax incentives:

1. Dividends paid by a REIT to resident citizens and aliens are subject to 10% final tax. However, if the dividends are received by overseas Filipino investors, such dividends shall be exempt from the payment of income or any withholding tax. Such exemption shall be enjoyed by overseas Filipino workers for a period of seven years from the effectivity of the BIR regulations implementing the tax provisions of the REIT Law. Revenue Regulations No. 13-2011 was published in a newspaper of general circulation on July 27, 2011 and took effect fifteen (15) days after that, or on August 11, 2011.

2. In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. A non-resident alien individual or a nonresident foreign corporation may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty.

***Applicability of Income Taxation Incentive and DST Tax Incentive***

Section 11 of Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, provides that, in order for a REIT to qualify for the income taxation incentive and the DST incentive on the transfer of real property, a REIT must be a public company, it must distribute at least 90% of its distributable income, and it must comply with its Reinvestment Plan, as certified by the SEC. The Certification from the SEC that the REIT is compliant must be submitted as an attachment to its annual income tax return and audited financial statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Conversely, for a REIT to qualify for the DST incentive on the transfer of real property, it should be listed with the PSE within two years from the date of its initial availment of the incentive (i.e., the date of the execution of the transfer documents) and maintain its listed status. While unlisted, the REIT in addition to all other presently existing requirements for the issuance of a Certificate Authorizing Registration ("**CAR**"), shall execute an undertaking that it shall list within 2 years from the date of its initial availment of the incentive.

The 50% of the applicable DST given as an incentive shall nevertheless be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such taxes should have been paid upon the occurrence of any of the following events, subject to the rule on curing period when applicable: (a) failure of a REIT to list with the PSE within 2 years from the date of its initial availment of this incentive; (b) failure of a REIT to maintain its status as a public company; (c) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the SEC; and (d) failure of a REIT to distribute at least 90% of its Distributable Income.

***Revocation of Tax Incentives***

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, a REIT shall be subject to the applicable taxes, plus interests and surcharges, under the Tax Code upon the occurrence of any of the following events, subject to the rule on curing period where applicable: (a) failure of a REIT to maintain its status as a public company; (b) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the SEC; (c) failure of a REIT to distribute at least 90% of its Distributable Income; (d) failure of a REIT to list with the PSE within the two-year period from date of initial availment of DST incentive; (e) revocation or cancellation of the registration of the securities of a REIT; and (f) failure of a REIT to comply with the Reinvestment Plan as certified by the SEC and to submit the original or certified true copy of the Certification from the Philippines SEC, duly received by the BIR as an attachment to its Annual Income Tax return and Audited Financial Statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

### *Delisting and its Tax Consequences*

In the event that a REIT is delisted from the PSE, whether voluntarily or involuntarily for failure to comply with the provisions of the REIT Law or the rules of the PSE, the tax incentives granted under the REIT Law shall be *ipso facto* revoked and withdrawn as of the date the delisting becomes final and executory.

Any tax incentive that has been availed of by the REIT thereafter shall be refunded to the Government within 90 days from the date when the delisting becomes final and executory, with the applicable interests and surcharges under the Tax Code and Section 19 of the REIT Law.

Upon revocation due to delisting, an assessment notice shall be prepared to recover the deficiency income tax and DST due from a REIT. The deficiency taxes shall immediately become due and demandable and collection thereof shall be enforced in accordance with the provisions of the Tax Code.

This shall be without prejudice to the penalties to be imposed by the BIR. If the delisting is for causes highly prejudicial to the interest of the investing public such as violation of the disclosure and related party transactions of the REIT Law or insolvency of the REIT due to mismanagement or misappropriation, conversion, wastage, or dissipation of its corporate assets, the responsible persons shall refund to the REIT's investors at the time of final delisting the book value/acquisition cost of their shares.

## Nationality Restriction

The Philippine Constitution and Philippine statutes set forth restrictions on foreign ownership of companies engaged in certain activities.

The ownership of private lands in the Philippines is reserved for Philippine Nationals and Philippine corporations at least 60% of whose capital stock is owned by Philippine Nationals. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Furthermore, the Foreign Investments Act and the Eleventh Regular Foreign Investment Negative List categorize the ownership of private lands as a partly nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

## Property Registration

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Title to registered lands cannot be lost through possession or prescription. Presidential Decree No. 1529, as amended, otherwise known as the Property Registration Decree, codified the laws relating to land registration to strengthen the Torrens system and streamline and simplify registration proceedings and the issuance of certificates of title.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Similarly, in an administrative proceeding, the land is granted to an applicant by DENR through issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new transfer certificate of title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

**Zoning and Land Use**

Land use may be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential, or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform ("**DAR**"), land classified for agricultural purposes as of, or after, June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

**Local Government Code**

Republic Act No. 7160, as amended, otherwise known as the Local Government Code ("**LGC**") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("**LGU**") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of prosperity, and the promotion of morality, peace, good order, comfort, convenience, and general welfare for the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the *Sangguniang Panlalawigan* (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

**Real Property Taxation**

Real property taxes are payable annually based on the property's assessed value. Under the LGC, the assessed value of property and improvements vary depending on the location, use and the nature of the property. An additional special education fund tax of 1% of the assessed value of the property may also be levied annually by the local government unit. The basic real property tax and any other tax levied on real property constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses. Should the reasonableness or correctness of the amount assessed be questioned, a protest in writing may be filed with the treasurer of the local government unit, but the taxpayer must first pay the tax, and the tax receipts shall be annotated with the words "paid under protest."

**Real Estate Sales on Installments**

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial and commercial lots). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments:

1. To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any.

2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments); provided that the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

Down payments, deposits, or options on the contract shall be included in the computation of the total number of installment payments made.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

**Department of Human Settlements and Urban Development Act**

Republic Act No. 11201, otherwise known as "Department of Human Settlements and Urban Development Act was signed by the President on February 14, 2019. The Implementing Rules and Regulations of the Act was approved on July 19, 2019. This Act created DHSUD through the consolidation of HUDCC and HLURB, simultaneously with the reconstitution of HLURB into Human Settlement Adjudication Commission ("**HSAC**"). The functions of the HUDCC and the planning and regulatory functions of HLURB shall be transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB.

The DHSUD shall:

1. Act as the primary national government entity responsible for the management of housing, human settlement and urban development.

2. Be the sole and main planning and policy-making, regulatory, program, coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to an affordability of basic human needs. The following functions of HLURB are transferred to DHSUD:
   a. The land use planning and monitoring function, including the imposition of penalties for noncompliance to ensure that LGUs will follow the planning guidelines and implement their Comprehensive Local Integration Program and Zoning Ordinances;
   b. The regulatory function, including the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivisions, condominiums and similar real estate developments, and imposition of fines and other administrative sanctions for violations, pursuant to PD 957, as amended, BP 220 and other related laws; and

c. The registration, regulation and supervision of Homeowners Associations, including the imposition of fines for violations, pursuant to RA 9904, Section 26 of RA 8763 in relation to Executive Order No. (EO) 535, series of 1979, and other related laws; and
d. The adjudicatory mandate of the HLURB.

3. Develop and adopt a national strategy to immediately address the provision of adequate and affordable housing to all Filipinos, and ensure the alignment of the policies, programs, and projects of all its attached agencies to facilitate the achievement of this objective.

All existing policies, and rules and regulations of the HUDCC and the HLURB shall continue to remain in full force and effect unless subsequently revoked, modified or amended by the DHSUD or the HSAC, as the case may be. All applications for permits, licenses and other issuances pending upon the effectivity of the Act and filed during the transition period shall continue to be acted upon by the incumbents until transition shall have been completed.

All cases and appeals pending with the HLURB shall continue to be acted upon by the HLURB Arbiters and the Board of Commissioners, respectively, until transition shall have been completed and the Commission's operations are in place. Thereafter, the Regional Adjudicators and the Commission shall correspondingly assume jurisdiction over those cases and appeals. All decisions of the Commission shall thenceforth be appealable to the Court of Appeals under Rule 43 of the Rules of Court.

The transition period shall commence upon the effectivity of the Implementing Rules and Regulations and shall end on December 31, 2019. Thereafter, the Act shall be in full force and effect.

**Anti-Money Laundering Act**

On January 29, 2021, Republic Act No. 11521 was enacted, amending certain provisions of Republic Act No. 9150, otherwise known as the Anti-Money Laundering Act ("**AMLA**"). The necessary changes were likewise incorporated in the 2018 Implementing Rules and Regulations through the Anti-Money Laundering Council's ("**AMLC**") Regulatory Issuance A, B, and C No.1 Series of 2021 which took effect on January 31, 2021. In particular, Republic Act No. 11521 revised the list of "Covered Persons" under the AMLA to include real estate brokers and developers. As such, real estate brokers and developers are now required to submit a covered transaction report involving any single cash transaction exceeding ₱7,500,000.00 or its equivalent in any other currency.
Further, RA11521 provides the following suspicious transactions with Covered Persons, regardless of the amounts involved, where any of the following circumstances exist:

1. There is no underlying legal or trade obligation, purpose or economic justification;
2. The client is not properly identified;
3. The amount involved is not commensurate with the business or financial capacity of the client;
4. Taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the Act;
5. Any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered person;
6. The transaction is in any way related to an unlawful activity or offense under this Act that is about to be, is being or has been committed; or
7. Any transaction that is similar or analogous to any of the foregoing.

Under the AMLA, Covered Persons shall subject covered transaction and suspicious transaction reports to the AMLC, and shall identify and record the true identity of their customers, whether permanent or occasional, and whether natural or juridical persons, or legal arrangements based on official documents. To comply with this, such Covered Persons are obligated to implement appropriate systems of collecting and recording identification information and identification documents, and shall implement and maintain a system of verifying the true identity of their clients, including validating the truthfulness of the information and confirming the authenticity of the identification documents presented, submitted, and provided by the customer, using reliable and independent sources, documents, data, or information. All records of transactions and records of closed accounts are required to be maintained and stored for five years from the date of a transaction or after their closure, respectively.

Relevantly, a REIT is allowed by the Revised REIT IRR to develop property, provided it complies with the parameters under the rules (e.g., it must hold in fee simple the developed property for at least three years from date of completion, and the prospects for the real estate upon completion can be reasonably expected to be favorable). As a developer, a REIT may be obligated to comply with the provisions of the AMLA, as amended. Failing to report to the AMLC all covered and suspicious transactions within the prescribed periods may expose real estate developers to penalties.

**Special Economic Zone Act**

The Philippine Economic Zone Authority ("**PEZA**") is a government corporation that operates, administers and manages designated special Ecozones around the country. Ecozones, which are generally created by proclamation of the President of the Philippines subject to the evaluation and recommendation of PEZA, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. Under R.A. No. 7916, as amended (the "**Special Economic Zone Act of 1995**"), an Ecozone enterprise, on the other hand, includes, among others, export enterprises, domestic market enterprises, pioneer enterprises, facilities enterprises, and developers or operators. Generally, enterprises registered with PEZA and PEZA facility developers and operators enjoy fiscal and non-fiscal incentives such as an income tax holiday, and duty-free importation of equipment, machinery, and raw materials. In order to avail of such incentives however, enterprises are required to comply with the obligations under the Special Economic Zone Act of 1995 as well as directives PEZA may issue and conditions stipulated in the registration. Further, there are reportorial requirements to comply with such as the submission of financial documents (Audited Financial Statements, Income Tax Returns).

An Ecozone developer or operator refers to a business entity or concern duly registered with or licensed by PEZA to develop, operate, and maintain an Ecozone or any or all of the component industrial estates, export processing zones, free trade zones, or tourist or recreational centers and the required infrastructure facilities and utilities such as light and power systems, water supply and distribution systems, sewerage and drainage systems, pollution control devices, communication facilities, paved road networks, administration buildings, and other facilities as may be required by PEZA. An Ecozone developer or operator may be an information technology park developer or operator, among other types of developers or operators.

**Fire Code**

Republic Act No. 9514, or the Fire Code of the Philippines ("**R.A. 9514**"), aims to ensure public safety and prevent and suppress all kinds of destructive fires. It provides that building owners or administrators must comply with the following:

1. Inspection requirements;
2. Safety measures for hazardous materials;
3. Safety measures for hazardous operation/processes;
4. Provision on fire safety construction, protective and warning system; and
5. Abatement of fire hazards.

In addition, R.A. 9514 provides for penalties for violation of its provisions.

**Foreign Investment Laws and Restrictions**

***Foreign Investments Act of 1991***

Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991 ("**Foreign Investments Act**"), liberalized the entry of foreign investment into the Philippines. As a general rule, there are no restrictions on the extent of foreign ownership of export enterprises. In domestic market enterprises, foreigners can invest as much as 100% equity except in areas included in the Foreign Investment Negative List.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the Foreign Investments Act as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly owned by citizens of the Philippines;
- a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- a corporation organized abroad and registered to do business in the Philippines under the Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or
- a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a Philippine National. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

**Registration of Foreign Investments and Exchange Controls**

Under current BSP regulations, an investment in Philippine securities (such as the Offer Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration with the BSP is not required. BSP Circular No. 471 issued on January 24, 2005 subjects foreign exchange dealers and money changers to RA No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed in the PSE may be done directly with a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); (ii) original certificate of inward remittance of foreign exchange and its conversion into Philippine Pesos through an authorized agent bank in the prescribed format; and (iii) authority to disclose ("**Authority to Disclose**") in the prescribed format. The Authority to Disclose allows the custodian bank to disclose to the BSP any information that may be required to comply with post-audit requirements for the registration of Peso-denominated investments.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document ("**BSRD**") or BSRD Letter-Advice from the registering custodian bank and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSRD or BSRD Letter-Advice; (2) the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) the copy of the corporate secretary's sworn statement attesting to the board resolution covering the dividend declaration and (4) the detailed computation of the amount applied for in the format prescribed by the BSP. For direct foreign equity investments, the latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period need to be presented in addition to the documents enumerated above. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during a foreign exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

#### *Land Ownership*

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of owning land in the Philippines. Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 5 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

### Labor and Employment

#### *Labor Code of the Philippines*

The Department of Labor and Employment ("**DOLE**") is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines ("**Labor Code**") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

On March 16, 2017, Department Order No. 174 (2017) ("**D.O. 174**") was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labor-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back-office operations or support.

#### *Occupational Safety and Health Standards Law*

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls, or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

***Social Security System, PhilHealth and the Pag-IBIG Fund***

An employer or any person who uses the services of another person in business, trade, industry, or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("**SSS**"). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the Philippine Department of Health tasked with ensuring sustainable, affordable, and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay, and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

**Philippine Competition Act**

Republic Act. No. 10667, or the Philippine Competition Act ("**PCA**"), is the first anti-trust statute in the Philippines and it provides the competition framework in the Philippines. The PCA was enacted to provide free and fair competition in trade, industry, and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "**PCC**"), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court. It aims to enhance economic efficiency and promote free and fair competition in trade, industry, and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

1. anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;

2. practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and

3. mergers or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services, or breach the thresholds provided in the Implementing Rules and Regulations ("**PCA IRR**") without notice to the PCC.

On February 21, 2019, the PCC issued PCC Advisory No. 2019-001, effective March 1, 2019, amending the PCA IRR. It increased the thresholds to ₱5.6 billion for the Size of Person and ₱2.2 billion for the Size of Transaction, as defined in the PCA IRR. Under the Advisory, as to joint venture transactions, notification is mandatory if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.2 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.2 billion. The revised thresholds under PCC Advisory No. 2019-001 shall not apply to mergers or acquisitions pending review by the PCC; notifiable transactions consummated before the effectivity of PCC Advisory 2019-001 (i.e. March 1, 2019); and, transactions which are already subject of a decision by the PCC.

On November 22, 2017, the PCC published the 2017 Rules on Merger Procedures ("**Merger Rules**") which provides the procedure for the review or investigation of mergers and acquisition pursuant to the Philippine Competition Act. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one 1% to 5% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from September 15, 2020.

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

(a) both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion; and

(b) the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

Additionally, the Bayanihan Act 2 suspended PCC's power to *motu proprio* review mergers and acquisitions for one year from the effectivity of the law. At present, the one-year moratorium has already lapsed. Mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may already be reviewed by the PCC *motu proprio* since the one-year period has lapsed.

Any voluntary notification shall constitute a waiver to the exemption from review.

**Revised Corporation Code**

Republic Act No. 11232 or the Revised Corporation Code ("**Corporation Code**") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Corporation Code are:

- corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

- An eligible natural person, trust, or estate may create a "One Person Corporation" ("**OPC**"), which is a corporation composed of a single stockholder. No minimum authorized capital stock is also required for an **OPC**, unless provided for under special laws.

- material contracts between a corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

- the right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or *in absentia*, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and

- in case of transfer of shares of listed companies, the SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the SEC.

The Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

**Environmental Laws**

The operations of the businesses of the Company are subject to various laws, rules and regulations that have been promulgated for the protection of the environment.

**Philippine Environmental Impact Statement System**

The Philippine Environmental Impact Statement System (the "**EISS Law**") established under Presidential Decree No. 1586, which is implemented by the DENR, is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area and possesses all applications for an ECC.

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an Environmental Impact Statement ("**EIS**") which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise. An ECC is a Government certification that, among others, (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan ("**EMP**") in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimize negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents also required to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. The EMF is to support the activities of the team monitoring the project proponent's compliance with ECC conditions, EMP and applicable laws, rules and regulations.

Power plant operations are considered environmentally critical projects for which an EIS and an ECC are mandatory.

**Clean Water Act**

Republic Act No. 9275 or the Clean Water Act and its implementing rules and regulations provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time.

The EMB, together with other Government agencies and the different local Government units, is tasked to implement the Clean Water Act and to identify existing sources of water pollutants, as well as strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. In addition, they have the right to (a) enter any premises or have access to documents and relevant materials; (b) inspect any pollution or waste source, control device, monitoring equipment or method required; and (c) test any discharge. If there is fish kill, the Department of Agriculture may also enter the establishment reported to have caused the incident.

**Clean Air Act**

Republic Act No. 8749, also known as the Philippine Clean Air Act of 1999 (the "**Clean Air Act**") provides for specific emission standards for stationary sources of air pollution, for motor vehicles, and other sources. It also sets specifications for fuel and fuel-related substances; bans incineration; provides for phasing-out of ozone-depleting substances; reduction and elimination of greenhouse gas emissions and persistent organic pollutants; and proper handling of radioactive emissions.

Pursuant to the Clean Air Act and its implementing rules and regulations, enterprises that operate or utilize air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. The issuance of the said permit seeks to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

**Other Environmental Laws**

Other regulatory environmental laws and regulations applicable to the businesses of the Company include the following:

- Republic Act No. 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines, or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

- Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000, which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centres and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.

- Presidential Decree No. 856 or the Code on Sanitation of the Philippines (the "**Sanitation Code**"), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial establishments. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit.

**Data Privacy Laws**

***Data Privacy Act***

RA No. 10173, otherwise known as the Data Privacy Act of 2012 (the "**DPA**"), was signed into law on August 15, 2012, to govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System or ICT whether in or outside of the Philippines. ICT refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the Anti-Money Laundering Act and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes. The processing of information includes, but is not limited to, the collection, recording, organization, storage, updating, modification, retrieval, consultation, use, consolidation, blocking, erasure, or destruction of data.

The DPA mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the DPA and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

To this end, the appointment of a Data Protection Officer ("**DPO"**) is a legal requirement for all personal information controllers ("**PICs"**) and personal information processors ("**PIPs"**). The DPO is accountable for ensuring the company's compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject.

The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals

The DPA seeks to protect the confidentiality of "personal information," which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors." It also provides for penal and monetary sanctions for violations of its provisions.

**Regulations on the Implementation of Community Quarantine**

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 was declared as a pandemic by the World Health Organization. In light of the pandemic, the Inter-Agency Task Force for the Management of Emerging Infectious Diseases ("**IATF**") was created by virtue of Executive Order (E.O.) 168, to facilitate the Philippine government's response to the COVID-19 pandemic. Among other issuances, the IATF issues and updates the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines ("**Quarantine Guidelines**"), which provide for the implementation of measures imposing restrictions on movement and transportation of people, regulation of the operation of industries, provision of food and essential services with varying levels of restriction.

On March 13, 2020, the President of the Philippines Rodrigo Duterte imposed stringent social distancing measures in the National Capital Region effective March 15, 2020, and on March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposing an enhanced community quarantine throughout the island of Luzon until April 12, 2020. Social distancing, travel restrictions, quarantine, suspension and closure of business, lockdown and other restrictive measures were later extended, re-implemented or strengthened multiple times in the Philippines in 2020 and 2021.

Due to the rising number of COVID-19 cases in the country, President Duterte re-imposed the enhanced community quarantine ("**ECQ**") in the Metro Manila and in Bulacan, Cavite, Laguna and Rizal provinces ("**NCR Plus**") from March 29, 2021 to April 4, 2021. The ECQ in these areas was then further extended for another week until April 11, 2021. During this period, strict social distancing measures were implemented. These include (i) curfew hours from 6 p.m. to 5 a.m. except for food delivery and other essential services; (ii) home quarantine for all households, with movement of residents limited to accessing essential goods and services; (iii) on-site skeletal workforce for certain establishments including government agencies and instrumentalities; (iv) prohibition of gatherings outside of residences and; (v) suspension of face-to-face classes at all school levels.

Subsequently, the ECQ was lifted and replaced with the less stringent modified enhanced community quarantine ("**MECQ**"), which was in effect from April 12, 2021 until May 14, 2021. Social Distancing measures that were implemented during MECQ include (i) curfew hours from 8 p.m. to 5 a.m. except for food delivery and other essential services; (ii) home quarantine for all households, with movement of residents limited to accessing essential goods and services; (iii) a maximum limit of 50% on-site capacity imposed for all establishments to encourage work-from-home arrangements; (iv) government agencies and instrumentalities operating fully, with a skeleton workforce on-site and the remainder under alternative work arrangements; (v) prohibition of gatherings outside of residences and; (vi) suspension of face-to-face classes at all school levels.

On May 13, 2021, President Duterte approved the IATF recommendation downgrading the quarantine classification of NCR Plus to general community quarantine ("**GCQ**") "with heightened restrictions" from May 15 to May 31. Under GCQ with heightened restrictions, the following measures are in place: (i) indoor gyms are not allowed to operate; (ii) venues for meetings and conferences are not allowed to operate; (iii) personal care services are allowed to operate at 50% as long as they are not requiring mask removal, but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (iv) ) indoor dining in restaurants are allowed up 30% capacity but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (v) strict stay at home orders for persons below 18 years old and above 65 years old but fully-vaccinated seniors can freely move around as long as they have their vaccination cards.

NCR Plus continued to be under GCQ with heightened restrictions until June 15. From June 16 to 30, Metro Manila and Bulacan were placed under GCQ "with some restrictions", while the rest of NCR Plus continued to be under GCQ with heightened restrictions. Under GCQ with some restrictions, the following measures are in place: (i) indoor gyms are allowed to operate at up to 20% capacity, but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (ii) venues for meetings and conferences are allowed to operate at up to 30% capacity, but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (iii) personal care services are allowed to operate at 30% as long as they are not requiring mask removal, but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (iv) ) indoor dining in restaurants are allowed up 40% capacity but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (v) strict stay at home orders for persons below 18 years old and above 65 years old but fully-vaccinated seniors can freely move around as long as they have their vaccination cards.

On June 28, 2021, the President announced that Metro Manila and Bulacan will stay under GCQ with some restrictions until July 15, 2021 along with the province of Rizal, while the remaining two areas part of the NCR Plus bubble, will remain under GCQ with heightened restrictions until July 15, 2021. On July 15, 2021, this quarantine mode was extended until July 31, 2021. However, it was announced on July 23, 2021 that Metro Manila will revert back to GCQ with heightened restrictions from July 23 to 31 in light of the local transmission of the highly contagious COVID-19 Delta variant which was first detected in India.

With the looming threat of further spread of the COVID-19 Delta variant, the President placed Metro Manila under ECQ from August 6, 2021 to August 20, 2021, while certain other provinces and cities, including Bulacan, Cavite, Naga City and Bacolod City, remained under GCQ with heightened restrictions from August 1, 2021 to August 15, 2021. The GCQ classification without restrictions was imposed in several provinces and cities that included the City of Santiago in Isabela and Batangas from August 1, 2021 to August 31, 2021.

On September 13, 2021, the IATF issued guidelines for the pilot implementation of an alert level system in certain cities and municipalities. There will be five alert levels under the new system:

- Alert Level 1: Areas where case transmission is low and decreasing, total bed utilization rate, and intensive care unit utilization rate is low;

- Alert Level 2: Areas where case transmission is low and decreasing, healthcare utilization is low, or case counts are low but increasing, or case counts are low and decreasing but total bed utilization rate and intensive care unit utilization rate is increasing;

- Alert Level 3: Areas where case counts are high and/or increasing, with total bed utilization rate and intensive care unit utilization rate at increasing utilization;

- Alert Level 4: Areas where case counts are high and/or increasing, with total bed utilization rate and intensive care unit utilization rate at high utilization; and

- Alert Level 5: Areas where case counts are alarming, with total bed utilization rate and intensive care unit utilization rate at critical utilization.

# PRINCIPAL AND SELLING SHAREHOLDERS

As of the date of this REIT Plan the shareholders of the Company are as follows

| Name | No. of Shares | Amount Subscribed (in ₱) | Amount Paid-up (in ₱) | % Ownership prior to Listing Date |
|---|---|---|---|---|
| Manuela Corporation | 686,788,461 | 686,788,461 | 686,788,461 | 9.16% |
| Masterpiece Asia Properties, Inc. | 3,821,736,378 | 3,821,736,378 | 3,821,736,378 | 50.96% |
| Vista Residences, Inc. | 2,017,919,815 | 2,017,919,815 | 2,017,919,815 | 26.91% |
| Crown Asia Properties, Inc. | 404,856,147 | 404,856,147 | 404,856,147 | 5.40% |
| Communities Pampanga, Inc. | 563,199,199 | 563,199,199 | 563,199,199 | 7.51% |
| Manuel Paolo. A. Villar | 4,500,000 | 4,500,000 | 4,500,000 | 0.06% |
| Jerylle Luz C. Quismundo | 500,000 | 500,000 | 500,000 | 0.01% |
| Brian N. Edang | 250,000 | 250,000 | 250,000 | 0.00% |
| Melissa Camille Z. Domingo | 62,500 | 62,500 | 62,500 | Nil |
| Justina F. Callangan | 62,500 | 62,500 | 62,500 | Nil |
| Leticia A. Moreno | 62,500 | 62,500 | 62,500 | Nil |
| Raul Juan N. Esteban | 62,500 | 62,500 | 62,500 | Nil |
| **TOTAL** | **7,500,000,000** | **7,500,000,000** | **7,500,000,000** | **100%** |

Upon completion of the Offer, a total of 7,500,000,000 common shares will be issued and outstanding. The number of the Company's outstanding shares will not change with the completion of the Offer. **The Offer Shares will represent approximately 36.67% of the issued and outstanding capital stock of VistaREIT after the completion of the Offer, while other existing shareholders[18] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT assuming the full exercise of the Overallotment Option, and approximately 33.33% of the issued and outstanding capital stock, assuming the Overallotment Option is not exercised. Upon completion of the Offer and full take up thereof by public shareholders, the Shares owned by the Sponsors will represent approximately 63.26% of the issued and outstanding capital stock of VistaREIT while other existing shareholders[19] will represent approximately 0.07% of the issued and outstanding capital stock of VistaREIT, assuming the full exercise of the Overallotment Option, and approximately 66.59% of the issued and outstanding capital stock, assuming no exercise of any Overallotment Option.**

## PSE LOCK-UP REQUIREMENT

Under the PSE Consolidated Listing and Disclosure Rules, an applicant company shall cause its existing shareholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning, or in any manner disposing of their shares for a period of:

- 180 days after the listing of said shares if the applicant company meets the track record requirements in Section 1, Article III, Part D of the PSE Consolidated Listing and Disclosure Rules; or

- 365 days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements of the PSE Consolidated Listing and Disclosure Rules.

In addition, if there is any issuance or transfer of Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Shares (i.e., convertible bonds, warrants or a similar instrument)

[18] Other existing shareholders include directors and officers of VistaREIT.

[19] Other existing shareholders include directors and officers of VistaREIT.

completed and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price in the initial public offering, all such Shares issued or transferred shall be subject to a lock-up period of at least 365 days from full payment of such Shares.

A total of 4,744,750,000 shares (assuming the Overallotment Option is fully exercised) or 4,994,750,000 (assuming the Overallotment Option is not exercised) common shares held by the Company's existing shareholders, including nominee shareholders and the independent directors, will be subject to such 365-day lock-up. The following shall be subject to a 365-day lock-up period counted from full payment of such Shares up to 365 days after Listing Date:
Assuming the Overallotment Option is fully exercised:

| Shareholder | No. of Shares Subject to 365-day Lock-up Period counted from full payment of such Shares up to 365 days after Listing Date |
|---|---|
| Manuela | 434,781,220 Shares |
| MAPI | 2,419,404,663 Shares |
| Vista Residences | 1,277,472,888 Shares |
| Crown Asia | 256,299,952 Shares |
| Communities Pampanga | 356,541,277 Shares |
| Melissa Camille Z. Domingo | 62,500 Shares |
| Justina F. Callangan | 62,500 Shares |
| Leticia A. Moreno | 62,500 Shares |
| Raul Juan N. Esteban | 62,500 Shares |

Assuming the Overallotment Option is not exercised:

| Shareholder | No. of Shares Subject to 365-day Lock-up Period counted from full payment of such Shares up to 365 days after Listing Date |
|---|---|
| Manuela | 457,690,969 Shares |
| MAPI | 2,546,889,364 Shares |
| Vista Residences | 1,344,786,245 Shares |
| Crown Asia | 269,805,061 Shares |
| Communities Pampanga | 375,328,361 Shares |
| Melissa Camille Z. Domingo | 62,500 Shares |
| Justina F. Callangan | 62,500 Shares |
| Leticia A. Moreno | 62,500 Shares |
| Raul Juan N. Esteban | 62,500 Shares |

To implement the lock-up requirement, the Company and Selling Shareholders shall enter into an escrow agreement with China Banking Corporation – Trust and Asset Management Group.

On April 30, 2021, the PSE issued Memorandum CN – No. 2021-0029 requesting the public to comment on the proposed amendments to the lock-up rule for REITs. The amendments to the lock-up rule for REITs proposes to partially exempt the shares issued to a sponsor which may take place within the one hundred eighty (180)-day period before the offer period for the IPO from the lock-up requirement under Section 2(a) of Article III, Parts D and E of the PSE Consolidated Listing and Disclosure Rules.

Under the existing lock-up rules of the PSE, if the subscription price paid by the sponsors/promoters for the REIT shares is lower than the offer price for the initial public offering, the shares acquired by such sponsors/promoters would be subject to a 365-day lock-up from the full payment of the aforesaid shares and thus such sponsors/promoters would be precluded from selling their shares during the initial public offering which will, in turn, defeat the REIT's objective of complying with the MPO requirement.

The PSE proposed to exempt shares issued to sponsors/promoters from the application of the Lock-Up Rule, provided that:

(a) The shares could not have been issued earlier than the 180-day period prior to the initial public offering because of pending regulatory requirements;

(b) The sponsors/promoters sell the exempted shares during the IPO, provided that, such sponsors/promoters may only sell shares during IPO to the extent that will allow the REIT to achieve the minimum public ownership requirement, i.e., that it shall have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares, and who, in aggregate, own at least one-third (1/3) of the outstanding capital stock of the REIT; and

(c) REIT shares which are covered by this exemption but are not sold during the initial public offering shall lose their lock-up exemption and be subject to the 365-day lock-up counted from full payment.

As of date, the PSE has yet to issue the amended lock-up rule for REITs. The PSE approved a request for the waiver of the lockup rule for the shares issued to our Sponsors as a part of the Property-for-Share Swap, subject to the following conditions: (i) our Sponsor may only sell up to 49% of such shares during the IPO; and (ii) the shares not sold during the IPO shall lose their lock-up exemption and be subject to lock-up counted from full payment up to 365 days after the Listing Date.

**SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS HOLDING MORE THAN 5% OF THE COMPANY'S VOTING SECURITIES AS OF THE DATE OF THIS REIT PLAN:**

| Title of Class | Name and address of record owners and relationship with the Company | Name of beneficial owner and relationship with record owner | Citizenship | No. of Shares held | % of total outstanding Shares |
|---|---|---|---|---|---|
| Common shares | Manuela Corporation 3rd Floor, Starmall, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City Shareholder | Vista Land Lifescapes, Inc. Parent Company | Filipino | 686,788,461 | 9.2% |
| Common shares | Masterpiece Asia Properties, Inc. 3rd Floor, Starmall, CV Starr Avenue, | Vista Land Lifescapes, Inc. Parent Company | Filipino | 3,821,736,378 | 51.0% |

| | | | | | |
|---|---|---|---|---|---|
| | Philamlife Village, Pamplona, Las Piñas City Shareholder | | | | |
| Common shares | Vista Residences, Inc. Lower Ground Floor, Bldg B, Evia Lifestyle Center, Daanghari, Almanza II, Las Piñas City Shareholder | Vista Land Lifescapes, Inc. Parent Company | Filipino | 2,017,919,815 | 26.9% |
| Common shares | Crown Asia Properties, Inc. Lower Ground Floor, Bldg B, Evia Lifestyle Center, Daanghari, Almanza II, Las Piñas City Shareholder | Vista Land Lifescapes, Inc. Parent Company | Filipino | 404,856,147 | 5.4% |
| Common shares | Communities Pampanga, Inc. Lower Ground Floor, Bldg B, Evia Lifestyle Center, Daanghari, Almanza II, Las Piñas City Shareholder | Vista Land Lifescapes, Inc. Parent Company | Filipino | 563,199,199 | 7.5% |

**SECURITY OWNERSHIP OF MANAGEMENT AS OF THE DATE OF THIS REIT PLAN**

| Title of Class | Name of beneficial owner | Position | Nationality | Amount and Nature of Beneficial Ownership | % of total outstanding Shares |
|---|---|---|---|---|---|
| Common Shares | Manuel Paolo A. Villar | Director, President & CEO | Filipino | 4,500,000 | 0.06% |
| Common Shares | Jerylle Luz C. Quismundo | Chairman of the Board | Filipino | 500,000 | 0.01% |
| Common Shares | Brian N. Edang | Director | Filipino | 250,000 | 0.00% |
| Common Shares | Melissa Camille Z. Domingo | Chief Financial Officer & Head, Investor Relations | Filipino | 62,500 | 0.00% |
| Common Shares | Justina F. Callangan | Independent Director | Filipino | 62,500 | 0.00% |

| | | | | | |
|---|---|---|---|---|---|
| Common Shares | Leticia A. Moreno | Independent Director | Filipino | 62,500 | 0.00% |
| Common Shares | Raul Juan N. Esteban | Independent Director | Filipino | 62,500 | 0.00% |
| Common Shares | Ma. Nalen S.J. Rosero | Chief Compliance Officer and Assistant Corporate Secretary | Filipino | - | - |
| Common Shares | Marilyn S. Oblena | Chief Audit Executive | Filipino | - | - |
| Common Shares | Mayumi Mitzi L. Arao | Data Protection Officer | Filipino | - | - |
| Common Shares | Gemma M. Santos | Corporate Secretary | Filipino | - | - |
| | | | **TOTAL** | 5,500,000 | 0.07% |

Except as disclosed above, none of the Company's other executive officers' own shares directly or indirectly in the Company. Ownership in the Company is limited to that indicated in the foregoing.

**SHARES OWNED BY FOREIGNERS**

None of the Company's shares are currently owned by foreigners.

**THE SELLING SHAREHOLDERS**

Manuela was incorporated in the Philippines on February 22, 1972. The primary business of Manuela is to develop and lease commercial mall spaces and BPO centers. Manuela is currently engaged in leasing commercial centers including retail malls of Starmalls that are located in key cities and municipalities in the Philippines and office spaces. The company is also engaged in selling residential house and lots in Manuelaville and Augustine Grove. The principal office of Manuela is located at 3rd Floor, Starmall, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City.

The following table below sets forth, for the Selling Shareholders, the number of Shares and percentage of outstanding shares held before the Offer, the maximum number of Option Shares to be sold pursuant to the Overallotment Option and the number of shares and percentage of outstanding shares owned immediately after the Offer:

| **Selling Shareholders** | **No. of Shares before the Offer** | **% of Shares Outstanding before the Offer** | **No. of Option Shares to be sold pursuant to the Overallotment Option** | **No exercise of Overallotment Option** | | **Full exercise of Overallotment Option** | |
|---|---|---|---|---|---|---|---|
| | | | | **No. of Shares held after the Offer** | **% of Shares Outstanding after the Offer** | **No. of Shares held after the Offer** | **% of Shares Outstanding after the Offer** |
| Manuela Corporation | 686,788,461 | 9.16% | 22,909,749 | 457,690,969 | 6.10% | 434,781,220 | 5.80% |
| Masterpiece Asia Properties, Inc. | 3,821,736,378 | 50.96% | 127,484,701 | 2,546,889,364 | 33.96% | 2,419,404,663 | 32.26% |
| Vista Residences, Inc. | 2,017,919,815 | 26.91% | 67,313,357 | 1,344,786,245 | 17.93% | 1,277,472,888 | 17.03% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Crown Asia Properties, Inc. | 404,856,147 | 5.40% | 13,505,109 | 269,805,061 | 3.60% | 256,299,952 | 3.42% |
| Communities Pampanga, Inc. | 563,199,199 | 7.51% | 18,787,084 | 375,328,361 | 5.00% | 356,541,277 | 4.75% |

**Voting Trust Holders of 5% or more**

As of the date of this REIT Plan, we are not aware of any person holding more than 5.0% of a class of our shares under a voting trust or similar agreement.

**Change in Control**

There has been no change in the control of the Company since it was incorporated.

# RELATED PARTY TRANSACTIONS

**Related Party Transactions and the REIT Law**

Under the provisions of the REIT Law, a related party is defined to include:

- a director; the chairman of the board of directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment, officer and their equivalent positions, including consultants with similar rank or position (the "**Principal Officer**"); or a stockholder who is, directly or indirectly, the beneficial owner of more than 10% of any class of the REIT's shares (a "**Principal Stockholder**"); or an associate of such persons;

- the sponsor or promoter of the REIT, meaning any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the REIT;

- the fund manager of the REIT, meaning any person who manages the functions of the REIT;

- any adviser of the REIT, meaning a lawyer, accountant, auditor, financial or business consultant, and such other persons rendering professional advisory services to the REIT;

- the property manager of the REIT, meaning a professional administrator of real properties who is engaged by the REIT to provide the property management services;

- a director, Principal Stockholder or Principal Officer of the sponsor/promoter of the REIT, fund manager, property manager, or associate of the any such persons;

- parent, subsidiary or affiliate to the REIT, the fund manager or the property manager; and

- any person who holds legal title to the shares of the REIT for the benefit of another for the purpose of circumventing the provisions of the REIT Law.

(collectively, "**Related Parties**")

Any contract or amendment thereto, between the REIT and any related party, as described above, including contracts for services, shall comply with the following minimum requirements:

- the REIT must fully, fairly, timely, and accurately disclose the identity of the Related Party or Parties, their relationship with the REIT, and other important terms and conditions of the transaction to the PSE and the SEC;

- the contract must be on fair reasonable terms, including the contract price;

- the contract must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT;

- the contract must be approved by the related party transactions committee which is constituted with the sole task of reviewing related party transactions. Majority of its members must be independent directors who shall vote unanimously in approving such related party transaction;

- the REIT must comply with SEC Memorandum Circular No. 10 series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, or such other relevant regulations that may be issued by the SEC;

- the contract must be accompanied by a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and

- the REIT must also disclose any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the REIT.

**Related Party Transactions and SEC Regulation**

The SEC issued Memorandum Circular No. 10, Series of 2019, which took effect on April 27, 2019 (the "**RPT Circular**"). Under this RPT Circular, related party transactions, either individually or in aggregate over a twelve-month period, amounting to at least 10% of a company's total assets shall be considered as a material related party transaction ("**Material RPT**"). The SEC likewise included in the relevant definition of "related parties" directors, officers, substantial shareholders, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control or significant influence over the reporting publicly-listed company.

Some of the new and pertinent rules provided in the RPT Circular are as follows:

- newly listed companies shall submit their Material RPT policy within six months from their listing date, which policy must be consistent with the Circular. The Material RPT Policy shall be signed by the company's chairman and compliance officer;

- the board of directors shall adopt a group-wide Material RPT policy encompassing all entities within the conglomerate, taking into account its size, structure, risk profile, and complexity of operations;

- the Material RPT policy shall include, at a minimum: identification of related parties, coverage of Material RPT, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the Material RPT, guidelines in ensuring arm's length terms, approval of Material RPT, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive Material RPT;

- the approval of Material RPT shall be by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the Material RPT. If the majority vote of independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock of the company. The same board approval shall be secured for aggregate related party transactions within a twelve-month period that breaches the 10% materiality threshold covering the same related party;

- an Advisement Report on Material RPT shall be submitted to the SEC within three calendar days after the execution date of the transaction; and

- a summary of Material RPT for the reporting year shall be disclosed in the Integrated Annual Corporate Governance Report annually every May 30.

- The SEC likewise issued the Revised REIT IRR, which took effect on 7 February 2020. Under the REIR IRR, any contract between the REIT and Related Parties, including contracts involving the acquisition or lease of assets and contracts for services, shall comply with the following minimum requirements: full, fair, timely and accurate disclosures on the identity of the parties, their relationship with the REIT, and other important terms and conditions of the transaction have been made to the PSE and the SEC;

- Be on fair and reasonable terms, including the contract price;

- Approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT;

- Must also be approved by the Related Party Transactions Committee which is constituted with the sole task of reviewing related party transactions. Majority of its members must be independent directors who shall vote unanimously in approving such related party transactions;

- Compliance with the RPT Circular, or such other relevant regulations that may be issued by the Commission;

- Accompanied by a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the Commission, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and

- Any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the REIT.

**Our Existing Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred herein as affiliates). Related parties may be individuals or corporate entities.

In the ordinary course of business, we enter into various transactions with related parties and affiliates, principally consisting of leases of commercial space, and land, and management fees for services received. Our policy is to settle intercompany receivables and payable on a net basis. Transactions entered with related parties are made at terms equivalent to those that prevail in arm's length transactions on terms comparable to those available from or to unrelated third parties, as the case may be. Outstanding balances owed to related parties at a certain reporting date are non-interest bearing, unsecured and payable/collectible in cash on demand. The Company will have a Related Party Transaction Committee in charge of evaluating proposed transactions – Please refer to the discussion under *Board of Directors and Senior Management – Related Party Transactions Committee* on page 221.

For the last three fiscal years, related party tenants contributed 63.70%, 74.72% and 74.50% of the Company's rental income for 2019, 2020, and 2021, respectively. Related party lease rates are based on minimum guaranteed rent with annual escalation or a variable rate, whichever is higher, or fixed amount with annual escalation rate. On the average, lease term ranges from 5 to 10 years and is renewable for the same period.

The Company also pays Camella Homes, Inc. management fees for services received.

Our related party transactions were approved by at least a majority of the entire Board of Directors, including the unanimous vote of all independent directors of the REIT, as may be applicable. In addition, the Company will subject Related Party transactions to the review of the Related Party Transactions Committee once constituted after Listing Date.

**We have the following significant transactions with related parties:**

a. The Properties have operating lease agreements with AllValue Holdings Corp. group of companies AllValue Group), anchor tenant, which is comprised of AllHome Corp., AllDay Marts, Inc., All Day Retail Concepts, Inc., Family Shoppers Unlimited, Inc., and CM Star Management, Inc. for the leases of commercial centers. AllValue

Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings. The lease agreements are renewable and contains annual escalation clauses.

b. The key management personnel of the Company and the Properties are employees of the Sponsors. The compensation of the said employees is paid by the Sponsors.

Our Board and the RPT Committee, based on their experience, expertise, and knowledge of similar contracts in the industry, believe that the above-listed transactions were made on an arm's length basis at prevailing market rates, on normal commercial terms, and in accordance with our Company's and our Fund Manager's policies toward related party transactions. See "*Note 16 of the Combined Carved-Out Financial Statements* ".

The following table summarizes related party transactions involving tenants of our Properties which are entities under common control for rental of commercial spaces:

| | | As of 31 December 2021 | | | | |
|---|---|---|---|---|---|---|
| **Tenant** | **Building Occupied** | **GLA (sqm)** | **% of total Properties GLA** | **% of total occupied GLA for Properties** | **Rental Income (in P millions)** | **% contribution to Rental Income** |
| AllHome Corporation | Mall and Office | 111,031.37 | 43.30% | 47.66% | 986.52 | 44.83% |
| AllDay Marts, Inc. | Mall | 23,288.96 | 9.08% | 10.00% | 586.25 | 26.64% |
| Parallax Inc. | Mall | 12,225.04 | 4.77% | 5.25% | 0.83 | 0.04% |
| Family Shoppers Unlimited, Inc. | Mall | 11,575.11 | 4.51% | 4.97% | 10.95 | 0.50% |
| CMSTAR Management Inc. | Mall | 4,681.13 | 1.83% | 2.01% | 52.71 | 2.40% |
| Mark's Fitness Place Inc. - Kinder City | Mall | 2,775.77 | 1.08% | 1.19% | 0.67 | 0.03% |

The Company has the foregoing transactions which represent amounts receivable (payable) with related parties as at December 31, 2021:

| | **Nature of Transaction** | **Volume (Amount of Transaction)** | **Amount (Outstanding Balance)** | **Terms** | **Conditions** |
|---|---|---|---|---|---|
| *Accounts receivable from tenants and accrued rent receivable* | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Entities under common control *(Payable to related parties) | a) Rental of commercial spaces | ₱1,639.42 million | ₱2,403.93 million | Due and demandable; non-interest bearing | Unsecured; No impairment |
| Entity under common control | b) Management fee | ₱33.87 million | - | Non-interest bearing | Unsecured |
| | | | | | |
| *Lease Liabilities* | | | | | |
| Entity under common control | c) Rentals of parcels of land | ₱6.31 million | ₱333.15 million | Interest-bearing | Unsecured |

** Refer to the tenants described above.*

**Future Related Party Transactions**

As a REIT listed on the PSE, our Company will be regulated by the rules and regulations of the SEC as well as the Listing Rules and other regulations of the PSE. These rules and regulations, along with the REIT Law, regulate transactions entered into by us with related parties with respect to our acquisition of assets from or sale of assets to a related party, our investment in securities of or issued by a related party, and the engagement of a related party as a property management agent or marketing agent for our properties. Depending on the materiality of transactions entered into by us for the acquisition of assets from the sale of assets to or the investment in securities of or issued by, a related party, the rules described above may require us to announce such a transaction to the SEC and the PSE and may also require the approval of the Shareholders to be obtained.

Subject to compliance with the applicable requirements, our Company will not be prohibited by the rules of the SEC, the PSE, or the REIT Law from contracting or entering into any financial, banking, or any other type of transaction with a related party or from being interested in any such contract or transaction, provided that any such transaction shall be on normal, arm's length commercial terms and is not prejudicial to the interests of the Company and the Shareholders. See "The Fund Manager and the Property Manager—Related Party Transactions."

Our expected future related party transactions are as follows:

| **Related Party** | **Nature of Transaction** | **Value of Transaction** |
|---|---|---|
| Sponsors | Land Lease in respect of 11 Properties | ● 1% of Gross Rental Income and CUSA fees, inclusive of value-added taxes |
| Sponsors | Deed of Assignment | ● Includes the lease revenues and payments consisting of payment for rental, taxes, utilities, association dues and other assessments |
| VFund Management, Inc. | Fund Management Agreement | ● = 1.50% of Gross Rental Income and CUSA fees, inclusive of value-added taxes<br>● + 1.00% of acquisition price for every property acquisition made, exclusive of VAT, if applicable (Acquisition Fee)<br>● + 0.50% of the sales price for every real property divested by the Company, |

| | | |
|---|---|---|
| | | exclusive of value-added taxes (Divestment Fee) |
| VProperty Management, Inc. | Property Management Agreement | ● 1.50% of Gross Rental Income and CUSA fees, inclusive of value-added taxes |

All future related party transactions will be subject to the review of the Related Party Transactions Committee and approved by at least a majority of the entire Board of Directors, including the unanimous vote of all independent directors of the REIT, as may be applicable.

**Certain Relationships and Related Transactions**

Our Company has no relationships that fall outside the definition of “related parties” under SFAS/IAS No. 24, but with whom our Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

Aside from those disclosed above, there are no other related party transactions, and ongoing contractual commitments as a result of related party arrangements.

# THE PHILIPPINE STOCK MARKET

*The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Joint Lead Underwriters and Bookrunners and the Participating Underwriter, nor any of their respective subsidiaries, affiliates or advisors in connection with sale of the Offer Shares.*

**Brief History**

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulatory, governed by its respective board of governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE maintains a single, unified trading floor in Bonifacio Global City in Taguig City.

In June 1998, the SEC granted the PSE “Self-Regulatory Organization” status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization and converted from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorized capital stock of ₱120 million. As of June 30, 2020, PSE had 85,164,091 issued shares, of which 3,513,954 are treasury shares, resulting in 81,650,137 total shares outstanding. Each of the then 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member-broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE board of governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the president of the PSE. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE’s Main Board or the Small, Medium and Emerging (“**SME**”) Board. In 2013, the PSE issued Rules on Exchange Traded Funds (“**ETF**”) which provides for the listing of ETFs on an ETF Board separate from the PSE’s existing boards. Previously, the PSE allowed listing on the First Board, Second Board or the SME Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of incorporation of the Company. Each index represents the numerical average of the prices of component stocks.

The PSE has a benchmark index, referred to as the PSEi, which, as of the date thereof, reflects the price movements of selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective as of April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of 30 selected stocks listed on the PSE. In July 2010, the PSE’s new trading system, now known as PSE Trade, was launched. In June 2015, the PSE Trade system was replaced by PSE Trade XTS.

In December 2013, the PSE Electronic Disclosure Generation Technology (“**EDGe**”), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

Furthermore, the PSE launched its Corporate Governance Guidebook in November 2010 to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognized corporate governance codes and best practices.

The table below indicates the number of listed companies, market capitalization, and value of shares traded for the same period:

| **Year** | **Composite Index at Closing** | **Number of Listed Companies** | **Aggregate Market Capitalization** | **Combined Value of Turnover** |
|---|---|---|---|---|
| | | | **(in ₱ billions)** | **(in ₱ billions)** |
| 2000 | 1,494.5 | 229 | 2,576.5 | 357.7 |
| 2001 | 1,168.1 | 231 | 2,141.4 | 159.6 |
| 2002 | 1,018.4 | 234 | 2,083.2 | 159.7 |
| 2003 | 1,442.4 | 236 | 2,973.8 | 145.4 |
| 2004 | 1,822.8 | 235 | 4,766.3 | 206.6 |
| 2005 | 2,096.0 | 237 | 5,948.4 | 383.5 |
| 2006 | 2,982.5 | 239 | 7,173.2 | 572.6 |
| 2007 | 3,621.6 | 244 | 7,977.6 | 1,338.3 |
| 2008 | 1,872.9 | 246 | 4,069.2 | 763.9 |
| 2009 | 3,052.7 | 248 | 6,029.1 | 994.2 |
| 2010 | 4,201.1 | 253 | 8,866.1 | 1,207.4 |
| 2011 | 4,372.0 | 245 | 8,697.0 | 1,422.6 |
| 2012 | 5,812.7 | 254 | 10,952.7 | 1,771.7 |
| 2013 | 5,889.8 | 257 | 11,931.3 | 2,546.2 |
| 2014 | 7,230.6 | 263 | 14,251.7 | 2,130.1 |
| 2015 | 6,952.1 | 263 | 13,650.0 | 1,510.0 |
| 2016 | 6,840.6 | 268 | 14,438.8 | 1,776.3 |
| 2017 | 8,558.4 | 273 | 17,583.1 | 3,596.9 |
| 2018 | 7,466.0 | 267 | 16,146.7 | 1,736.8 |
| 2019 | 7,815.3 | 271 | 16,710.0 | 1,770.0 |
| 2020 | 7,139.7 | 271 | 15,888.9 | 1,770.9 |
| 2021 | 7,122.6 | 280 | 18,081.1 | 2,233.1 |

*Source: PSE and PSE Annual Reports.*

**Amended REIT Listing Rules**

On February 7, 2020, the PSE issued Memorandum No. 2020-0005 on the Amended Listing Rules for Real Estate Investment Trusts ("Amended REIT Listing Rules"). Under the Amended REIT Listing Rules, a REIT must meet the following criteria in addition to the criteria in the PSE Listing Rules:

- A REIT must be a stock corporation established in accordance with the Revised Corporation Code of the Philippines and the rules and regulations promulgated by the Commission principally for the purpose of owning income-generating real estate assets.
- A REIT must have a dividend policy of distributing annually at least ninety percent (90%) of its distributable income as dividends to its shareholders in accordance with the REIT Act of 2009 and its IRR.
- A REIT must be a public company upon and after listing, and to be considered as such, a REIT must have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock.
- A REIT must have a minimum paid-up capital of Php 300 million.

- At least seventy-five percent (75%) of the deposited property of the REIT must be invested in, or consist of, income-generating real estate; provided, that a REIT shall not invest in real estate located outside the Philippines which exceeds more than forty percent (40%) of its deposited property and, provided further, that the REIT shall at all times secure a special authority from the securities and exchange commission in making such investment outside the Philippines.
- At least 1/3 of the board of directors of a REIT must be independent directors, which in no case shall be less than two (2).
- A REIT must appoint a qualified fund manager and property manager in accordance with the REIT Act of 2009 and its IRR, as may be amended.
- Directors or officers of the REIT, fund manager, property manager, distributor and other REIT participants are subjected to the fit and proper rule under the REIT Act of 2009 and its IRR.
- A newly formed REIT which invokes the frack record or operating history of its income-generating real estate assets shall submit audited financial statements and any other supporting documents that reflect the back record or operating history of the REIT's income-generating real estate assets for the applicable period.
- The Articles of Incorporation and By-Laws of the REIT shall provide that all of the shares of stock of the REIT shall be issued in the form of uncertificated securities and an investor may not require the REIT to issue a certificate in respect of any share recorded in their name.
- Pursuant to Section 8 of these Rules, the REIT shall submit a firm undertaking on the part of its sponsors/promoters which transferred income-generating real estate to the REIT to reinvest in real estate or infrastructure projects in the Philippines any monies realized by such sponsors/promoters from (a) the subsequent sale of REIT shares or other securities issued in exchange of income generating real estate transferred by such sponsors/promoters to the REIT; or (b) the sale of any income-generating real estate to the REIT. The firm undertaking shall also state the firm commitment to regularly report to the REIT the status of implementation of the Reinvestment Plan.
- The submission of a Reinvestment Plan by the sponsors/ promoters which transferred income-generating real estate to the REIT.
- The REIT and its sponsors/promoters which transferred income-generating real estate to the REIT shall be parties to a listing agreement with the Exchange which contains, among others, their undertaking to comply with these Rules.

The Amended REIT Listing Rules also set out the special and regular reports required for REITs and the guidelines to be observed in the reinvestment by the sponsors/promoters which transferred income generating real estate to the REIT.

**Trading**

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 noon for the morning session. It resumes at 1:30 p.m. and ends at 3:30 p.m. for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Mondays to Fridays, except legal and special holidays, days when the BSP clearing house is closed and such other days as may be declared by the SEC or the PSE, to be a non-trading day.

Beginning on March 15, 2020, the PSE, in observance of the government's implementation of the community quarantine in parts of the country including Metro Manila due to the COVID-19 pandemic, has implemented shortened trading hours starting at 9:30 a.m. and ending at 1:00 pm. Beginning on March 1, 2022, trading hours have resumed its full-day five (5) hour schedule.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- in the event the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price). Otherwise, such an order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE;

- in the event the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price). Otherwise, such an order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE;

- in the event the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C). Otherwise, such an order will be rejected by the PSE.

**Non-Resident Transactions**

When the purchase or sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three Banking Days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a certificate of registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

**Settlement**

The Securities Clearing Corporation of the Philippines ("**SCCP**") is a wholly-owned subsidiary of the PSE and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for: (a) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE trading participants; (b) guaranteeing the settlement of trades in the event of a PSE trading participant's default through the implementation of its "Fails Management System" and administration of the Clearing and Trade Guaranty Fund, and; (c) performing risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after the transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the Philippine Depository and Trust Corp. (formerly the Philippine Central Depository, Inc.) ("**PDTC**"). Each PSE trading participant maintains a cash settlement account with one of the nine existing settlement banks of SCCP which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank AG Manila Branch, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited and Maybank Philippines, Inc., Asia United Bank, and China

Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker-level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

**Scripless Trading**

In 1995, the PDTC was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On 16 December 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO Unibank, RCBC, Metrobank, DB, Unionbank, HSBC and Maybank.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation ("**PCD Nominee**") whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. On the other hand, immobilization is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Company's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must execute the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedure of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are generally on the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of the ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

**Amended Rule on Lodgment of Securities**

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III, Part A of the PSE's Revised Listing Rules.

In addition to the foregoing, the PSE also apprised all listed companies and market participants through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the Exchange shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the SEC.

For listing applications, the amended rule on lodgment of securities is applicable to:

- the offer shares/securities of the applicant company in the case of an initial public offering;
- the shares/securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction;
- new securities to be offered and applied for listing by an existing listed company; and additional listing of securities of an existing listed company; and
- additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

- for a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a registry confirmation advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date; and
- for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice, the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancelation. The transfer agent shall issue a registry confirmation advice to PCD Nominee evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

**Scripless Shares**

The REIT Law provides that all the shares of a REIT shall be in uncertificated form. The Amended REIT Listing Rules require that a REIT shall establish sufficient control and procedures that shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any of the non-public shareholders. The REIT shall make the necessary arrangement with a central securities depository on the recording of its shareholders under a Name-On Central Depository arrangement.

**Amended Rule on Minimum Public Ownership**

On December 1, 2017, the SEC issued SEC Memorandum Circular No. 13, Series of 2017 ("**SEC MC 13-2017**") on the rules and regulations on minimum public ownership ("**MPO**") on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) purpose of investment; and (c) extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investors are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies are required to establish and implement an internal policy and procedure to monitor its MPO and shall immediately report to the SEC within the next business day if its MPO has fallen below 20%. Listed companies shall submit to the SEC within ten days after knowledge about the deficiency in its MPO, a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from the date of such decline. Listed companies shall submit to the SEC a public ownership report and progress report on submitted business plan within 15 days after the end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these requirements shall subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC.

On August 4, 2020, the PSE issued Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

| Market Capitalization | Minimum Public Offer |
|---|---|
| Not exceeding ₱500M | 33% or ₱50M, whichever is higher |
| Over ₱500M to ₱1B | 25% or ₱100M, whichever is higher |
| Over ₱1B | 20% or ₱250M, whichever is higher |

A company listing through an IPO is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

Under Section 8.1 of the REIT Law and Section 5.1(a) of the Revised REIT IRR, a REIT must be a public company. It is required to maintain its status as a listed company and upon and after listing, have at least 1,000 Public Shareholders each owning at least 50 shares of any class of shares, and who, in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT. Failure to maintain the public ownership requirement will result in the imposition of a trading suspension for a period not more than six months. If the REIT still fails to comply with the public ownership requirement within the six-month period, it will be automatically delisted.

# TAXATION

*The following is a general description of certain Philippine tax aspects of the investment in the Company. The following discussion is based upon laws, regulations, rulings, income tax treaties, administrative practices and judicial decisions in effect at the date of this REIT Plan and is subject to any changes occurring after such date. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective investor.*

*The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. This discussion does not provide information regarding the tax aspects of acquiring, owning, holding or disposing of the shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequences in light of particular situations of acquiring, owning, holding and disposing of the shares in such other jurisdictions.*

**EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF LOCAL AND NATIONAL TAX LAWS.**

*As used in this section, the term* "*resident alien*" *refers to an individual whose residence is within the Philippines and who is not a citizen thereof. A* "*non-resident alien*" *is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a* "*non-resident alien engaged in trade or business in the Philippines;*" *otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a* "*non-resident alien not engaged in trade or business in the Philippines.*" *A* "*domestic corporation*" *is created or organized under the laws of the Philippines; a* "*resident foreign corporation*" *is a non-Philippine corporation engaged in trade or business in the Philippines; and a* "*non-resident foreign corporation*" *is a non-Philippine corporation not engaged in trade or business in the Philippines. The term* "*non-resident holder*" *means a holder of the Shares:*

- *who is an individual and is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

**Taxation**

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Law**") took effect. The TRAIN Law amended various provisions of the Philippine Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax. On March 26, 2021, the second package of the Comprehensive Tax Reform program, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (the "**CREATE Law**") was signed into law. The CREATE Law amended various provisions of the Philippine Tax Code covering corporate income tax.

**IPO Tax**

Republic Act No. 11494, otherwise known as the Bayanihan to Recover As One Act, took effect on September 15, 2020. Section 6 of this law repealed Section 127(B) of the Philippine Tax Code on the IPO Tax. As such, the Offer is not subject to the IPO Tax.

Under Revenue Regulations No. 23-2020 issued by the BIR, tax on shares of stocks sold, bartered, exchanged or other disposition through IPO provided under Section 127(B) of the Philippine Tax Code is repealed. Every sale, barter, exchange or other disposition through IPO of shares of stock in closely held corporations shall no longer be subject to IPO Tax.

Section 13 (iv) of the REIT Law exempts any initial public offering of REIT from IPO tax.

**Corporate Income Tax**

A domestic corporation is subject to a tax of 25% of its taxable income from all sources within and outside the Philippines. Taxable net income refers to items of income specified under Section 32 (A) of the Philippine Tax Code, less itemized deductions under Section 34 of the Tax Code or those allowed under special laws, or the optional standard deduction ("**OSD**") equivalent to an amount not exceeding 40% of the corporation's gross income.

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 03-2020 and by the CREATE Law, a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25% as provided under Section 27(A) of the Tax Code, on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, as amended, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, taxable net income means the pertinent items of gross income specified in Section 32 of the Tax Code less (a) all allowable deductions enumerated in Section 34 of the Tax Code (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the Shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

Passive income of a domestic corporations are taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

Beginning July 1, 2020 and until June 30, 2023, a minimum corporate income tax of 1% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax. After June 30, 2023, the rate of minimum corporate income tax shall be 2% of the gross income as of the end of the taxable year.

Any excess of the minimum corporate income tax, however, over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Likewise, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses (1) on account of a prolonged labor dispute, or (2) because of force majeure, or (3) because of legitimate business reverses.

**Sale, Exchange or Disposition of Shares after the IPO**

***Taxes on Transfer of Shares Listed and Traded at the PSE***

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of 1% (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. A value-added tax ("**VAT**") of 12% is imposed on the commission earned by the PSE-registered broker who facilitated the sale, barter, exchange or disposition through the PSE, and is generally passed on to the client, the seller or transferor. The stock transaction tax is classified as a percentage tax and is paid in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the SEC shall impose a trading suspension for a period of not more than six months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public of the listed companies issued and outstanding shares at all times.

Under the REIT Law and the Revised REIT IRR, a REIT must be a public company and to be considered as such, a REIT, must: (a) maintain its status as a listed company; and (b) upon and after listing, have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT or subject to 33.33% MPO.

The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax, documentary stamp tax, and possibly donor's tax if the fair market value of the shares of stock sold is greater than the consideration or the selling price, as the amount exceeding the selling price shall be deemed a gift subject to donor's tax under Section 100 of the Tax Code.) Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 ("**R.R. 16-12**") provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

***Capital Gains Tax, if the Sale Was Made Outside the PSE***

Pursuant to the TRAIN Law and CREATE Law, the net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, a domestic corporation (other than a dealer in securities), a resident foreign corporation, or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15% of the net capital gains realized during the taxable year.

Furthermore, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange is greater than the consideration received by the seller or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code; provided, however, that a sale, exchange or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (a transaction which is bona fide, at arm's length and free from donative intent) will be considered as made for an adequate and full consideration in money or money's worth and will not be subject to donor's tax.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below on tax treaties.)

The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a Certificate Authorizing Registration ("**CAR**"), certifying that capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax, or other conditions have been met.

***Tax on Dividends***

In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. A non-resident alien individual or a non-resident foreign corporation may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty in force between the Philippines and the country of domicile of the non-resident holder.

Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

The BIR has issued Revenue Memorandum Order No. 14-2021 ("**RMO No. 14-2021**") to streamline the procedures and documents for the availment of treaty benefits covering all items of income, including dividends, derived by non-resident taxpayers from Philippine sources that are entitled to relief from double taxation under the relevant tax treaty. Under this regulation, when the treaty rates have been applied by the withholding agent on the income earned by the non-resident, the former shall file with the International Tax Affairs Division ("**ITAD**") of the BIR a request for confirmation on the propriety of the withholding tax rates applied on that item of income. On the other hand, if the regular rates have been imposed on the said income, the non-resident shall file a tax treaty relief application ("**TTRA**") with ITAD. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. The request for confirmation or TTRA shall be supported by the documentary requirements under RMO No. 14-2021.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident holder of the company's shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The claim for refund may be filed independently of, or simultaneously with, the TTRA. If the claim was not filed simultaneously with the TTRA, the office where it was filed shall coordinate with, and defer to, ITAD the resolution of the non-resident's entitlement to treaty benefit. If, on the other hand, the claim was filed simultaneously with the TTRA, it shall be the responsibility of the ITAD to endorse the claim for refund to the proper office that handles the processing of tax refunds after the resolution of the TTRA. At any rate, all issues relating to the application and implementation of treaty provisions shall fall within the exclusive jurisdiction of the ITAD.

Transfer taxes (e.g., VAT on deemed sale, DST, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro rata to all the shareholders of the corporation are generally not subject to Philippine income tax. However, the subsequent sale, exchange, or disposition of shares in a domestic corporation received as stock dividends by the shareholder is subject to either: (a) stock transaction tax, if the transfer is through a local stock exchange, or (b) capital gains tax and DST, if otherwise.

***Preferential Rates under the Income Tax Treaties***

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

| | **Dividends (%)** | **Stock transaction tax on sale or disposition effected through the PSE (%)[9]** | **Capital gains tax due on disposition of shares outside the PSE (%)** |
|---|---|---|---|
| Canada | 25[1] | 0.6 | May be exempt[13] |
| China | 15[2] | Exempt[10] | May be exempt[13] |
| France | 15[3] | Exempt[11] | May be exempt[13] |
| Germany | 15[4] | Exempt[12] | May be exempt[13] |
| Japan | 15[5] | 0.6 | May be exempt[13] |
| Singapore | 25[6] | 0.6 | May be exempt[13] |
| United Kingdom | 25[7] | 0.6 | Exempt[14] |
| United States | 25[8] | 0.6 | May be exempt[13] |

*Notes:*

*(1) 15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.*

*(2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.*

*(3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.*

*(4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases.*

*(5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.*

*(6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.*

*(7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.*

*(8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.*

*(9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by the Section 39 of the TRAIN.*

*(10) Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.*
*(11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995.*
*(12) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.*
*(13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*
*(14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

**Documentary Stamp Tax**

The original issue of shares is subject to a documentary stamp tax ("**DST**") of ₱2.00 for each ₱200.00, or a fractional part thereof, of the par value of the shares issued. The transfer of shares outside the PSE is subject to DST at the rate of ₱1.50 on each ₱200.00, or a fractional part thereof, of the par value of the shares.

The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by either or both the vendor or the vendee of the shares.

However, the sale, barter or exchange of shares listed and traded at the PSE is exempt from documentary stamp tax.

**Estate and Donor's Taxes**

Shares issued by a domestic corporation are deemed to have a Philippine situs and their transfer by way of a succession or donation, even if made by a non-resident or donor outside the Philippines, is subject to Philippine estate and donor's tax.

The transfer of shares of stock upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, shall be subject to an estate tax which is levied on the net estate of the deceased at the rate of 6%. An Investor shall be subject to donor's tax at the rate of 6% based on the total net gifts (such as shares of stock) in excess of ₱250,000.00 made during a calendar year, regardless of the relationship (by blood or by affinity) between the donor and the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock:

1. if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or

2. if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Shares exceeded the value of the consideration may be deemed a gift, and a donor's tax may be imposed on the transferor of the Shares, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

**Taxation outside the Philippines**

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donor's tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This REIT Plan does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

# LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Picazo Buyco Tan Fider & Santos, our legal counsel, and Romulo Mabanta Buenaventura Sayoc & de los Angeles, legal counsel to the Joint Lead Underwriters and Bookrunners and the Participating Underwriter.

Each of the foregoing legal counsel has neither shareholdings nor any right, whether legally enforceable or not, to nominate persons or to subscribe for our securities. None of the legal counsel will receive any direct or indirect interest in any of our securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

# INDEPENDENT AUDITORS AND OTHER EXPERTS

**Independent Auditors**

SyCip Gorres Velayo & Co. ("**SGV & Co.**"), a member firm of Ernst & Young Global Limited, independent auditors, (i) audited the combined carve-out financial statements of Vista Group REIT Properties as of and for the years ended December 31, 2021, 2020, 2019 and 2018 included in this REIT Plan in accordance with Philippine Standards on Auditing, (ii) audited the stand-alone financial statements of the Company as of December 31, 2021 and 2020, and for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 included in this REIT Plan in accordance with Philippine Standards on Auditing, (iii) examined the Company's pro forma condensed financial information as of and for the year ended December 31, 2021 included in this REIT Plan in accordance with Philippine Standard on Assurance Engagements ("**PSAE**") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, and (iv) examined the Profit Forecast and Profit Projection of the Company in accordance with PSAE 3400, *The Examination of Prospective Financial Information*. The financial information for such periods is extracted from the financial statements included in this REIT Plan, which have been prepared in accordance with PFRS. SGV & Co. has agreed to the inclusion of its reports in this REIT Plan.

SGV & Co. has acted as the Company's independent auditor since 2020, and has acted as the Sponsors' independent auditor since 2016. Cyril Jasmin B. Valencia is the current audit partner of the Company and the Sponsors and has served as such since 2017. The Company has not had any material disagreements on accounting and financial disclosures with SGV & Co.

SGV & Co has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission of the Philippines.

The following table sets out the aggregate fees paid for professional services rendered in respect of the audit of our historical financial statements, excluding out-of-pocket expenses incidental to such services and excluding fees directly related to the Offer:

| | **2020** | **2021** |
|---|---|---|
| Audit and Audit Related Fees (in ₱) | 80,000 | 10,215,000 |

There is no arrangement that experts will receive a direct or indirect interest in the Company or as a promoter, underwriter, voting trustee, director, officer, or employee of the Company.

As of the date of this REIT Plan, SGV & Co. has not been engaged by the Company for any non-audit services, including tax services, apart from services relating to the Offering under this REIT Plan.

Prior to the constitution of the Company's Audit Committee, the approval of the policies and procedures for the audit were approved by the Board. Pursuant to the SEC approval of the Company's amendments to its Articles of Incorporation and By-laws, the Company shall constitute and convene the Audit Committee which shall adopt its own approval policies and procedures.

**Property Valuer**

Asian Appraisal Company, Inc. was responsible for preparing the valuation reports of the Properties as of December 31, 2021, which are attached to this REIT Plan as Annex C (*Valuation Reports*). The professional fees of such engagement amounted to ₱1.20 million.

Asian Appraisal Company, Inc. is a Philippine corporation with SEC Registration Number 19099. It is also an SEC-accredited asset valuer in good standing. The certifying officer of Asian Appraisal for the Valuation Reports attached to this REIT Plan is Engr. John C. Par, a professional appraiser duly licensed by and in good standing with the Professional Regulatory Board of Real Estate Services pursuant to Republic Act No. 9646.

Below are the directors and officers of Asian Appraisal:

| **Name** | **Position** |
|---|---|
| Anthony M. Te | Director and Chairman |
| Felix Cesar L. Zerrudo | Director and President |
| Arlene Keh | Director |
| Milagros T. Blancas | Director |
| Emmanuel P. Te | Director |
| Cristina A. Glindro | Director and Treasurer |
| Diane Madelyn C. Ching | Director and Corporate Secretary |

Based on a sworn certification executed on March 9, 2022 by the Corporate Secretary of Asian Appraisal:

1. Asian Appraisal Company, Inc. was registered on July 10, 1961, under SEC Registration Number 19099 and accredited by the Securities and Exchange Commission as an Appraisal Company under Accreditation No. 021 valid until April 22, 2026;

2. Asian Appraisal Company, Inc. is an accredited property appraisal company with the PSE valid until August 29, 2022.

3. As of March 8, 2022, the corporation has a cumulative experience of at least 60 years in the valuation and appraisal business;

4. Asian Appraisal Company, Inc. renders professional services to professional service to various individuals, corporations, and agencies including BDO Unibank, Inc., a universal bank, and at least two (2) public companies, including AREIT, Inc., and DDMP REIT, Inc.;

5. Asian Appraisal Company, Inc. or any of its directors and/or officers have not been the subject of an adverse judgement in any administrative, civil, or criminal case involving the Corporation's appraisal business;

6. Asian Appraisal Company, Inc. shall ensure that its opinion and valuation are independent of and unaffected by its business or commercial relationship with other persons;

7. Asian Appraisal Company, Inc., as well as its directors and principal officers, comply with the fit and proper rule, as provided under Republic Act No. 9856 ("REIT Act"), and its revised implementing rules and regulations; and

8. Asian Appraisal Company, Inc. is solvent and is of sound and financial condition.

Asian Appraisal will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer.

A brief discussion of the assumptions and methodologies used by Asian Appraisal is attached as Annex "B"

**Independent Market Research Consultant**

Santos Knight Frank, Inc., an independent market research consultant, was responsible for preparing the industry report entitled "Retail and Office Market Study" and dated March 1, 2022, portions of which have been presented in the section entitled "*Industry Overview*" in this REIT Plan and the full version of which is attached to this REIT Plan as Annex B (*Market Research Report*). Santos Knight Frank is a fully integrated real estate services provider. It caters to both local and multinational investors and real estate developers in providing property manager and advisory services, among others. The professional fees billed by Santos Knight Frank, Inc. for such work amounted to ₱1,344 million, inclusive of Value-Added Tax.

Santos Knight Frank, Inc. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer.

## PARTIES TO THE OFFER

**THE ISSUER**
**VistaREIT, INC.**
Lower Ground Floor, Building B,
Evia Lifestyle Center, Brgy. Almanza II, Las Piñas City
www.vistareit.com.ph

**ISSUE COORDINATOR**
**China Bank Capital Corporation**
28/F BDO Equitable Tower
8751 Paseo de Roxas
Makati City 1226
Philippines

**JOINT LEAD UNDERWRITERS AND BOOKRUNNERS**

**BDO Capital & Investment Corporation**
**17/F BDO Equitable Tower**
**8751 Paseo de Roxas**
Makati City 1226
Philippines

**China Bank Capital Corporation**
28/F BDO Equitable Tower
8751 Paseo de Roxas
Makati City 1226
Philippines

**PNB Capital and Investment Corporation**
9th Floor PNB Financial Center
Pres, Diosdado Macapagal Blvd,
Pasay City, 1300 Philippines

**RCBC Capital Corporation**
21st Floor RCBC Plaza Tower 2,
6819 Ayala Avenue
Makati, 1227 Metro Manila
Philippines

**SB Capital Investment Corporation**
18th Floor, Security Bank Centre,
6776 Ayala Avenue
Makati City, 1200 Metro Manila
Philippines

**PARTICIPATING UNDERWRITER**
**Abacus Capital and Investment Corporation**
Unit 2904A East Tower, Tektite Towers,
Exchange Road, Ortigas Center
Pasig City, 1605
Philippines

**LEGAL ADVISORS**

***To the Issue Coordinatior and the Joint Lead Underwriters and Bookrunners, and Participating Underwriter***
**Romulo Mabanta Buenaventura**
**Sayoc & de los Angeles**
8767 Paseo de Roxas
Makati, Philippines

***To the Issuer***
**Picazo Buyco Tan Fider & Santos**
Penthouse, Liberty Center – Picazo Law
104 H.V. dela Costa Street
Salcedo Village, Makati City, 1227
Philippines

**AUDITORS OF THE ISSUER**
**SGV & Co.**

6760 Ayala Avenue,
Makati City, 1226 Metro Manila
Philippines

**STOCK TRANSFER AGENT**
**& RECEIVING AGENT**
**Stock Transfer Service, Inc.**
34-D Rufino Pacific Tower
6784 Ayala Avenue, Makati City, Philippines

**ESCROW AGENT**
**China Banking Corporation – Trust and Asset Management Group**
8/F China Bank Building
8745 Paseo De Roxas corner Villar Street, Makati City, 1226 Philippines

# Vista One, Inc.

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

and

Independent Auditor's Report

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**[STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

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

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

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

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

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

Signed this 16th day of March 2022.

**MANUEL PAOLO A. VILLAR**
**Chairman**

**JERYLLE LUZ C. QUISMUNDO**
President

**BRIAN N. EDANG**
Treasurer

MAR 1 6 2022

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

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

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

Doc No. 143
Page No. 30
Book No. XVIII
Series of 2022.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57146
MCLE Compliance ... 2019
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

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

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

# INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vista One, Inc.
3rd Floor Starmall Las Piñas, CV Starr Avenue
Pamplona, Las Piñas City, Metro Manila

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Vista One, Inc. (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

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

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

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

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

*See accompanying Notes to Financial Statements.*

VISTA ONE, INC.

## STATEMENTS OF COMPREHENSIVE LOSS

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

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

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

*See accompanying Notes to Financial Statements.*

## VISTA ONE, INC.
## STATEMENTS OF CHANGES IN EQUITY
### FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD AUGUST 24 TO DECEMBER 31, 2020*

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

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

*See accompanying Notes to Financial Statements.*

## VISTA ONE, INC.

## STATEMENTS OF CASH FLOWS

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

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

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

*See accompanying Notes to Financial Statements.*

## VISTA ONE, INC.
## NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

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

On December 29, 2021, the SEC approved the increase in VOI's authorized capital stock from ₱40,000,0000 divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000,000,0000 divided into 2,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the Company subsequently issued 500,000,000 common shares to its shareholders.

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

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

VOI's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona Dos, Las Piñas City.

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

The increase in VOI's authorized capital stock from ₱2,000,000,0000 divided into 2,000,000,000 shares of the par value of ₱1.00 per share to ₱15,000,000,000 pesos in lawful money of the Philippines, divided into 15,000,000,000 shares with the par value of ₱1.00 per share was approved by the SEC on March 14, 2022.

On March 16, 2022, at least a majority of the Board of Directors and the stockholders owning at least two-thirds (2/3) of the outstanding capital stock of VOI approved various amendments to the Articles of Incorporation of the VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing

Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of the VOI as a REIT entity. Such amendments were filed with SEC and is still waiting for approval.

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

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

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

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

The foregoing amendments to VOI Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

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

## 2. Basis of Preparation

Basis of Preparation
The financial statements have been prepared on historical cost basis and are presented in Philippine Peso (₱), the Company's functional currency. All amounts are rounded off to the nearest peso unless otherwise indicated.

Statement of Compliance
The accompanying financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

<u>Changes in Accounting Policies</u>
The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

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

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

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

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

Future Changes in Accounting Policies

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

*Effective beginning on or after January 1, 2022*

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

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

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

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

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

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

*Effective beginning on or after January 1, 2023*

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

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

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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

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

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

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

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023.

  Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

*Effective beginning on or after January 1, 2024*

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

- PFRS 17, Insurance Contracts

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

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

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

*Deferred effectivity*

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

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

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

Current and Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or

- Cash unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

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

All other liabilities are classified as noncurrent.

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

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

*Financial assets at amortized cost (debt instruments)*
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets at amortized cost include cash in bank.

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

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

The Company recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Company uses external credit rating approach to calculate ECL for cash in bank. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. This information is widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

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

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

The Company's financial liability includes accounts and other payables and due to related parties.

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

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

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

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

Derecognition of Financial Assets and Financial Liabilities

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets
The Company assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or Company's of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

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

Deficit
Deficit represents accumulated losses of the Company.

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

Income Taxes

*Current tax*

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

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

*Deferred tax*

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

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

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

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

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

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

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

Expenses

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

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

As of December 31, 2021 and 2020, the Company has no potential dilutive common shares.

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

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

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

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

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

## 3. Significant Accounting Judgments and Estimates

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

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

## 4. Cash in Bank

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

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

## 5. Accounts and Other Payables

This account consists of:

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

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

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

## 6. Equity

*Capital Stock*

**2021**

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

2020

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

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

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

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

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

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

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

The Company is not subject to externally imposed capital requirements.

## 7. Income Tax

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

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

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

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

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

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

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

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

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

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

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

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

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

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

## 8. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

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

**2021**

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

2020

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

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

*Key Management Compensation*
The Company's accounting and administrative functions are handled at no cost by MC, as well as the compensation of its key management personnel. Hence, disclosure of compensation for key management personnel, as required by PAS 24, *Related Party Disclosures,* is included in the financial statements of MC.

## 9. Loss Per Share (LPS)

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

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

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

## 10. Fair Value Determination

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

## 11. Financial Instruments

Financial Risk Management Objectives and Policies

*Financial risk*

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

The BOD reviews and approves policies for managing each of these risks. The Company monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Company's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Company's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

*Credit Risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its investing activities particularly its deposits with banks.

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

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

*Liquidity Risk*

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

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

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

## 12. Other Matters

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

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

## 13. Subsequent Events

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

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Building a better working world

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

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# INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vista One, Inc.
3rd Floor Starmall Las Piñas, CV Starr Avenue
Pamplona, Las Piñas City, Metro Manila

We have audited the accompanying financial statements of Vista One, Inc. (the Company) as at December 31, 2021 and 2020 and for the year ended December 31, 2021 and for the period August 24 to December 31, 2020, on which we have rendered the attached report dated March 16, 2022.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the Company has ten (10) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

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**INDEPENDENT AUDITOR'S REPORT**
**ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and the Stockholders
Vista One, Inc.
3rd Floor Starmall Las Piñas, CV Starr Avenue
Pamplona Dos, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Vista One, Inc. (the Company) as at December 31, 2021 and 2020 and for the year ended December 31, 2021 and for the period August 24 to December 31, 2020, and have issued our report thereon dated March 16, 2022. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

## VISTA ONE, INC.
## INDEX TO THE SUPPLEMENTARY SCHEDULES

| Schedule | Contents |
|---|---|
| • | Supplementary schedules required by Annex 68-J |
| A | Financial Assets |
| B | Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties) |
| C | Amount Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements |
| D | Long-Term Debt |
| E | Indebtedness to Related Parties (Long-term Loans from Related Companies) |
| F | Guarantees of Securities of Other Issues |
| G | Contributed Capital |
| • | Map of the relationships of the companies within the Group |

**SCHEDULE A**

**VISTA ONE, INC.**
**SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS**
**DECEMBER 31, 2021**

The Company does not have financial assets classified under available-for-sale, fair value through profit or loss and held to maturity as at December 31, 2021.

**SCHEDULE B**

**VISTA ONE, INC.**

**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**
**DECEMBER 31, 2021**

The Company does not have amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) as at December 31, 2021.

**SCHEDULE C**

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

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

**SCHEDULE D**

## VISTA ONE, INC.
## SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
## DECEMBER 31, 2021

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

**SCHEDULE E**

## VISTA ONE, INC.
## SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
## DECEMBER 31, 2021

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

| Name of related party | Balance at beginning of period | Balance at end of period |
|---|---|---|
| N/A | N/A | N/A |

**SCHEDULE F**

**VISTA ONE, INC.**
**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS**
**DECEMBER 31, 2021**

**Guarantees of Securities of Other Issuers**

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

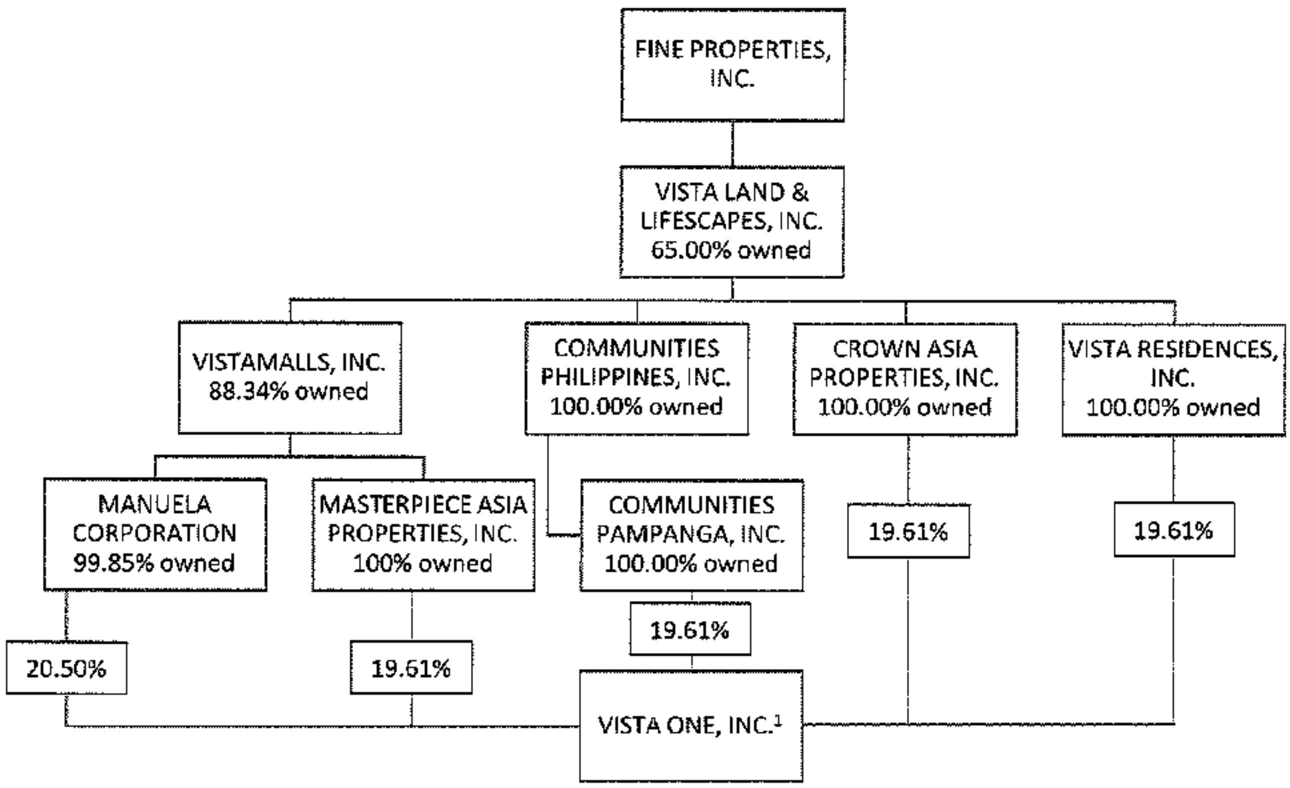
**SCHEDULE G**

## VISTA ONE, INC.
## SUPPLEMENTARY SCHEDULE OF CONTRIBUTED CAPITAL
## DECEMBER 31, 2021

**Contributed Capital**

| Title of issue | Number of shares authorized | Number of shares issued and outstanding as shown under related balance sheet caption | Number of shares reserved for options warrants, conversion and other rights | Number of shared held by related parties | Directors, officers and employees | Others |
|---|---|---|---|---|---|---|
| Common stock, ₱1 par value | 2,000,000,000 | 510,000,000 | – | 504,500,000 | 5,500,000 | – |

**VISTA ONE, INC.**
**COMPANY STRUCTURE**
**DECEMBER 31, 2021**




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

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# INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
Vista One, Inc.
3rd Floor Starmall Las Piñas, CV Starr Avenue
Pamplona Dos, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Vista One, Inc. (the Company) as at December 31, 2021 and 2020 and for the year ended December 31, 2021 and for the period August 24 to December 31, 2020, and have issued our report thereon dated March 16, 2022. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2021 and 2020 and for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

## VISTA ONE, INC.

## SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS DECEMBER 31, 2021*

Below are the financial ratios that are relevant to the Company for the year ended December 31, 2021 and for the period August 24 to December 31, 2020.

| | | 2021 | 2020 |
|---|---|---|---|
| Current ratio | Current assets / Current liabilities | **52.24** | 38.18 |
| Acid test ratio | Quick asset[1] / Current liabilities | **52.24** | 38.18 |
| Solvency ratio | Net income + Depreciation / Total liabilities | – | – |
| Debt ratio | Interest bearing debt / Total assets | – | – |
| Asset to equity ratio | Total assets / Total equity | **1.02** | 1.03 |
| Interest service coverage ratio | EBITDA[2] / Total interest paid | – | – |
| Return on equity | Net income / Total equity | – | – |
| Return on assets | Net income / Average total assets[3] | – | – |
| Net profit margin | Net income / Net revenue | – | – |

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

[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*

## VISTA ONE, INC.
## SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
## DECEMBER 31, 2021

| | |
|---|---|
| Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning | ₱– |
| Add: Net income actually earned/realized during the period | |
| Net income during the period closed to retained earnings | – |
| Less: Non-actual/unrealized income net of tax | |
| Equity in net income of associate/joint venture | – |
| Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) | – |
| Unrealized actuarial gain | – |
| Fair value adjustment (M2M gains) | – |
| Fair value adjustment of Investment Property resulting to gain | – |
| Adjustment due to deviation from PFRS/GAAP-gain | – |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS | – |
| Add: Non-actual losses | |
| Depreciation on revaluation increment (after tax) | – |
| Adjustment due to deviation from PFRS/GAAP-loss | – |
| Loss on fair value adjustment of investment property (after tax) | – |
| Net income actually earned during the period | – |
| Add (Less): | |
| Dividend declarations during the period | – |
| Appropriations of retained earnings during the period | – |
| Reversals of appropriations | – |
| Effects of prior period adjustments | – |
| Treasury shares | – |
| **TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION** | ₱– |

# Vista Group REIT Properties

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

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

and

Independent Auditor's Report

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

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

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

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

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

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

Signed this ________ day of MAR 1 6 2022 2022.

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

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

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

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

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

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

Doc No. 146
Page No. 31
Book No. V
Series of 2022.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53511
IBP Lifetime Member No. 018530
PTR No. 4871100 / 03 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-0026480 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

# COVER SHEET
for
## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 2 0 0 6 7 2 5

**COMPANY NAME**

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

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

3 r d   F l o o r ,   S t a r m a l l   L a s   P i ñ a s ,
C V   S t a r r   A v e n u e ,   P a m p l o n a   D o s ,
L a s   P i ñ a s   C i t y

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
| --- | --- | --- |
| F S | S E C | N / A |

**COMPANY INFORMATION**

| Company's Email Address | Company's Telephone Number | Mobile Number |
| --- | --- | --- |
| vistaoneinc@starmalls.com.ph | (02) 89944377 | 09998864216 |

| No. of Stockholders | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) |
| --- | --- | --- |
| 10 | 1st Monday of July | 12/31 |

**CONTACT PERSON INFORMATION**

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

| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
| --- | --- | --- | --- |
| Brian N. Edang | brian_edang@ vistaland.com.ph | 3226-3552/ 8874-5758 | 0917-857-6513 |

**CONTACT PERSON's ADDRESS**

3rd Floor, Starmall Las Piñas, CV Starr Avenue,
Pamplona Dos, Las Piñas City

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and the Stockholders
Vista One, Inc.
3rd Floor Starmall Las Piñas, CV Starr Avenue
Pamplona Dos, Las Piñas City

**Opinion**

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

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

**Basis for Opinion**

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the combined carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined carve-out financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Assigned Properties' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Assigned Properties' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Assigned Properties to cease to continue as a going concern.

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

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

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

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

*See accompanying Notes to Combined Carve-out Financial Statements*

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

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

*(Forward)*

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

*See accompanying Notes to Combined Carve-out Financial Statements.*

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

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

*See accompanying Notes to Combined Carve-out Financial Statements.*

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

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

*See accompanying Notes to Combined Carve-out Financial Statements.*

# VISTA GROUP REIT PROPERTIES
# NOTES TO COMBINED CARVE-OUT FINANCIAL STATEMENTS

## 1. Corporate Information

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

On December 29, 2021, the SEC approved the increase in VOI's authorized capital stock from ₱40,000,0000 divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000,000,0000 divided into 2,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the Company subsequently issued 500,000,000 common shares to its shareholders.

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

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

VOI's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona Dos, Las Piñas City.

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

The increase in VOI's authorized capital stock from ₱2,000,000,0000 divided into 2,000,000,000 shares of the par value of ₱1.00 per share to ₱15,000,000,000 pesos in lawful money of the Philippines, divided into 15,000,000,000 shares with the par value of ₱1.00 per share was approved by the SEC on March 14, 2022.

On March 16, 2022, at least a majority of the Board of Directors and the stockholders owning at least two-thirds (2/3) of the outstanding capital stock of VOI approved various amendments to the Articles of Incorporation of the VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing

Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of the VOI as a REIT entity. Such amendments were filed with SEC and is still waiting for approval.

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

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

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

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

The foregoing amendments to VOI Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

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

## 2. Basis of Preparation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 3. Changes in Accounting Policies

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

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

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

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

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

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

The Assigned Properties shall also disclose information about:

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

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

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

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

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

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

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

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

*Effective beginning on or after January 1, 2022*

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

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

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

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

    These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

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

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

*Effective beginning on or after January 1, 2023*

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

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

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

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

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

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

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

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

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

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

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

*Effective beginning on or after January 1, 2024*

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements,* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Assigned Properties is currently assessing the impact the amendments will have on current practice.

- PFRS 17, Insurance Contracts

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

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

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

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

*Deferred effectivity*

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

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

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

## 4. Summary of Significant Accounting Policies

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

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

*Rental income*
The Assigned Properties earn revenue from acting as a lessor in operating leases which do not transfer substantially all of the risk and rewards incidental to the ownership of the investment properties. Rental income from leased properties is accounted for on a straight-line basis over the lease term and is included in the revenue in the combined carve-out statement of comprehensive income due to its operating nature, except for contingent rental income which is recognized when it arises.

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

The tenant lease incentives are considered in the calculation of "Accrued rent receivable" in the line item "Receivables" in the combined carve-out statement of financial position.

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

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

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

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

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

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

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

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

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

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

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

<u>Leases</u>

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

The Assigned Properties as Lessee effective January 1, 2019

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

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

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

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

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

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

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

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

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

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

Assigned Properties as a Lessor under PFRS 16 and PAS 17

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

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

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

Current and Noncurrent Classification

The Assigned Properties presents assets and liabilities in the combined carve-out statement of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after reporting date; or
- It is a cash unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible by the Assigned Properties.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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

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

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

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

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

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

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

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

As discussed above, starting January 1, 2021, the Assigned Properties used simplified approach method in calculating its ECL for lease receivables from the previous general approach. Under the simplified approach, the Assigned Properties does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Assigned Properties has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

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

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

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

*Financial liabilities*

*Initial recognition and measurement*

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

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

The Assigned Properties' financial liabilities include accounts and other payables, lease liabilities, bank loan and other noncurrent liabilities (except for construction bond, security deposits, advance rent and other statutory payables).

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

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

Derecognition of Financial Assets and Financial Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

Refundable Deposits
Refundable deposits are measured at amortized cost. These pertain to deposits on utility subscriptions, rental deposits and security deposits which shall be applied against unpaid utility expenses and rent expenses upon termination of the contracts. These deposits are necessary for the continuing construction and development of the Assigned Properties' commercial centers. The noncurrent portion of the account is expected to be realized beyond one year from reporting date.

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

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

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

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

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

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

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

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

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

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

Property and Equipment

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

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

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

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

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

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

Impairment of Nonfinancial Assets

The Assigned Properties assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Assigned Properties makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or Assigned Properties' of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 5. Significant Accounting Judgments and Estimates

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

Judgments
In the process of applying the Assigned Properties' accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the combined carve-out financial statements:

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

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

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

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

*Principal versus agent considerations*
The contract for the commercial center and office spaces leased out by the Assigned Properties to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Assigned Properties determined that it is acting as an agent because the promise of the Assigned Properties to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Assigned Properties, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Assigned Properties does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the connection to air conditioning system and services in the CUSA, the Assigned Properties acts as a principal. This is because it is the Assigned Properties who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Assigned Properties has the discretion on how to price the CUSA and air conditioning charges.

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

*Determination of the lease term (On or after January 1, 2019)*
The Assigned Properties determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Assigned Properties enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Assigned Properties determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Assigned Properties takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Assigned Properties does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Sponsors have lease contracts for the land where investment properties are situated that includes an extension and a termination option. The Assigned Properties applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Assigned Properties reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

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

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

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

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

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

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

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*
The Assigned Properties recognizes a loss allowance on lease receivables based on lifetime ECLs effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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

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

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

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

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

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

The Assigned Properties estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. Fair value less costs to sell pertain to quoted prices and for fair values determined using discounted cash flows or other valuation technique such as multiples. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Assigned Properties is required to make estimates and assumptions that may affect property and equipment, investment properties and other nonfinancial assets. Further details are provided in Note 9.

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

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

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

## 6. Cash in Banks

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

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

## 7. Receivables

This account consists of:

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

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

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

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

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

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

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

## 8. Other Assets

This account consists of:

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

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

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

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

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

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

## 9. Investment Properties

The rollforward analysis of this account follows:

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

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

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

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

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

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

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

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

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

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

All fair market valuations are under Level 3 category.

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

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

## 10. Accounts and Other Payables

This account consists of:

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

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

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

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

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

The details of accrued expenses are as follow:

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

*Retention payable*
Retention payable pertains to 10.00% retention from the contractors' progress billings which will be released after the completion of contractors' project. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects. Retention payables that are payable beyond one year from year end date are presented as other noncurrent liabilities.

*Other payables*
Other payables include dues from remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, withholding taxes and various payables.

These are noninterest-bearing and are normally settled within one year.

## 11. Security Deposits and Advance Rent and Other Noncurrent Liabilities

Security deposits and advance rent consists of:

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

*Security deposits*
Security deposits represent deposits required by lease agreements. These can be recovered upon termination of the lease agreement through refund or application to unpaid rent and/or other charges. Current portion are for those contracts with end date within one year from balance sheet date.

*Advance rent*
Advance rent includes three-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last 2 to 4-month rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings. Current portion are those to be applied within one year from financial reporting date.

Other noncurrent liabilities consist of long-term portion of:

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

## 12. Bank Loans

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

The rollforward analysis of this account follows:

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

Details of the bank loans are as follow:

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

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

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

## 13. Invested Equity

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

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

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

## 14. Interest Income, Other Operating Income and Interest Expense

Interest income consists of:

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

Other operating income consists of:

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

Interest and other financing charges consist of:

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

## 15. **Income Tax**

Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE"
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

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

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

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
    - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
    - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
    - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

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

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

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

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

Provision for income tax consists of:

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

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

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

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

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

## 16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Entities under common control are those entities that are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The combined carve-out statements of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable (payable) with related parties as at December 31, 2021, 2020, 2019 and 2018:

**December 31, 2021**

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

December 31, 2020

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

December 31, 2019

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

December 31, 2018

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

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

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

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

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

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

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

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

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

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

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

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

## 17. Fair Value Determination

The Assigned Properties uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other valuation techniques involving inputs other than quoted prices included Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

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

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

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

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

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

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

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

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

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

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

Description of significant unobservable inputs to valuation:

| Account | Valuation Technique | Significant Unobservable Inputs |
|---|---|---|
| Bank loan | Discounted cash flow analysis | Discount rate |
| Lease liabilities | Discounted cash flow analysis | Discount rate |
| Retention payable | Discounted cash flow analysis | Discount rate |
| Liability for purchased land | Discounted cash flow analysis | Discount rate |

## 18. Financial Assets and Liabilities

Financial Risk Management Objectives and Policies

*Financial risk*
The Assigned Properties' principal financial liabilities comprise of accounts and other payables, bank loan, lease liabilities, and other liabilities (except for security deposit, advance rent, construction bond, and deferred output VAT and other statutory payables). The main purpose of the Assigned Properties' financial liabilities is to raise financing for the Assigned Properties' operations. The Assigned Properties has various financial assets such as cash in banks, receivables and restricted cash which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, credit risk and liquidity risk.

The Board of Directors (BOD) reviews and approves with policies for managing each of these risks. The Assigned Properties monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Assigned Properties' risk management policies are summarized below. The exposure to risk and how they arise, as well as the Assigned Properties' objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

*Credit risk*
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Assigned Properties is exposed to credit risk from its operating activities primarily from receivables from tenants.

Customer credit risk is managed by each business unit subject to the Assigned Properties' established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Receivables are regularly monitored.

With respect to credit risk arising from the other financial assets of the Assigned Properties, which are comprised of cash in banks and restricted cash, the Assigned Properties' exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Assigned Properties manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years.

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

Credit risk arising from receivable from third party tenants is primarily managed through a screening of tenants based on credit history and financial information submitted. Tenants are required to pay security deposits equivalent to 2 to 4-month lease payment to cover any defaulting amounts and advance rentals also equivalent to 2 to 4-month rent.

Credit risk arising from receivable from related party tenants outside AllValue Group is minimal due to the guarantee provided by Fine Properties, Inc., the ultimate parent of VLLI.

Credit risk from balances with banks and financial institutions is managed by the treasury department in accordance with the Sponsor's policy. Counterparty credit limits are reviewed by the Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Assigned Properties' maximum exposure to credit risk as of December 31, 2021, 2020, 2019 and 2018 is equal to the carrying values of its financial assets.

As of December 31, 2021, 2020, 2019 and 2018, the credit quality per class of financial assets is as follows:

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | **Neither Past Due nor Impaired** | | | | | |
| | **High Grade** | **Standard** | **Substandard Grade** | **Past due but not Impaired** | **Impaired** | **Total** |
| Cash in banks | **₱19,068,536** | **₱–** | **₱–** | **₱–** | **₱–** | **₱19,068,536** |
| Trade and other receivables | **1,972,628,576** | **–** | **–** | **558,581,388** | **96,511,781** | **2,627,721,745** |
| Restricted cash | **91,452,939** | **–** | **–** | **–** | **–** | **91,452,939** |
| | **₱2,083,150,051** | **₱–** | **₱–** | **₱558,581,388** | **₱96,511,781** | **₱2,738,243,220** |

| | 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Neither Past Due nor Impaired | | | | | |
| | High Grade | Standard | Substandard Grade | Past due but not Impaired | Impaired | Total |
| Cash in banks | ₱20,836,203 | ₱– | ₱– | ₱– | ₱– | ₱20,836,203 |
| Trade and other receivables | 1,344,886,415 | – | – | 364,836,400 | 56,269,659 | 1,765,992,474 |
| Restricted cash | 117,953,403 | – | – | – | – | 117,953,403 |
| | ₱1,483,676,021 | ₱– | ₱– | ₱364,836,400 | ₱56,269,659 | ₱1,904,782,080 |

| | 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Neither Past Due nor Impaired | | | | | |
| | High Grade | Standard | Substandard Grade | Past due but not Impaired | Impaired | Total |
| Cash in banks | ₱193,814,766 | ₱– | ₱– | ₱– | ₱– | ₱193,814,766 |
| Trade and other receivables | 937,567,906 | – | – | 300,774,453 | 21,605,360 | 1,259,947,719 |
| Restricted cash | 107,844,515 | – | – | – | – | 107,844,515 |
| | ₱1,239,227,187 | ₱– | ₱– | ₱300,774,453 | ₱21,605,360 | ₱1,561,607,000 |

| | 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Neither Past Due nor Impaired | | | | | |
| | High Grade | Standard | Substandard Grade | Past due but not Impaired | Impaired | Total |
| Cash in banks | ₱107,583,257 | ₱– | ₱– | ₱– | ₱– | ₱107,583,257 |
| Trade and other receivables | 775,225,440 | – | – | 409,305,401 | 11,197,989 | 1,195,728,830 |
| Restricted cash | 107,844,515 | – | – | – | – | 107,844,515 |
| | ₱990,653,212 | ₱– | ₱– | ₱409,305,401 | ₱11,197,989 | ₱1,411,156,602 |

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

High grade - these are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables is readily enforceable).

Standard - these are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

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

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

As of December 31, 2021, 2020, 2019 and 2018, the aging analyses of the Company's receivables are as follow:

| | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Past due but not impaired | | | | | |
| | **Current** | **1 to 30 days** | **31 to 60 days** | **61 to 90 days** | **Over 90 days** | **Impaired** | **Total** |
| **Receivables** | **₱1,972,628,576** | **₱23,195,414** | **₱367,452** | **₱23,615,549** | **₱511,402,973** | **₱96,511,781** | **₱2,627,721,745** |

| | 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Past due but not impaired | | | | | |
| | Current | 1 to 30 days | 31 to 60 days | 61 to 90 days | Over 90 days | Impaired | Total |
| Receivables | ₱1,344,886,415 | ₱32,241,866 | ₱182,454 | ₱28,266,533 | ₱304,145,547 | ₱56,269,659 | ₱1,765,992,474 |

| | 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Past due but not impaired | | | | | |
| | Current | 1 to 30 days | 31 to 60 days | 61 to 90 days | Over 90 days | Impaired | Total |
| Receivables | ₱937,567,906 | ₱28,329,132 | ₱4,400,885 | ₱24,176,395 | ₱243,868,041 | ₱21,605,360 | ₱1,259,947,719 |

| | 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Past due but not impaired | | | | | |
| | Current | 1 to 30 days | 31 to 60 days | 61 to 90 days | Over 90 days | Impaired | Total |
| Receivables | ₱775,225,440 | ₱59,430,587 | ₱195,475 | ₱60,640,863 | ₱289,038,476 | ₱11,197,989 | ₱1,195,728,830 |

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

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

*Liquidity Risk*
The Assigned Properties monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Assigned Properties maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Assigned Properties' loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Assigned Properties' objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2021, 2020, 2019 and 2018.

The tables below summarize the maturity profile of the Assigned Properties' financial liabilities as at December 31, 2021, 2020, 2019 and 2018 based on undiscounted contractual payments, including interest payable.

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | **On Demand** | **1 to 3 Months** | **3 to 12 Months** | **More than 1 year** | **Total** |
| **Financial Liabilities** | | | | | |
| *Financial liabilities at amortized cost* | | | | | |
| Bank loan | **₱–** | **₱40,516,358** | **₱125,189,991** | **₱307,271,131** | **₱472,977,480** |
| Lease liabilities | **–** | **9,341,918** | **28,337,839** | **1,163,424,047** | **1,201,103,804** |
| Accounts and other payables* | **–** | **110,257,932** | **112,126,943** | **–** | **222,384,875** |
| Retention payable | **–** | **30,794,384** | **590,820** | **18,223,497** | **49,608,701** |
| Liability for purchased land | **–** | **–** | **–** | **34,383,795** | **34,383,795** |
| | **₱–** | **₱190,910,592** | **₱266,245,593** | **₱1,523,302,470** | **₱1,980,458,655** |

** Excluding other statutory payables, deferred output VAT and current portion of retention payable*

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | On Demand | 1 to 3 Months | 3 to 12 Months | More than 1 year | Total |
| Financial Liabilities | | | | | |
| *Financial liabilities at amortized cost* | | | | | |
| Bank loan | ₱– | ₱42,117,049 | ₱132,406,220 | ₱472,977,479 | ₱647,500,748 |
| Lease liabilities | – | 9,080,445 | 27,737,779 | 1,201,103,803 | 1,237,922,027 |
| Accounts and other payables* | – | 117,203,707 | 113,967,752 | – | 231,171,459 |
| Retention payable | – | 20,715,034 | 15,780,515 | 19,756,924 | 56,252,473 |
| Liability for purchased land | – | – | – | 35,266,230 | 35,266,230 |
| | ₱– | ₱189,116,235 | ₱289,892,266 | ₱1,729,104,436 | ₱2,208,112,937 |

** Excluding other statutory payables, deferred output VAT and current portion of retention payable*

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | On Demand | 1 to 3 Months | 3 to 12 Months | More than 1 year | Total |
| **Financial Liabilities** | | | | | |
| *Financial liabilities at amortized cost* | | | | | |
| Bank loan | ₱– | ₱43,848,944 | ₱139,622,449 | ₱647,500,748 | ₱830,972,141 |
| Lease liabilities | – | 8,983,206 | 27,307,503 | 1,237,741,299 | 1,274,032,008 |
| Accounts and other payables* | – | 74,111,973 | 67,727,746 | – | 141,839,719 |
| Retention payable | – | 35,085,394 | 39,040,756 | 21,198,450 | 95,324,600 |
| Liability for purchased land | – | – | – | 35,266,230 | 35,266,230 |
| | ₱– | ₱162,029,517 | ₱273,698,454 | ₱1,941,706,727 | ₱2,377,434,698 |

** Excluding other statutory payables, deferred output VAT and current portion of retention payable*

| | December 31, 2018 | | | | |
|---|---|---|---|---|---|
| | On Demand | 1 to 3 Months | 3 to 12 Months | More than 1 year | Total |
| Financial Liabilities | | | | | |
| *Financial liabilities at amortized cost* | | | | | |
| Bank loan | ₱– | ₱45,318,431 | ₱146,838,678 | ₱830,972,141 | ₱1,023,129,250 |
| Accounts and other payables* | – | 125,890,215 | 77,842,471 | – | 203,732,686 |
| Retention payable | – | 94,540,574 | 80,986,894 | 19,910,285 | 195,437,753 |
| Liability for purchased land | – | – | – | 34,381,455 | 34,381,455 |
| | ₱– | ₱265,749,220 | ₱305,668,043 | ₱885,263,881 | ₱1,456,681,144 |

** Excluding other statutory payables, deferred output VAT and current portion of retention payable*

## 19. Leases

The Assigned Properties as a Lessor

The Assigned Properties has entered into non-cancellable property leases on its investment property portfolio, consisting of office and commercial centers which generally provide for either (a) fixed monthly rent for office spaces, and (b) minimum rent or a certain percentage of gross revenue, whichever is higher for commercial centers and retail spaces. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivables under non-cancellable operating leases as of December 31, 2021, 2020, 2019 and 2018 follow:

| | **2021** | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Within 1 year | **₱1,403,800,955** | ₱1,417,591,783 | ₱1,789,351,305 | ₱1,519,237,886 |
| More than 1 year to 2 years | **1,288,600,332** | 1,433,181,780 | 1,791,759,555 | 1,518,154,514 |
| More than 2 years to 3 years | **1,417,234,852** | 1,369,154,058 | 1,869,514,256 | 1,528,805,199 |
| More than 3 years to 4 years | **1,529,677,226** | 1,520,623,432 | 1,813,580,545 | 1,527,454,054 |
| More than 4 years to 5 years | **1,658,963,275** | 1,672,139,266 | 2,036,261,349 | 1,392,497,862 |
| More than 5 years | **18,411,868,518** | 21,333,027,545 | 33,877,027,014 | 5,511,251,630 |
| | **₱25,710,145,158** | ₱28,745,717,864 | ₱43,177,494,024 | ₱12,997,401,145 |

Rental income included in the combined carve-out statements of comprehensive income for the years ended December 31, 2021, 2020, 2019 and 2018 amounted to ₱2,200.49 million, ₱1,911.50 million, ₱1,837.86 million and ₱1,454.83 million, respectively.

Variable rent included in rental income for the years ended December 31, 2021, 2020, 2019 and 2018 amounted to ₱453.26 million, ₱430.19 million, ₱429.67 million and ₱130.16 million, respectively.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Assigned Properties came up with its own waiver scheme that applies to different classifications of lessees based on their respective financial position and performance before and during the community quarantine, their status as an essential vis-à-vis non-essential service, and their growth projections. The Assigned Properties waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Granting of concessions were extended up to December 31, 2021 and beyond depending on the tenant's profile and credit. The rent concession granted by the Assigned Properties for years ended December 31, 2021 and 2020 amounted to ₱52.30 million and ₱345.08 million, respectively.

The Assigned Properties as a Lessee

The Assigned Properties, as lessee, have lease contracts for parcels of land where its malls or commercial centers are situated. MAPI entered into lease agreements with Communities Cebu, Inc., a wholly owned subsidiary of VLLI, Cebu Realty, Inc. and Cerlita M. Manigos and Vicente Manigos, Jr. for parcels of land where Vistamall Mall Talisay - Cebu is situated, with various commencement dates. These lease contracts have 19-23 remaining years from January 1, 2019. Another lease agreement was entered into by MAPI on October 23, 2017 with HDC for parcels of land where Vista Mall General Trias and Vista Mall Tanza are situated, with both having a remaining lease term of 23 years from January 1, 2019. Lastly, CAPI entered into a lease agreement with Beatrice Realty Development Assigned Properties, Inc. for a parcel of land where Vista Mall Antipolo is situated which commenced on September 5, 2014 and with a remaining lease term of 20 years from January 1, 2019.

Rental due is based on prevailing market conditions. Generally, the Assigned Properties are not restricted from assigning and subleasing the leased assets. The Assigned Properties' lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Assigned Properties' business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5).

The following are the amounts recognized in the combined carve-out statement of comprehensive income in relation to the Assigned Properties as lessee:

| | **2021** | 2020 | 2019 |
|---|---|---|---|
| Depreciation expense of right-of-use assets included in investment properties (Note 9) | **₱16,759,638** | ₱16,759,638 | ₱16,759,638 |
| Interest expense on lease liabilities | **44,061,051** | 43,314,192 | 38,903,571 |
| Expenses relating to short-term leases (included in operating expenses) | **2,566,011** | 4,427,539 | 8,691,680 |
| Total amount recognized in the combined carve-out statement of comprehensive income | **₱63,386,700** | ₱64,501,369 | ₱64,354,889 |

The rollforward analysis of lease liabilities follows:

| | **2021** | **2020** | 2019 |
|---|---|---|---|
| Balances at the beginning of the year, as previously reported | **₱420,943,966** | ₱413,920,483 | ₱– |
| Effect of adoption of PFRS 16 | – | – | 398,388,814 |
| Balances at the beginning of the year, as restated | **420,943,966** | 413,920,483 | 398,388,814 |
| Interest expense (Note 14) | **44,061,051** | 43,314,192 | 38,903,571 |
| Payments | **(36,818,224)** | (36,290,709) | (23,371,902) |
| Balances at the end of the year | **428,186,793** | 420,943,966 | 413,920,483 |
| Less current portion | **37,679,757** | 36,818,224 | 36,290,709 |
| Noncurrent portion | **₱390,507,036** | ₱384,125,742 | ₱377,629,774 |

The Assigned Properties, as lessee, has no lease contract that contains variable payments. The Assigned Properties' fixed payments amounted to ₱36.82 million, ₱36.29 million and ₱23.37 million on December 31, 2021, 2020 and 2019, respectively.

Rental expense of ₱33.86 million in 2018 pertains to the operating lease agreement for parcels of land where the buildings are situated as lessee prior to the adoption of PFRS 16 effective January 1, 2019.

The Assigned Properties' lease contract includes escalation of lease rates with extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Assigned Properties' business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

| | **December 31, 2021** | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Within 1 year | **₱37,679,757** | ₱36,818,224 | ₱36,290,709 |
| More than 1 year to 2 years | **38,822,406** | 37,679,756 | 36,818,224 |
| More than 2 years to 3 years | **40,118,263** | 38,822,406 | 37,679,756 |
| More than 3 years to 4 years | **41,577,935** | 40,118,263 | 38,822,406 |
| More than 4 years to 5 years | **43,107,929** | 41,577,935 | 40,118,263 |
| More than 5 years | **999,797,514** | 1,042,905,443 | 1,084,302,650 |
| | **₱1,201,103,804** | ₱1,237,922,027 | ₱1,274,032,008 |

## 20. Notes to the Assigned Properties' Combined Carve-out Statements of Cash Flows

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

| | | | **Non-cash changes** | | |
|---|---|---|---|---|---|
| | **January 1, 2021** | **Cash Flows** | **Amortization of debt issue cost** | **Interest and other financing charges** | **December 31, 2021** |
| Lease liabilities | **₱420,943,966** | **(₱36,818,224)** | **₱–** | **₱44,061,051** | **₱428,186,793** |
| Bank loans | **569,138,606** | **(142,857,143)** | **1,021,092** | **–** | **427,302,555** |
| Interest payable | **–** | **(32,861,745)** | **(1,021,092)** | **33,882,837** | **–** |
| | **₱990,082,572** | **(212,537,112)** | **₱–** | **₱77,943,888** | **₱855,489,348** |

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | January 1, 2020 | Cash Flows | Amortization of debt issue cost | Interest and other financing charges | December 31, 2020 |
| Lease liabilities | ₱413,920,483 | (₱36,290,709) | ₱– | ₱43,314,192 | ₱420,943,966 |
| Bank loans | 710,636,932 | (142,857,143) | 1,358,817 | – | 569,138,606 |
| Interest payable | – | (42,298,388) | (1,358,817) | 43,657,205 | – |
| | ₱1,124,557,415 | (221,446,240) | ₱– | ₱86,971,397 | ₱990,082,572 |

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | January 1, 2019 | Cash Flows | Amortization of debt issue cost | Interest and other financing charges | December 31, 2019 |
| Lease liabilities | ₱398,388,814 | (₱23,371,902) | ₱– | ₱38,905,371 | ₱413,920,483 |
| Bank loans | 851,782,927 | (142,857,143) | 1,711,148 | – | 710,636,932 |
| Interest payable | – | (51,393,740) | (1,711,148) | 53,104,888 | – |
| | ₱1,250,171,741 | (₱217,622,785) | ₱– | ₱92,008,459 | ₱1,124,557,415 |

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | January 1, 2018 | Cash Flows | Amortization of debt issue cost | Interest and other financing charges | December 31, 2018 |
| Lease liabilities | ₱– | ₱– | ₱– | ₱– | ₱– |
| Bank loans | 992,548,474 | (142,857,143) | 2,091,596 | – | 851,782,927 |
| Interest payable | – | (60,592,245) | (2,091,596) | 62,683,841 | – |
| | ₱992,548,474 | (₱203,449,388) | ₱– | ₱62,683,841 | ₱851,782,927 |

The Assigned Properties' noncash investing and financing activities pertain to the following:

a) Recognition of right-of-use assets and lease liabilities amounted to ₱381.96 million and ₱398.39 million, respectively, as at January 1, 2019 due to adoption of PFRS 16 (Note 3). Right-of-use assets amounted to ₱331.68 million and ₱348.44 million as at December 31, 2021 and 2020, respectively. Lease liabilities amounted to ₱428.19 million and ₱420.94 million as at December 31, 2021 and 2020, respectively. No additions to right-of-use assets were made as at December 31, 2021.

b) As at December 31, 2021, 2020, 2019 and 2018, unpaid investment properties amounted to ₱129.61 million, ₱164.33 million, ₱78.51 million and ₱106.99 million, respectively. These were recorded under "Accounts and other payables".

c) As at December 31, 2021, 2020, 2019 and 2018, unpaid property and equipment amounted to ₱0.75 million, ₱2.72 million, ₱1.11 million and ₱1.47 million, respectively. These were recorded under "Accounts and other payables".

## 21. Segment Reporting

The Assigned Properties has determined that it is currently operating as one operating segment. Based on management's assessment, no part or component of the business of the Assigned Properties meets the qualifications of an operating segment defined by PFRS 8, *Operating Segments*. The activities of the Assigned Properties' are its only income-generating activity, and such is the measure used by the Chief Operating Decision Maker in allocating resources.

There were revenue transactions with related parties, which accounted for 10% or more of the total revenue, amounting to ₱1,639.41 million, ₱1,428.29 million, ₱1,170.71 million and ₱881.88 million for the years ended December 31, 2021, 2020, 2019, and 2018 respectively.

## 22. Other Matters

Impact of the recent Coronavirus situation
The declaration of COVID-19 outbreak by the World Health Organization as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the Philippines starting March 16, 2020 have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

The Assigned Properties has adjusted its operations in accordance with the required measures and safety protocols. In compliance with the Government's ECQ guidelines, malls, hotels, and other businesses, except those providing essential goods and services were temporarily closed. The mall buildings continued operations because these are occupied mostly by tenants providing essential services such as supermarkets, home improvement/appliance stores, drug stores, food establishments, financial services, and are located within or near Vista Land communities. The office buildings remained open during the lockdowns since BPO tenants are allowed to conduct their businesses onsite. Other office tenants, though they adopted work from home arrangements, continued to fulfill their rental payment obligations. The Assigned Properties provided rent concessions to certain tenants based on their profile and credit standing, in addition to the concessions that the Assigned Properties is required to provide pursuant to the Bayanihan Act (see Note 5).

To date, commercial spaces have opened, and construction and real estate development activities have resumed at various level of activities following safety protocols mandated by the national government.

## 23. Subsequent Events

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

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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and the Stockholders
Vista One, Inc.
3rd Floor Starmall Las Piñas, CV Starr Avenue
Pamplona Dos, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the combined carve-out financial statements of Vista Group REIT Properties (Vista Land and Lifescapes, Inc. and Subsidiaries' Commercial Properties to be transferred to Vista One, Inc.) (the Assigned Properties) as at December 31, 2021, 2020, 2019 and 2018 and for the years then ended, and have issued our report thereon dated March 16, 2022. Our audits were made for the purpose of forming an opinion on the combined carve-out financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Assigned Properties' management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the combined carve-out financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the combined carve-out financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the combined carve-out financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

## VISTA GROUP REIT PROPERTIES
## INDEX TO THE SUPPLEMENTARY SCHEDULES

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| C | Amount Receivable from Related Parties which are Eliminated during the Consolidation of Combined Carve-out Financial Statements |
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| G | Contributed Capital |
| • Company structure | |

**SCHEDULE A**

## VISTA GROUP REIT PROPERTIES
## SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
## DECEMBER 31, 2021

The Assigned Properties does not have financial assets classified under available-for-sale, fair value through profit or loss and held to maturity as at December 31, 2021.

**SCHEDULE B**

# VISTA GROUP REIT PROPERTIES

## SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
## DECEMBER 31, 2021

The Assigned Properties does not have amounts receivable from directors, officers, related parties and principal stockholders (other than related parties) except for their receivables from employees which amounted to ₱4.32 million as at December 31, 2021. This is presented under "Others" in the "Receivables" and are classified as current as at December 31, 2021.

**SCHEDULE C**

**VISTA GROUP REIT PROPERTIES**

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

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

SCHEDULE D

# VISTA GROUP REIT PROPERTIES
## SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
## DECEMBER 31, 2021

| Title of issue and type of obligation | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related balance sheet | Amount shown under caption "Long-term debt" in related balance sheet | Maturity date |
|---|---|---|---|---|
| Bank loan | ₱1,000,000,000 | ₱142,147,719 | ₱285,154,836 | December 2024 |

SCHEDULE E

# VISTA GROUP REIT PROPERTIES

## SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
## DECEMBER 31, 2021

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

| Name of related party | Balance at beginning of period | Balance at end of period |
|---|---|---|
| N/A | N/A | N/A |

**SCHEDULE F**

# VISTA GROUP REIT PROPERTIES
## SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
## DECEMBER 31, 2021

**Guarantees of Securities of Other Issuers**

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

SCHEDULE G

# VISTA GROUP REIT PROPERTIES
## SUPPLEMENTARY SCHEDULE OF CONTRIBUTED CAPITAL
## DECEMBER 31, 2021

| Title of issue | Number of shares authorized | Number of shares issued and outstanding as shown under related balance sheet caption | Number of shares reserved for options warrants, conversion and other rights | Number of shared held by related parties | Directors, officers and employees | Others |
|---|---|---|---|---|---|---|
| | | Contributed Capital | | | | |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A |

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

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ey.com/ph

**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and the Stockholders
Vista One, Inc.
3rd Floor Starmall Las Piñas, CV Starr Avenue
Pamplona Dos, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the combined carve-out financial statements of Vista Group REIT Properties (Vista Land and Lifescapes, Inc. and Subsidiaries' Commercial Properties to be transferred to Vista One, Inc.) (the Assigned Properties) as at December 31, 2021, 2020, 2019, and 2018 and for the years then ended, and have issued our report thereon dated March 16, 2022. Our audits were made for the purpose of forming an opinion on the combined carve-out financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Assigned Properties' management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the combined carve-out financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Assigned Properties' combined carve-out financial statements as at December 31, 2021, 2020, 2019, and 2018 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

**SCHEDULE 68-E**

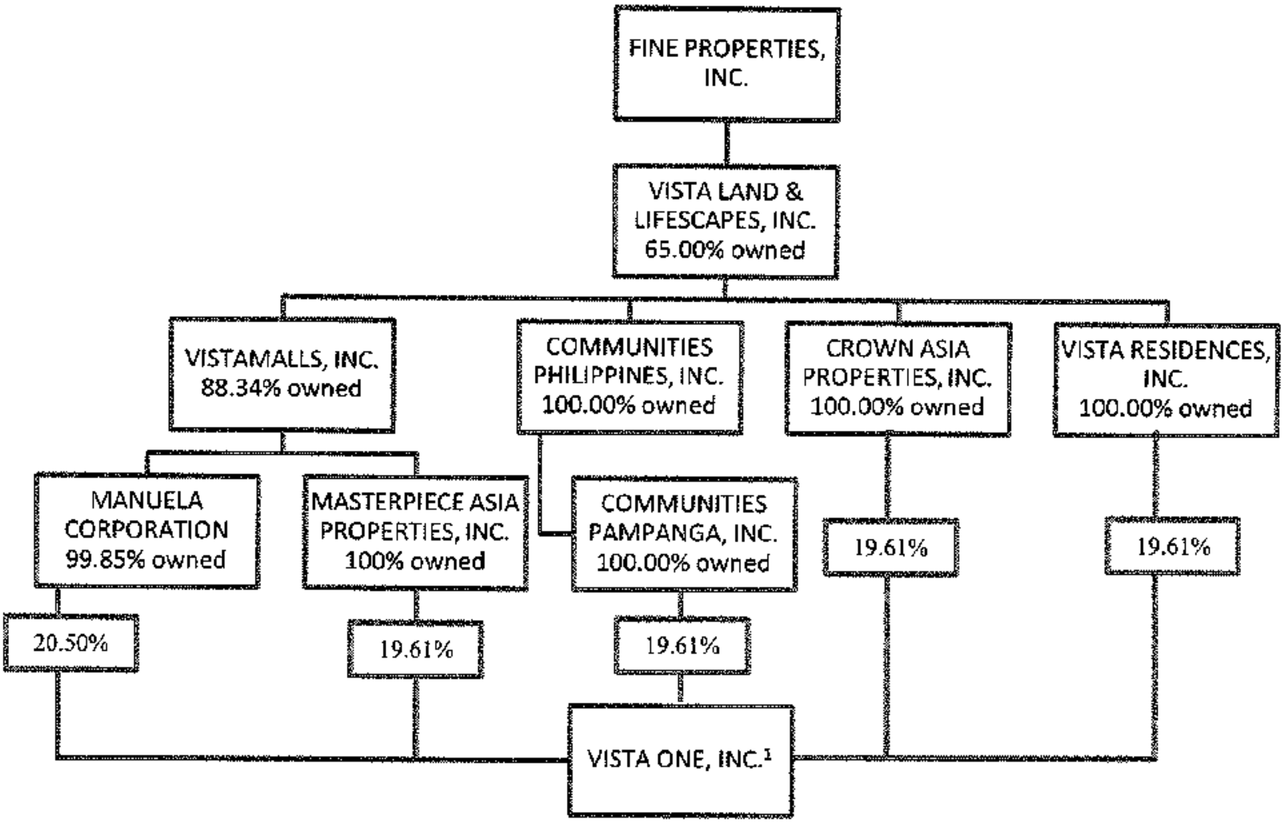
# VISTA GROUP REIT PROPERTIES
## SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS DECEMBER 31, 2021

Below are the financial ratios that are relevant to the Assigned Properties for the years ended December 31, 2021, 2020, 2019 and 2018:

| | | **2021** | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Current ratio | Current assets / Current liabilities | **1.06** | 0.88 | 1.01 | 1.08 |
| Acid test ratio | Quick asset[1] / Current liabilities | **0.71** | 0.61 | 0.71 | 0.73 |
| Solvency ratio | Net income + Depreciation / Total liabilities | **0.60** | 0.47 | 0.43 | 0.37 |
| Debt ratio | Interest bearing debt[2] / Total assets | **0.02** | 0.03 | 0.04 | 0.05 |
| Asset to equity ratio | Total assets / Total equity | **1.15** | 1.15 | 1.15 | 1.15 |
| Interest service coverage ratio | EBITDA[3] / Total interest paid | **55.01** | 36.05 | 27.03 | 16.89 |
| Return on equity | Net income / Total equity | **0.05** | 0.03 | 0.03 | 0.03 |
| Return on assets | Net income / Average total assets[4] | **0.05** | 0.03 | 0.03 | 0.03 |
| Net profit margin | Net income / Total revenue | **0.40** | 0.30 | 0.24 | 0.27 |

*[1] Includes Cash in Banks and Current receivables*
*[2] Includes current and noncurrent portion of Bank loans*
*[3] Earnings before interest expense, provision for income tax, depreciation and amortization*
*[4] Average of total assets as at current year and preceding year*

**VISTA GROUP REIT PROPERTIES**
**COMPANY STRUCTURE**
**DECEMBER 31, 2021**




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

# Vista One, Inc.

Pro-forma Condensed Financial Information
As at and For the Year ended
December 31, 2021

and

Report on the Compilation of Pro-Forma
Condensed Financial Information Included
in a Prospectus

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY**
**FOR PRO-FORMA CONDENSE FINANCIAL STATEMENTS**

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

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

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

The Board of Directors reviews and approves the pro-forma condense financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has reviewed the compilation of the pro-forma condense financial statements of the Assigned Properties in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3420, Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus, issued by the Philippine Auditing and Assurance Standards Council.

Signed this ____________ day of MAR 1 6 2022 2022

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

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

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

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

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

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

Doc No. 145
Page No. 30
Book No. V
Series of 2022.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53611
IBP Lifetime Member No. 016538
PTR No. 4871... 2022 / Mandaluyong City
MCLE Compliance No. VI-... dated 23 May 2019
Notarial Commission Appointment No. 0314-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

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

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

**REPORT ON THE COMPILATION OF PRO-FORMA CONDENSED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS**

The Stockholders and Board of Directors
Vista One, Inc.

We have completed our assurance engagement to report on the compilation of the pro-forma condensed financial information of Vista One, Inc. (the Company) by the Company's management. The pro-forma condensed financial information consists of the pro-forma statement of financial position as at December 31, 2021 and the pro-forma statement of comprehensive income, pro-forma statement of changes in equity, pro-forma statement of cash flows for the year ended December 31, 2021, and related notes. The applicable criteria on the basis of which the Company's management has compiled the pro-forma condensed financial information are described in Note 2 to the pro-forma condensed financial information.

The pro-forma condensed financial information has been compiled by the Company's management to illustrate the impact of the transactions set out in Note 3 on the Company's financial position as at December 31, 2021, the end of the period presented, and its financial performance and cash flows for the year ended December 31, 2021, as if the transactions had taken place at January 1, 2021, which is the beginning of the period presented. As part of this process, information about the Company's financial position, financial performance and cash flows have been extracted by Company's management from the Company's audited financial statements and from the combined carve-out financial statements of Vista Group REIT Properties as at and for the year ended December 31, 2021 for which audit reports have been issued on March 16, 2022.

***Responsibility for the Pro-Forma Condensed Financial Information***

The Company's management is responsible for compiling the pro-forma condensed financial information on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

***Auditor's Responsibilities***

Our responsibility is to express an opinion, as required by Section 9, Part II of the Revised Securities Regulation Code Rule 68, about whether the pro-forma condensed financial information has been compiled, in all material respects, by the Company's management on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

We conducted our engagement in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus,* issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro-forma condensed financial information on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

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For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro-forma condensed financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro-forma condensed financial information.

The purpose of the pro-forma condensed financial information included in a REIT plan is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2021 or at the beginning of period presented, would have been as presented.

As reasonable assurance engagement to report on whether the pro-forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's management in the compilation of the pro-forma condensed financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro-forma adjustments give appropriate effect to those criteria; and
- the pro-forma condensed financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Company, the event or transaction in respect of which the pro-forma condensed financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of the overall presentation of the pro-forma condensed financial information. We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

***Opinion***

In our opinion, the pro-forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

# VISTA ONE, INC.
## PRO-FORMA STATEMENT OF FINANCIAL POSITION
**DECEMBER 31, 2021**

| | Vista One, Inc. (Audited) | Pro-Forma Adjustments (Note 3.I) | Pro-Forma Balances (Unaudited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash in bank | ₱510,074,364 | ₱– | ₱510,074,364 |
| Due from related parties (Note 3.I.a) | – | 293,319,400 | 293,319,400 |
| Other current assets (Note 3.I.b) | 643 | 53,338,781 | 53,339,424 |
| Total Current Assets | 510,075,007 | 346,658,181 | 856,733,188 |
| **Noncurrent Assets** | | | |
| Property and equipment (Note 3.I.c) | – | 27,009,025 | 27,009,025 |
| Investment properties (Note 3.I.d) | – | 35,952,992,730 | 35,952,992,730 |
| Other noncurrent assets (Note 3.I.e) | – | 128,043,354 | 128,043,354 |
| Total Noncurrent Assets | – | 36,108,045,109 | 36,108,045,109 |
| Total Assets | ₱510,075,007 | ₱36,454,703,290 | ₱36,964,778,297 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Accrued expenses | ₱5,181,000 | ₱– | ₱5,181,000 |
| Security deposits and advance rent (Note 3.I.f) | – | 406,804,879 | 406,804,879 |
| Due to related parties | 4,582,270 | – | 4,582,270 |
| Total Current Liabilities | 9,763,270 | 406,804,879 | 416,568,149 |
| **Noncurrent Liabilities** | | | |
| Other noncurrent liabilities (Note 3.I.f) | – | 94,905,681 | 94,905,681 |
| Total Liabilities | 9,763,270 | 501,710,560 | 511,473,830 |
| **Equity** | | | |
| Paid-in capital (Note 3.I.g) | 510,000,000 | 6,990,000,000 | 7,500,000,000 |
| Additional paid-in capital (Note 3.I.h) | – | 28,962,992,730 | 28,962,992,730 |
| Deficit | (9,688,263) | – | (9,688,263) |
| Total Equity | 500,311,737 | 35,952,992,730 | 36,453,304,467 |
| Total Liabilities and Equity | ₱510,075,007 | ₱36,454,703,290 | ₱36,964,778,297 |

*See accompanying Notes to Pro-Forma Condensed Financial Information.*

# VISTA ONE, INC.
## PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME
### FOR THE YEAR ENDED DECEMBER 31, 2021

| | Vista One, Inc. (Audited) | Pro Forma Adjustments (Note 3.II) | Pro Forma Balances (Unaudited) |
|---|---|---|---|
| **REVENUE** | | | |
| Rental income | ₱– | ₱2,200,485,414 | ₱2,200,485,414 |
| Parking fees | – | 23,640,867 | 23,640,867 |
| Other operating income | – | 81,604,563 | 81,604,563 |
| | – | 2,305,730,844 | 2,305,730,844 |
| **FAIR VALUE CHANGES IN INVESTMENT PROPERTIES** | | | |
| Increase in fair value of investment properties | – | 2,649,685,000 | 2,649,685,000 |
| Straight-line adjustments | – | (631,427,451) | (631,427,451) |
| Lease commissions | – | (10,294,797) | (10,294,797) |
| | – | 2,007,962,752 | 2,007,962,752 |
| **COSTS AND EXPENSES** | | | |
| Outside services | – | 85,398,543 | 85,398,543 |
| Taxes, licenses, and other fees | 25,800 | 78,848,924 | 78,874,724 |
| Light and power | – | 78,575,856 | 78,575,856 |
| Salaries and employee benefits | – | 60,166,454 | 60,166,454 |
| Repairs and maintenance | – | 49,947,770 | 49,947,770 |
| Provision for expected credit losses | – | 42,853,225 | 42,853,225 |
| Management fees | – | 39,319,814 | 39,319,814 |
| Insurance | – | 16,294,917 | 16,294,917 |
| Professional fees | 100,000 | 15,456,699 | 15,556,699 |
| Land lease | – | 13,465,734 | 13,465,734 |
| Depreciation | – | 10,373,553 | 10,373,553 |
| Advertising and promotions | – | 8,903,742 | 8,903,742 |
| Representation and entertainment | – | 1,268,682 | 1,268,682 |
| Other operating expenses | 9,781 | 25,507,521 | 25,517,302 |
| | 135,581 | 526,381,434 | 526,517,015 |
| **OTHER INCOME** | | | |
| Interest income | 18,334 | – | 18,334 |
| **INCOME (LOSS) BEFORE INCOME TAX** | (117,247) | 3,787,312,162 | 3,787,194,915 |
| **PROVISION FOR INCOME TAX** | 3,667 | 923,088,354 | 923,092,021 |
| **NET INCOME (LOSS)** | (120,914) | 2,864,223,808 | 2,864,102,894 |
| **OTHER COMPREHENSIVE INCOME** | – | – | – |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | (₱120,914) | ₱2,864,223,808 | ₱2,864,102,894 |
| **Number of Common Shares** | 510,000,000 | 6,990,000,000 | 7,500,000,000 |
| **Basic/Diluted Earnings (Loss) Per Share** (Note 4) | (₱0.01) | ₱0.41 | ₱0.38 |

*See accompanying Notes to Pro-Forma Condensed Financial Information.*

## VISTA ONE, INC.

### PRO-FORMA STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED DECEMBER 31, 2021

| | Vista One Inc. (Audited) | Pro-Forma Adjustments (Unaudited) (Note 3.III) | Pro-Forma Balances (Unaudited) |
|---|---|---|---|
| **CAPITAL STOCK** | | | |
| Paid-in capital | | | |
| Balance at beginning of year | ₱10,000,000 | ₱– | ₱10,000,000 |
| Issuance of shares of stock | 500,000,000 | 6,990,000,000 | 7,490,000,000 |
| Balance at end of year | 510,000,000 | 6,990,000,000 | 7,500,000,000 |
| Additional paid-in capital | | | |
| Balance at beginning of year | – | – | – |
| Additions during the year | – | 28,962,992,730 | 28,962,992,730 |
| Balance at end of year | – | 28,962,992,730 | 28,962,992,730 |
| | 510,000,000 | 35,952,992,730 | 36,462,992,730 |
| **RETAINED EARNINGS (DEFICIT)** | | | |
| Balance at beginning of year | (257,139) | – | (257,139) |
| Stock issuance costs | (9,310,210) | – | (9,310,210) |
| Total comprehensive income (loss) | (120,914) | 2,864,223,808 | 2,864,102,894 |
| Other pro-forma adjustments | – | (2,864,223,808) | (2,864,223,808) |
| Balance at end of year | (9,688,263) | – | (9,688,263) |
| | ₱500,311,737 | ₱35,952,992,730 | ₱36,453,304,467 |

*See accompanying Notes to Pro-Forma Condensed Financial Information.*

# VISTA ONE, INC.

## PRO-FORMA STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED DECEMBER 31, 2021

| | Vista One, Inc. (Audited) | Pro Forma Adjustments (Note 3.IV) | Pro Forma Balances (Unaudited) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income (loss) before income tax | (₱117,247) | ₱3,787,312,162 | ₱3,787,194,915 |
| Adjustments for: | | | |
| Provision for expected credit losses | – | 42,853,225 | 42,853,225 |
| Depreciation | – | 10,373,553 | 10,373,553 |
| Interest income | (18,334) | – | (18,334) |
| Fair value changes in investment properties (Note 3.IV.1.c) | – | (2,007,962,752) | (2,007,962,752) |
| Operating income (loss) before working capital changes | (135,581) | 1,832,576,188 | 1,832,440,607 |
| Decrease (increase) in | | | |
| Due from related parties | – | (12,623,519) | (12,623,519) |
| Other assets | (643) | 2,426,896 | 2,426,253 |
| Increase in: | | | |
| Accrued expenses | 5,101,000 | – | 5,101,000 |
| Security deposits and advance rent | – | 2,589,404 | 2,589,404 |
| Net cash flows provided by operations | 4,964,776 | 1,824,968,969 | 1,829,933,745 |
| Interest received | 18,334 | – | 18,334 |
| Income taxes paid | (3,667) | (290,013,115) | (290,016,782) |
| Net cash flows provided by operating activities | 4,979,443 | 1,534,955,854 | 1,539,935,297 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisitions of: | | | |
| Property and equipment | – | (4,732,646) | (4,732,646) |
| Investment properties | – | (102,770,352) | (102,770,352) |
| Net cash flows used in investing activities | – | (107,502,998) | (107,502,998) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Increase in due to related parties | 4,400,210 | – | 4,400,210 |
| Proceeds from issuance of capital stock | 490,689,790 | – | 490,689,790 |
| Net cash flows provided by financing activities | 495,090,000 | – | 495,090,000 |
| Other proforma adjustments (Note 3.IV.2) | – | (1,427,452,856) | (1,427,452,856) |
| **NET INCREASE IN CASH** | 500,069,443 | – | 500,069,443 |
| **CASH AT BEGINNING OF YEAR** | 10,004,921 | – | 10,004,921 |
| **CASH AT END OF YEAR** | ₱510,074,364 | ₱– | ₱510,074,364 |

*See accompanying Notes to Pro-Forma Condensed Financial Information.*

## 1. General Information

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

On December 29, 2021, the Philippine Securities and Exchange Commission (SEC) approved the increase in the Company's capital stock from ₱40,000,0000 divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000,000,0000 divided into 2,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the Company subsequently issued 500,000,000 common shares to its shareholders.

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

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

The Company's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona Dos, Las Piñas City.

Pro-forma Information

*Amendment of the Articles of Incorporation*

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

On March 14, 2022, the SEC approved the increase in the Company's authorized capital stock from ₱2,000,000,000 divided into 2,000,000,000 shares with par value of ₱1.00 per share to ₱15,000,000,000 in lawful money of the Philippines, divided into 15,000,000,000 shares with par value of ₱1.00 per share.

On March 16, 2022, at least a majority of the Board of Directors and the stockholders owning at least two-thirds (2/3) of the outstanding capital stock of the Company approved various amendments to the Articles of Incorporation of the Company including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of the Company as a REIT entity. The foregoing amendments to the Company's Articles of Incorporation and By-Laws shall be subject to customary regulatory review and approvals by the SEC.

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

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

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

The Assigned Properties consists of Vista Mall Las Piñas (Main), Starmall Las Piñas (Annex), Starmall San Jose Del Monte (SJDM), Vista Mall Pampanga, SOMO - A Vista Mall, Vista Mall Antipolo, Vista Mall General Trias, Vista Mall Tanza, Starmall Talisay - Cebu, Vista Mall Imus, Vista Hub Molino and commercial and office units and parking lots in Vista Hub BGC.The foregoing amendments to VOI Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

Authorization for the Issue of the Pro-Forma Condensed Financial Information
The unaudited pro-forma condensed financial information as at and for the year ended December 31, 2021 was authorized for issue by the BOD on March 16, 2022.

2. **Basis of Preparing Pro forma Condensed Financial Information**

The pro forma condensed financial information has been prepared in accordance with Section 9, Part II of the Revised Securities Regulation Code 68 (SRC Rule 68).

The pro forma condensed financial information has been prepared solely for the inclusion in the REIT Plan prepared by the Company in connection with its planned capital-raising activity. The pro forma condensed financial information should be read in conjunction with the audited financial statements of Vista One, Inc. and audited combined carve-out financial statements of the Assigned Properties as at and for the years ended December 31, 2021 and 2020.

The objective of this pro-forma condensed financial information is to show the effects of the transaction described below on the historical financial information of the Company had it occurred at an earlier date. However, the pro-forma condensed financial information is not necessarily indicative of the results of operations or related effects on the condensed financial statements that would have been attained had the transaction described below actually occurred at an earlier date. The pro-forma condensed financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The pro-forma condensed financial information has not been prepared in accordance to the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

Significant Transactions
The following significant transactions are expected to occur after December 31, 2021:

*Execution of Property-for-Share Swap Agreement*
The pro-forma condensed financial information, which was prepared in connection with the planned REIT offering, includes the execution of the *Deeds of Assignment and Subscription Agreement* between the Company and each of the Sponsors, wherein the Sponsors assign, transfer and convey its ownership, rights, title, contracts, deposits, receivables and interests in and to the Assigned Properties free from all liens and encumbrances to the Company, in exchange for the issuance of 6,990,000,000 shares at an issue price of ₱1.50 per share with an aggregate par value of Six Billion Nine Hundred Ninety Million Pesos (₱6,990,000,000) with the remaining amount of Twenty-Eight Billion Nine Hundred Sixty Two Million Nine Hundred Ninety Two Thousand and Seven Hundred Thirty Pesos (₱28,962,992,730) accounted as additional paid-in capital (the Property for Share Swap).

Simultaneous with the assignment of Assigned Properties is the transfer and conveyance of the Sponsors of certain assets like property and equipment, prepayments and advances to contractors and certain liabilities such as security deposits and advance rent from tenants which were booked by the Company as intercompany advances to the Sponsors.

Furthermore, the Sponsors (i.e., VRI and MAPI) undertake to coordinate with the Company on the transfer of its registration with the Philippine Economic Zone Authority (PEZA). Two of the Assigned Properties (i.e., Vista Hub BGC and Vista Hub Molino) are registered with PEZA as either an Ecozone IT Enterprise or an IT Center.

Subsequent to the approval of the increase in authorized capital stock by the SEC, 6,990,000,000 shares shall be issued to the stockholders of the Company.

The Company will account for the Property-for-Share Swap as acquisition of assets as it does not constitute a business combination.

*Execution of Lease Agreements with the Sponsors*
The pro-forma condensed financial information includes the planned execution of the fifteen to twenty-five (25) years land lease agreements between the Company, as lessee, and the relevant Sponsors, as lessor, for the eleven land properties where eleven (11) of the Assigned Properties are located. Under the terms of the planned lease agreements, the Company shall pay the relevant Sponsors a monthly rental fee equivalent to 1% of the total monthly billed rental income from all tenants of the buildings in the leased land exclusive of any related taxes which shall be for the account of the lessor.

## 3. Pro Forma Adjustments

The pro-forma condensed financial information is based on the historical information of the Company as shown in the audited financial statements of the Company as at and for the year ended December 31, 2021 and after giving effect to certain assumptions and pro-forma adjustments described in the succeeding paragraphs. The pro-forma adjustments are based on available information and certain assumptions that the Company believes are reasonable under the circumstances.

The pro-forma condensed financial information does not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in the succeeding paragraphs occurred as at December 31, 2021 or on January 1, 2021 as the case may be, nor does it purport to project the results of operations of the Company for any future period or date. This has been prepared for illustration purposes only.

For the purpose of the pro-forma statement of comprehensive income, changes in equity and cash flows, the transactions are assumed to have occurred on January 1, which is the beginning of the period presented. For the purpose of the pro-forma statement of financial position, the transaction is assumed to have occurred on December 31, 2021, the end of the period presented.

### I. Pro-forma adjustments to the pro-forma statement of financial position as of December 31, 2021

Pro-forma adjustments to the statement of financial position shall be computed assuming the transaction was consummated at the end of the most recent period for which a statement of financial position as required under Revised SRC Rule 68 and shall include adjustments which give effect to events that are directly attributable to the transaction and factually supportable regardless of whether they have a continuing impact or are nonrecurring.

Pro-forma adjustments have been made to include the execution of the property for shares swap agreement and execution of deed of assignment into the pro-forma condensed financial information which resulted in the recognition of the following:

a) Due from related parties of ₱293.32 million;
b) Other current assets amounting to ₱53.34 million;
c) Property and equipment amounting to ₱27.01 million;
d) Investment properties amounting to ₱35,952.99 million;
e) Other noncurrent assets amounting to ₱128.04 million;
f) Security deposits and advance rent payable amounting to ₱501.71 million;
g) Capital stock of ₱6,990 million for the issuance of 6,990 million common shares at ₱1 par value; and
h) Additional paid-in capital amounting to ₱28,962.99 million, the excess of fair value of the Assigned Properties over shares issued in accordance with property-for-share swap.

*Fair Value Accounting*
The Company opted to account for the REIT assets at fair value in accordance with Philippine Accounting Standards (PAS) 40, *Investment Property*. Under fair value accounting, investment properties are stated at fair value, which reflects market conditions at the 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. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The fair values of the assets as at December 31, 2021 have been determined by an independent third-party appraiser which provided the valuation reports. Both the valuation was made on the basis of market value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." To arrive at the market value of the Assigned Properties, the independent appraiser used the income approach, specifically the discounted cash flow ("DCF") analysis. This is the method usually used to determine the value of an income-generating property, as it also captures the property's future economic benefits, giving a representation of the relevant property's market value at an acceptable rate of return that would compensate for the risks associated with that particular investment. The significant assumptions used in the valuation as at December 31, 2021 are discount rate of 8.1% and terminal growth rate of 5%. The Company used the current lease data and rental projections was based on the current lease contract rates. The terminal value was determined using the Gordon Growth Model.

**II. Pro-forma adjustments to the pro-forma statement of comprehensive income for the year ended December 31, 2021**

Pro-forma adjustments have been made to include the Assigned Properties in the pro-forma statement of comprehensive income for the year ended December 31, 2021 and considered the execution of Lease Agreements and Sub-lease Agreements into the Company's pro-forma condensed financial information as follows:

| | |
|---|---|
| **REVENUE** | |
| Rental income | ₱2,200,485,414 |
| Parking fees | 23,640,867 |
| Other operating income[(a)] | 81,604,563 |
| | 2,305,730,844 |

(Forward)

| | |
|---|---|
| **FAIR VALUE CHANGE IN INVESTMENT PROPERTIES** | |
| Increase in fair value of investment properties | ₱2,649,685,000 |
| Straight-line adjustment | (631,427,451) |
| Lease commissions | (10,294,797) |
| | 2,007,962,752 |
| **COSTS AND EXPENSES** | |
| Outside services | 85,398,543 |
| Taxes, licenses, and other fees | 78,848,924 |
| Light and power | 78,575,856 |
| Salaries and employee benefits | 60,166,454 |
| Repairs and maintenance | 49,947,770 |
| Provision for expected credit losses | 42,853,225 |
| Management fees | 39,319,814 |
| Insurance | 16,294,917 |
| Professional fees | 15,456,699 |
| Land lease | 13,465,734 |
| Depreciation | 10,373,553 |
| Advertising and promotions | 8,903,742 |
| Representation and entertainment | 1,268,682 |
| Other operating expenses | 25,507,521 |
| | 526,381,434 |
| **INCOME BEFORE INCOME TAX** | 3,787,312,162 |
| **PROVISION FOR INCOME TAX** | 923,088,354 |
| **NET INCOME** | 2,864,223,808 |
| **OTHER COMPREHENSIVE INCOME** | – |
| **TOTAL COMPREHENSIVE INCOME** | ₱2,864,223,808 |

*(a) Other operating income pertains to income earned from forfeitures and net recoveries from tenants for the usage of utilities*

*Fair Value Accounting*

Under fair value accounting, the Assigned Properties are measured using the fair value model using the Income Approach, with changes at the end of the reporting period recorded in the pro-forma statement of comprehensive income. The Income Approach measures the current value of the Assigned Properties by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The expected cashflows include future cash inflows such as additional rental income through annual rent escalations and cash outflows such as lease commissions. The straight-line adjustment amounting to ₱631.43 million, represents rental lease escalations and lease incentives in the form of rent-free period granted to tenants during the fit-out period. Under PAS 40, the asset that is recognized arising from the rent-free period which is amortized over the lease term is deducted from the fair value gain. Under a fair value model in which cash flows are the primary factors in the determination of the fair values of the assets, the rent-free period did not reduce the cash flows which increased the fair value of the assets. Accordingly, the impact was adjusted against the fair value gain.

The adjustment amounting to ₱10.29 million represents lease commissions that have been previously incurred and paid. Under the fair value accounting, the commissions that would have been a reduction of the cash flows at a future period had it been paid correspondingly would have reduced the fair value of the assets. As the commissions have been previously incurred and paid, these have not been treated as cash outflows. Accordingly, the impact was adjusted against the fair value gain.

**III. Pro-forma adjustments to the pro-forma statement of changes in equity for the year ended December 31, 2021**

1. Pro-forma net income
   Included the pro-forma net income as reflected in the pro-forma statement of comprehensive income for year ended December 31, 2021 as discussed in Section 3.II.

2. Issuance of new shares
   Pro-forma adjustments have been made to reflect the issuance of 6,990 million common shares at ₱1.00 par value related to the execution of the Property-for-Share Swap Agreement which resulted in the recognition of capital stock and additional paid-in capital amounting ₱6,990.00 million and ₱28,962.99 million, respectively.

3. Other pro-forma adjustments amounting to ₱2,864.22 million have been made to tie-up the ending balance of equity in the pro-forma statement of changes in equity to the amounts reflected in the pro-forma statement of financial position.

**IV. Pro-forma adjustments to the pro-forma statement of cash flows for the year ended December 31, 2021**

1. Pro-forma adjustments have been made to include the balances of the Assigned Properties' statement of cash flows for the year ended December 31, 2021 and considered the execution of the Lease and Sub-lease Agreements with the Sponsors into the Company's pro-forma condensed financial information as follows:

   a) Pro-forma adjustment relating to pro-forma income before income tax as discussed in Section 3.II;
   b) Pro-forma adjustment for non-cash provision for expected credit losses amounting to ₱42.85 million;
   c) Pro-forma adjustment for non-cash depreciation of property and equipment amounting to ₱10.37 million;
   d) Pro-forma adjustment for the fair value change in investment properties amounting to ₱2,007.96 million;
   e) Increase in due from related parties amounting to ₱12.62 million;
   f) Decrease in other assets amounting to ₱2.43 million;
   g) Increase in security deposits and advance rent amounting to ₱2.59 million;
   h) Payment of income tax amounting to ₱290.01 million;
   i) Additions to property and equipment amounting to ₱4.73 million; and
   j) Additions to investment properties amounting to ₱102.77 million.

2. Other pro-forma adjustments amounting to ₱1,427.45 million have been made to take into account the different assumptions in the pro-forma statement of financial position which assumed the execution of Property-for-Share Swap Agreement and execution of Lease Agreements with the Sponsors occurred on December 31, 2021, and the pro-forma statement of cash flows which assumed the transactions occurred as of January 1, 2021.

4. **Pro-Forma Earnings Per Share**

The Company's pro-forma basic/diluted earnings per share for the year ended December 31, 2021 is computed as follows:

| | |
|---|---|
| Pro-forma net income | ₱2,864,102,894 |
| Dividend by weighted average number of common shares | 7,500,000,000 |
| Basic/Diluted earnings per share | ₱0.38 |

The Company's loss per share for the year ended December 31, 2021 is computed as follows:

| | |
|---|---|
| Net loss | (₱120,914) |
| Dividend by weighted average number of common shares | 14,166,667 |
| Basic/Diluted earnings per share | (₱0.01) |

The Company also assessed that there were no potential dilutive common shares as of December 31, 2021.

# REINVESTMENT PLAN

In connection with the Secondary Offer by
Masterpiece Asia Properties, Inc., Manuela Corporation, Vista
Residences, Inc., Crown Asia Properties, Inc., and Communities
Pampanga, Inc. of **VistaREIT, Inc.**
Common Shares of 2,500,00,000 with an Overallotment Option of up to
250,000,000 Common Shares

Offer Price: ₱1.75 per share

to be listed and traded on the Main Board ofThe
Philippine Stock Exchange, Inc.

As of May 26, 2022

## Contents

## A. EXECUTIVE SUMMARY

This Reinvestment Plan sets forth the planned use of the net proceeds received by the Sponsors of VistaREIT, Inc.,,Masterpiece Asia Properties, Inc. (“**MAPI**”), Manuela Corporation (“**Manuela**”), Vista Residences, Inc. (“**Vista Residences**”), Crown Asia Properties, Inc. (“**Crown Asia**”), and Communities Pampanga, Inc. (“**Communities Pampanga**” and together with MAPI, Manuela, Vista Residences, and Crown Asia, the “**Sponsors**”).

VistaREIT’s current authorized capital stock is ₱15,000,000,000.00 divided into 15,000,000,000 common shares with a par value of ₱1.00 per share. As of the date of this REIT Plan, a total of 7,500,000,000 common shares are issued and outstanding.

The Offer Shares will comprise of 2,500,000,000 issued Shares owned and to be offered and sold by MAPI, Manuela, Vista Residences, Crown Asia and Communities Pampanga (the “**Selling Shareholders**”) by way of a secondary offer (the “**Secondary Shares**”). The Option Shares will comprise up to 250,000,000 issued Shares owned by the Selling Shareholders to be offered by way of a secondary offer. The offer of the Offer Shares is referred to herein as the “**Offer**”.

VistaREIT will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. Total gross proceeds from the Firm Shares, based on an Offer Price of ₱1.75 per Offer Share, will be ₱4,375,000,000.00 and estimated net proceeds, after deducting the applicable underwriting fees and commissions and expenses for the Firm Shares will be ₱4,189,475,105.31.

Assuming full exercise of the Overallotment Option, the gross proceeds from the sale of the Firm Shares and the Option Shares is estimated to be ₱4,812,500,000.00 and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholders will be ₱4,612,493,855.31.

Pursuant to Securities and Exchange Commission Memorandum Circular No. 1, series of 2020, and Bureau of Internal Revenue Revenue Regulations No. 3-2020, any sponsor/promoter of a REIT who contributes income-generating real estate to a REIT, shall submit a sworn statement to the SEC, the Philippine Stock Exchange, and the BIR, a reinvestment plan undertaking to reinvest any proceeds realized by the sponsor/promoter from the sale of REIT shares or other securities issued in exchange for income-generating real estate transferred to the REIT, and any money raised by the sponsor/promoter from the sale of any of its income-generating real estate to the REIT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines, within one (1) year from the date of receipt of proceeds or money by the sponsor/promoter

Following current regulations, the Sponsors intends to invest the net proceeds in37 real estate projects. All disbursements for such projects are intended to be distributed within one year upon receipt of the net proceeds from the secondary offer of VistaREIT shares. The Sponsors do not intend to reinvest the net proceeds from the Offer Shares in any infrastructure project other than the projects aforementioned.

## B. ABOUT THE SPONSORS

### 1. Overview

Masterpiece Asia Properties, Inc. (“**MAPI**”), Manuela Corporation (“**Manuela**”), Vista Residences, Inc. (“**Vista Residences**”), Crown Asia Properties, Inc. (“**Crown Asia**”), and Communities Pampanga, Inc. (“**Communities Pampanga**” and together with MAPI, Manuela, Vista Residences, and Crown Asia, the “**Sponsors**”) are the sponsors of VistaREIT. The Sponsors are all subsidiaries (direct or indirect) of Vista Land & Lifescapes, Inc. (“**Vista Land**”).

Vista Land is one of the leading integrated property developers[1] in the Philippines and the largest homebuilder[2] in the country with presence in more than 147 cities and municipalities and a land bank of approximately 3,000 hectares as of December 31, 2021, located in areas in proximity to major roads and primary infrastructure. Since it commenced operations in 1977, Vista Land has built over 400,000 homes. It believes that it is one of the few leading integrated property developers in the Philippines that is focused on the affordable market. In addition to providing a wide range of housing products to its customers across all income segments through its residential property development business, Vista Land is involved in commercial property development through its retail mails and BPO commercial centers. As of December 31, 2021, Vista Land has a total of 1,588,694 sqm of GFA of investment properties comprising of 31 malls, 7 office buildings and 69 commercial centers.

Historically, Vista Land’s primary business has been the development and sale of horizontal real estate projects, which comprise

[1] *Based on the raking of publicly listed real estate players in the Philippines in terms of total assets and total revenues as disclosed in their respective 2020 Annual Report*
[2] *Based on the raking of publicly listed real estate players in the Philippines in terms of total assets and total revenues as disclosed in their respective 2020 Annual Report*

residential lots and units in the affordable, upper mid-cost and high-end housing segments. Vista Land subsequently expanded into the development and sale of vertical residential projects, including low- to high-rise condominium developments. Vista Land harnesses over 40 years of professional expertise in residential real estate development and believes it has established a nationwide presence, superior brand recognition and proven track record in homebuilding. Its projects include master-planned developments and stand-alone residential subdivisions which offer lots, house and lots and condominium units to customers in the affordable, upper mid-cost and high-end market segments.

MAPI and Manuela are both engaged in the operation and development of commercial properties for lease. Vista Land owns MAPI and Manuela through Vista Malls, Inc., its retail mall and BPO platform.

MAPI was incorporated in the Philippines on November 5, 2001. Its primary business is to develop and lease commercial mall spaces and Business Process Outsourcing ("**BPO**") centers. MAPI is currently engaged in leasing commercial centers including retail malls, Vista Malls and Starmalls, located in key cities and municipalities in the Philippines and office spaces.

Manuela was incorporated in the Philippines on February 22, 1972. The primary business of Manuela is to develop and lease commercial mall spaces and BPO centers. Manuela is currently engaged in leasing commercial centers including retail malls of Vistamalls that are located in key cities and municipalities in the Philippines and office spaces. The company is also engaged in selling residential house and lots in Manuelaville and Augustine Grove.

Vista Residences was incorporated as Polar Mines Realty Ventures, Inc. on November 10, 2003. Vista Land acquired 100% of the voting shares of Polar Mines Realty Ventures, Inc. on October 29, 2009. On January 29, 2010, the SEC approved the change of the corporate name of the company from "Polar Mines Realty Ventures, Inc." to "Vista Residences, Inc.". Vista Land had only begun developing vertical homes five years before the acquisition of Polar Mines Realty Ventures, Inc., which had a particular focus on the development and sales of residential high-rise condominium projects across the Philippines. The acquisition of Polar Mines Realty Ventures, Inc. was designed to increase Vista Land's presence in the vertical homes segment. The name change to Vista Residences, Inc. was designed to consolidate the development and sales of all of Vista Land's vertical and high-rise condominium projects under the brand name "Vista Residences," thus creating a uniform, clear and strong market identity for Vista Land's vertical development projects.

Crown Asia was established to cater primarily to the middle-income housing segment. Since 1996, Crown Asia had launched a large proportion of its projects under the "Crown Asia" brand name. Among these developments are Valenza in Sta. Rosa, La Mediterranea in Dasmariñas, Cavite, Maia Alta in Antipolo City, Ponticelli in Bacoor, Cavite, Citta Italia in Imus, Cavite and Residenza in Bacoor, Cavite.

Communities Pampanga was incorporated in the Philippines on February 5, 2004. It was organized to carry out the business of a registered real estate dealer, and all alike undertakings pertinent to its business. Communities Pampanga is involved in the evaluation and acquisition of undeveloped land, planning and design of community development, securing regulatory approvals for development and sales, supervision of land development and house construction, and the marketing and selling of new houses. It is also engaged in leasing commercial centers including retail malls, Vista Malls, located in Pampanga. Communities Pampanga is a wholly-owned subsidiary of Communities Philippines, Inc. which is a wholly-owned subsidiary of Vista Land.

The table below sets forth the list of properties contributed by each sponsor and the corresponding gross leasable area and market values as of December 31, 2021:

| **Property** | **Classification** | **Location** | **GLA (sqm)** | **Appraised Value (₱ million)** | **Sponsor** |
|---|---|---|---|---|---|
| Vista Mall Las Piñas (Main) | Mall | Pamplona Dos, Las Piñas City | 20,605.02 | 3,907.22 | Manuela Corporation |
| Starmall Las Piñas (Annex) | Mall | Pamplona Tres, Las Piñas City | 6,227.53 | 958.23 | Manuela Corporation |

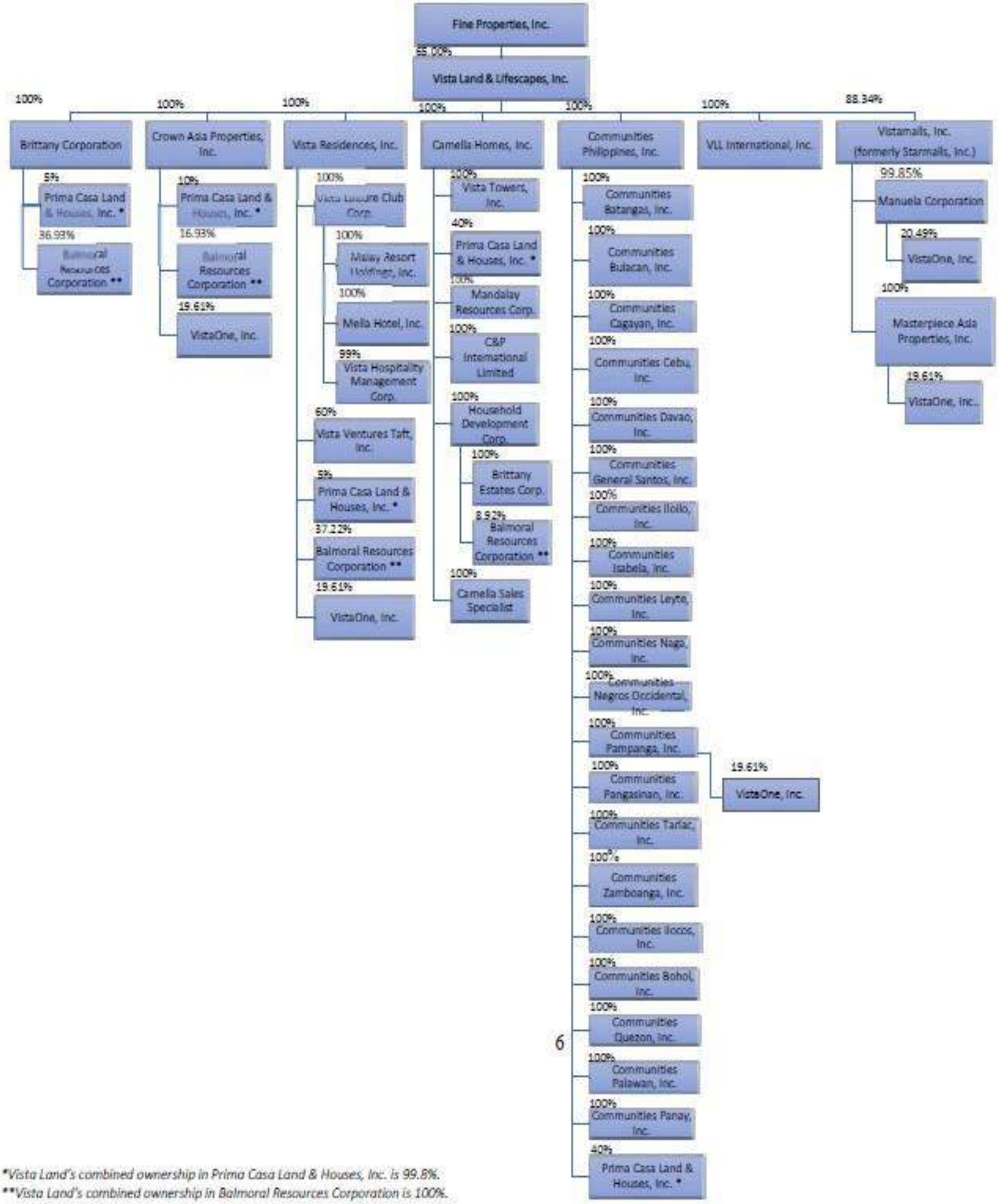
| | | | | | |
|---|---|---|---|---|---|
| Starmall San Jose Del Monte | Mall | SJDM Bulacan | 35,664.93 | 6,398.91 | Masterpiece Asia Properties, Inc. |
| Vista Mall Pampanga | Mall | San Fernando, Pampanga | 25,526.84 | 1,848.26 | Communities Pampanga, Inc. |
| SOMO – A Vista Mall | Mall | Bacoor City, Cavite | 31,849.91 | 4,461.54 | Masterpiece Asia Properties, Inc. |
| Vista Mall Antipolo | Mall | Antipolo City, Rizal | 16,082.93 | 2,335.48 | Crown Asia Properties, Inc. |
| Vista Mall General Trias | Mall | General Trias City, Cavite | 26,638.45 | 2,961.08 | Masterpiece Asia Properties, Inc. |
| Vista Mall Tanza | Mall | Tanza, Cavite | 25,012.82 | 2,611.18 | Masterpiece Asia Properties, Inc. |
| Starmall Talisay, Cebu | Mall | Talisay City, Cebu | 19,643.57 | 2,943.62 | Masterpiece Asia Properties, Inc. |
| Vista Mall Imus | Mall | Imus City, Cavite | 12,778.45 | 637.73 | Masterpiece Asia Properties, Inc. |
| **Subtotal-Mall Properties** | | | **220,030.45** | **29,063.25** | |
| Vista Hub Molino | Office | Bacoor City, Cavite | 15,631.08 | 2,827.38 | Masterpiece Asia Properties, Inc. |
| Vista Hub BGC | Office | BGC, Taguig City | 20,742.42 | 4,062.36 | Vista Residences Inc. |
| **Subtotal-Office Properties** | | | **36,374.50** | **6,889.74** | |
| **TOTAL** | | | **256,403.95** | **35,952.99** | |

### 2. Business Strategy

The Company's objective is to increase its profitability and maintain its position as the leading integrated property developers in the Philippines and the largest homebuilder in the country.

### 3. Conglomerate Map

Below is the map showing the relationship between and among group and its Ultimate Parent Company, and its Ultimate Parent Company, and its subsidiaries as of December 31, 2021:




*Vista Land's combined ownership in Prima Casa Land & Houses, Inc. is 99.8%.

**Vista Land's combined ownership in Balmoral Resources Corporation is 100%.

4. **Board of Directors and Senior Management**

The overall management and supervision of the Sponsors is undertaken by the Board of Directors of the parent company, Vista Land & Lifescapes, Inc. The table below sets forth the board or directors and executive officers of the Sponsors as of May 26, 2022.

**MASTERPIECE ASIA PROPERTIES, INC**

| Name | Position |
|---|---|
| Manuel Paolo A. Villar | Chairman, President & CEO |
| Brian N. Edang | Director & CFO |
| Camille A. Villar | Director |
| Florence R. Bernardo | Director |
| Rowena B. Bandigan | Director |
| Arbin Omar P. **Cariño** | Director & Corporate Secretary |

**Manuel Paolo A. Villar,** *Chairman and President & Chief Executive Officer.* Mr. Villar, 45, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey &Co. in the United States from 1999 to 2001. He joined Vista Land in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He was elected President and Chief Executive Officer of Vista Land and Lifescapes, Inc. in July 2011 and President of Vistamalls, Inc in June 2019. He is also the President & CEO of VistaREIT, Inc. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Powersource Phils Development Corp. and the Chairman of Vista Land subsidiaries Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. Mr. Villar also is the majority shareholder of Prime Asset Ventures, Inc., and a director of Fine Properties, Inc,

**Brian N. Edang**, *Director & CFO*. Mr. Edang, 43, is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head Investor Relations of Vista Land and Lifescapes, Inc. from 2007 up to present, and the Chief Financial Officer of Vista Land & Lifescapes, Inc. since November 2018. He is also a Director of VistaREIT, Inc. Mr. Edang is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Financial Executives Institute of the Philippines (FINEX).

**Camille A. Villar,** *Director*. Ms. Villar, 37, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She took Management in Business Administration, Global Executive MBA Program in Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director of Vista Land Commercial. She used to be a Director in Brittany Corporation. She is also the Director of Vistamalls, Inc. (formerly Starmalls, Inc.) and Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.). She is also the Concurrent President of All Value Holdings Corp., and the Vice Chairman of AllHome Corp.

**Florence R. Bernardo**, *Director*. Ms. Bernardo, 51, graduated from St. Paul College in Quezon City in 1992 with a degree in BS Banking and Finance. She also earned her Masters in Business Administration from De La Salle University in 2001. She worked as a Store Manager at McDonald's from 1988-1996. Prior to joining Vistamalls, Inc. 2005 where she currently holds the position Regional Mall Head, she was the Operations Head of SM Leisure Center from 1996-2005.

**Rowena B. Bandigan**, *Director*. Ms. Bandigan, 44, is a Certified Public Accountant. She took and passed her certification exam in 1999 shortly after graduating with a degree of Bachelor of Science in Accountancy at PLM (Pamantasan ng Lungsod ng Maynila). She worked as Senior Auditor at Deloitte Philippines until 2005. Thereafter, she worked in Singapore as Senior Auditor at Foo Kon Tan Grant Thornton, a member of Grant Thornton International from 2005 to 2009 and as Audit Manager at Moore Stephens LLP in 2009-2010. She joined Vistamalls, Inc. and its subsidiaries as Chief Accountant in 2010.

**Arbin Omar P. Cariño**, *Director and Corporate Secretary*. Atty. Cariño, 41, graduated from the De La Salle University with a double degree in Bachelor of Science in Chemistry and Bachelor of Secondary Education - Major in Physics and Math. He earned his law degree from San Beda College of Law in 2008. He is currently the Legal Counsel of Household Development Corporation. He also serves as the Corporate Secretary of AllBank (A Thrift Bank), Inc. and the Assistant Corporate Secretary of VFund Management, Inc. He was previously associated with the law firms of Buñag & Lotilla Law Office from 2011 to 2012 as well as Kapunan Law Offices from 2008 to 2011.

**MANUELA CORPORATION**

| Name | Position |
|---|---|
| Benjamarie Therese N. Serrano | Chairman, President |
| Brian N. Edang | Director & Treasurer |
| Manuel Paolo A. Villar | Director |
| Camille A. Villar | Director |
| Frances Rosalie T. Coloma | Director |
| Arbin Omar P. **Cariño** | Corporate Secretary |

**Benjamarie Therese N. Serrano,** *Chairman & President.* Ms. Serrano, 59, graduated from the University of the Philippines with a degree in Economics and from the Asian Institute of Management, with a Master's degree in Business Management. She is also the President and Chief Executive Officer of AllHome, Inc. and the other subsidiaries of All Value Holdings, Inc. Ms Serrano was the President of Vistamalls, Inc. from 2017 to 2019.

**Manuel Paolo A. Villar,** *Director.* Mr. Villar, 45, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey &Co. in the United States from 1999 to 2001. He joined Vista Land in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He was elected President and Chief Executive Officer of Vista Land and Lifescapes, Inc. in July 2011 and President of Vistamalls, Inc in June 2019. He is also the President & CEO of VistaREIT, Inc. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Powersource Phils Development Corp. and the Chairman of Vista Land subsidiaries Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. Mr. Villar also is the majority shareholder of Prime Asset Ventures, Inc., and a director of Fine Properties, Inc,

**Brian N. Edang**, *Director & Treasurer*. Mr. Edang, 43, is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head Investor Relations of Vista Land and Lifescapes, Inc. from 2007 up to present, and the Chief Financial Officer of Vista Land & Lifescapes, Inc. since November 2018. He is also a Director of VistaREIT, Inc. Mr. Edang is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Financial Executives Institute of the Philippines (FINEX).

**Camille A. Villar,** *Director*. Ms. Villar, 37, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She took Management in Business Administration, Global Executive MBA Program in Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director of Vista Land Commercial. She used to be a Director in Brittany Corporation. She is also the Director of Vistamalls, Inc. (formerly Starmalls, Inc.) and Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.). She is also the Concurrent President of All Value Holdings Corp., and the Vice Chairman of AllHome Corp.

**Frances Rosalie T. Coloma**, *Director*, 59, graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant. She was previously the Finance Manager of Alcatel Philippines, Inc. and Intel Philippines, Inc., Country Controller of Ericsson Telecommunications Philippines, Inc., Deal Finance Manager of Accenture Delivery Center, Philippines, and Assistant General Manager of Maersk Global Services, Philippines. Ms. Coloma was also the Chief Financial Officer and Chief Information Officer of Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.) from 2016 to 2019. She was also the Chief Financial Officer of Vistamalls, Inc. (formerly Starmalls, Inc.) from 2012 to 2016. She is currently the Chief Financial Officer and Director of AllHome Corp. and Director of Golden MV Holdings, Inc.

**Arbin Omar P. Cariño**, *Director and Corporate Secretary*. Atty. Cariño, 41, graduated from the De La Salle University with a double degree in Bachelor of Science in Chemistry and Bachelor of Secondary Education - Major in Physics and Math. He earned his law degree from San Beda College of Law in 2008. He is currently the Legal Counsel of Household Development Corporation. He also serves as the Corporate Secretary of AllBank (A Thrift Bank), Inc. and the Assistant Corporate Secretary of VFund Management, Inc. He was previously associated with the law firms of Buñag & Lotilla Law Office from 2011 to 2012 as well as Kapunan Law Offices from 2008 to 2011.

**VISTA RESIDENCES, INC., CROWN ASIA PROPERTIES, INC & COMMUNITIES PAMPANGA, INC.**

| Name | Position |
|---|---|
| Manuel Paolo A. Villar | Chairman |
| Jerylle Luz C. Quismundo | Director & President |
| Brian N. Edang | Director & Treasurer |
| Ma. Nalen S.J. Rosero | Director & Corporate Secretary |
| Lorelyn D. Mercado | Director |
| Arbin Omar P. Cariño | Assistant Corporate Secretary |

**Manuel Paolo A. Villar,** *Director and President & Chief Executive Officer.* Mr. Villar, 45, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey &Co. in the United States from 1999 to 2001. He joined Vista Land in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He was elected President and Chief Executive Officer of Vista Land and Lifescapes, Inc. in July 2011 and President of Vistamalls, Inc in June 2019. He is also the President & CEO of VistaREIT, Inc. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Powersource Phils Development Corp. and the Chairman of Vista Land subsidiaries Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. Mr. Villar also is the majority shareholder of Prime Asset Ventures, Inc., and a director of Fine Properties, Inc,

**Jerylle Luz C. Quismundo,** *Chairman of the Board.* Ms. Quismundo, 58, graduated cum laude with a degree in Bachelor of Science in Business Economics from the University of the Philippines Diliman in 1983. She took her Master in Business Administration from the same university in 1989. She has held various positions under the M.B. Villar Group of Companies since1989 and is the incumbent President of various Vista Land and Lifescapes, Inc. subsidiaries including Brittany Corporation, Camella Homes, Inc. Vista Residences, Inc., and Crown Asia Properties, Inc.

**Brian N. Edang**, *Director.* Mr. Edang, 43, is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head Investor Relations of Vista Land and Lifescapes, Inc. from 2007 up to present, and the Chief Financial Officer of Vista Land & Lifescapes, Inc. since November 2018. He is also a Director of VistaREIT, Inc. Mr. Edang is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Financial Executives Institute of the Philippines (FINEX).

**Ma. Nalen S.J. Rosero**. *Chief Legal Counsel, Chief Information Officer and Compliance Officer.* Atty. Rosero, 51, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Corporate Secretary and a Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also a Director of Manuela Corporation and Masterpiece Properties, Inc., and the Corporate Secretary of Vistamalls, Inc. (formerly Starmalls, Inc.). From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Relaga & Cruz (ACCRA) Law Offices. On September 11, 2013, Atty. Rosero was designated as Compliance Officer and Chief Information Officer of the Company.

**Lorelyn D. Mercado.** *Controller.* Ms. Mercado, 52, graduated from the University of Batangas with a degree in Bachelor of Science in Business Administration-Accounting. She took her Master in Business Administration at the De La Salle University. She used to be the Chief Accountant of Vista Residences, Inc. and Adelfa Properties, Inc., She is currently the Chief Accountant of Vista Land & Lifescapes, Inc. and its subsidiaries, and a Director in Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Inc., and Camella Homes, Inc.

**Arbin Omar P. Cariño**, *Director and Corporate Secretary*. Atty. Cariño, 41, graduated from the De La Salle University with a double degree in Bachelor of Science in Chemistry and Bachelor of Secondary Education - Major in Physics and Math. He earned his law degree from San Beda College of Law in 2008. He is currently the Legal Counsel of Household Development Corporation. He also serves as the Corporate Secretary of AllBank (A Thrift Bank), Inc. and the Assistant Corporate Secretary of VFund Management, Inc. He was previously associated with the law firms of Buñag & Lotilla Law Office from 2011 to 2012 as well as Kapunan Law Offices from 2008 to 2011.

**C. PROCEEDS RECEIVED BY THE SPONSORS**

VistaREIT's current authorized capital stock is ₱15,000,000,000.00 divided into 15,000,000,000 shares with a par value of ₱1.00 per share. As of the date of this REIT Plan, VistaREIT has a total of 7,500,000,000 common shares issued and outstanding.

The Offer Shares will comprise of 2,500,000,000 issued Shares owned and to be offered and sold by MAPI, Manuela, Vista Residences, Crown Asia and Communities Pampanga (the "**Selling Shareholders**") by way of a secondary offer (the "**Secondary Shares**"). The Option Shares will comprise up to 250,000,000 issued Shares owned by the Selling Shareholders to be offered by way of a secondary offer. The offer of the Offer Shares is referred to herein as the "**Offer**".

The VistaREIT will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. Total gross proceeds from the Firm Shares, based on an Offer Price of ₱1.75 per Offer Share, will be ₱4,375,000,000.00 and estimated net proceeds, after deducting the applicable underwriting fees and commissions and expenses for the Firm Shares will be ₱4,189,475,105.31.

Assuming full exercise of the Overallotment Option, the gross proceeds from the sale of the Option Shares is estimated to be ₱437,500,000.00 and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholders will be ₱423,018,750.

Below is the breakdown of the proceeds each Sponsor will receive:

| | **Firm Shares** | **Firm Shares with Overallotment Option** |
|---|---:|---:|
| Masterpiece Asia Properties, Inc. | ₱ 2,136,375,931 | ₱ 2,352,089,607 |
| Manuela Corporation | 383,919,295 | 422,684,309 |
| Vista Residences, Inc. | 1,128,030,534 | 1,241,929,782 |
| Crown Asia Properties, Inc. | 226,317,266 | 249,168,922 |
| Communities Pampanga, Inc. | 314,832,080 | 346,621,235 |
| TOTAL | 4,189,475,105 | 4,612,493,855 |

**D. THE REINVESTMENT PLAN**

The Sponsors intend to use net proceeds received from the secondary offer to fund ongoing and future investments in real estate properties in Metro Manila and other key regions in thePhilippines. The Sponsors may undertake on its own or through other subsidiaries of Vista Land as discussed below. The funding will be provided by the Sponsors to the respective project developers via cash advances at an arm's length. The projects to be undertaken include investment in commercial, condominium, horizontal housing or any real estate projects within the Philippines. While the Company is not contemplating to acquire land at this time, there is nothing preventing it from doing so in the future in accordance with the requirementof the law, if the timing and opportunity is right.

The projected disbursements in connection with the proposed use of proceeds is provided in the succeeding tables:

| **Sponsor** | **Development** | **Estimated Amount Fully Exercised (in Millions ₱)** | **Estimated Amount Not Exercised (in Millions ₱)** |
|---|---|---:|---:|
| Vista Residences, Inc. | Condominium Development | ₱ 1,241.93 | ₱1,128.03 |
| Crown Asia Properties, Inc. | Condominium Development | 249.17 | 226.31 |
| Communities Pampanga, Inc. | Condominium Development | 346.62 | 314.83 |
| Manuel Corporation | Vista Estate Development | 369.08 | 330.32 |
| Manuel Corporation | Condominium Development | 53.60 | 53.60 |
| Masterpiece Asia Properties, Inc. | Vista Estate Development | 2,352.09 | 2,136.38 |
| TOTAL | | ₱ 4,612.49 | ₱ 4,189.48 |

**Assuming over-allotment option is fully exercised**

| | PROJECT | DESCRIPTION | LOCATION | Investment Type | Status | Percentage of Completion | TOTAL PLANNED USE FOR ONE YEAR | Q2-2022 | Q3-2022 | Q4-2022 | Q1-2023 | SPONSOR | DISBURSING ENTITY/DEVELOPER |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Vista Estate | Masterplan development | Cavite | Land development | On-going | 1%-40% | 257.67 | 56.89 | 134.71 | 52.86 | 13.22 | Manuela Corporation | Household Development Corporation |
| 2 | Vista Estate | Masterplan development | Laguna | Land development | On-going | 1%-40% | 111.41 | 35.67 | 38.68 | 20.94 | 16.12 | Manuela Corporation | Household Development Corporation |
| 3 | Vista Estate | Community Mall | Bacoor, Cavite | Commercial Building | Planning | 0% | 351.79 | 87.95 | 87.95 | 87.95 | 87.95 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 4 | Vista Estate | Community Mall | Dasmarinas, Cavite | Commercial Building | Planning | 0% | 304.36 | 76.09 | 76.09 | 76.09 | 76.09 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 5 | Vista Estate | Community Mall | Caloocan City | Commercial Building | Planning | 0% | 262.52 | 65.63 | 65.63 | 65.63 | 65.63 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 6 | Vista Estate | Community Mall | Imus, Cavite | Commercial Building | Planning | 0% | 77.92 | 38.96 | 38.96 | - | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 7 | Vista Estate | Community Mall | Antipolo, Rizal | Commercial Building | Planning | 0% | 101.92 | 50.96 | 50.96 | - | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 8 | Vista Estate | Community Mall | San Jose Del Monte, Bulacan | Commercial Building | Planning | 0% | 101.08 | - | 50.54 | 50.54 | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 9 | Vista Estate | Community Mall | Valenzuela City | Commercial Building | Planning | 0% | 86.46 | - | 43.23 | 43.23 | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 10 | Vista Estate | Community Mall | Imus, Cavite | Commercial Building | Planning | 0% | 59.64 | - | 29.82 | 29.82 | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 11 | Vista Estate | Community Mall | Silang, Cavite | Commercial Building | Planning | 0% | 59.05 | - | 29.52 | 29.52 | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 12 | Vista Estate | Community Mall | Baliuag, Bulacan | Commercial Building | Planning | 0% | 313.60 | 76.73 | 76.73 | 76.73 | 83.43 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 13 | Vista Estate | Community Mall | Trece Martires, Cavite | Commercial Building | Planning | 0% | 310.18 | 77.54 | 77.54 | 77.54 | 77.54 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 14 | Vista Estate | Community Mall | Muntinlupa City | Commercial | Planning | 0% | 323.58 | 80.89 | 80.89 | 80.89 | 80.89 | Masterpiece Asia | Masterpiece Asia |
| | | | | | | | | | | | | | |
| | **Sub-total-Vista Estates** | | | | | | **2,721.17** | **647.31** | **881.25** | **691.74** | **500.87** | | |
| | **Cumulative** | | | | | | | **647.31** | **1,528.56** | **2,220.30** | **2,721.17** | | |

| | PROJECT | DESCRIPTION | LOCATION | Investment Type | Status | Percentage of Completion | TOTAL PLANNED USE FOR ONE YEAR | Q2-2022 | Q3-2022 | Q4-2022 | Q1-2023 | SPONSOR | DISBURSING ENTITY/DEVELOPER |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Hawthorne Heights | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 15% | 421.00 | 120.29 | 120.29 | 120.29 | 60.14 | Vista Residences, Inc. | Vista Residences, Inc. |
| 2 | Vista Pointe | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 40% | 240.84 | 66.51 | 66.51 | 66.51 | 41.29 | Vista Residences, Inc. | Vista Residences, Inc. |
| 3 | Vista Recto | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 90% | 136.69 | 54.63 | 32.50 | - | 49.56 | Vista Residences, Inc. | Vista Residences, Inc. |
| 4 | Plumeria Heights | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 20% | 443.40 | 112.41 | 112.41 | 112.41 | 106.19 | Vista Residences, Inc. | Vista Residences, Inc. |
| 5 | Spectrum | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | Land development | 0% | 183.01 | 12.37 | 65.97 | 65.97 | 38.69 | Crown Asia Properties, Inc. | Crown Asia Properties, Inc. |
| | | | | | | | 53.60 | 53.60 | | | | Manuela Corporation | Crown Asia Properties, Inc. |
| 6 | Valenza Mansions | Mid-rise mixed-use development (Residential with commercial spaces) | Laguna | Condominium building | On-going building construction | 90% | 66.17 | 25.65 | 20.26 | 20.26 | - | Crown Asia Properties, Inc. | Crown Asia Properties, Inc. |
| 7 | Hermosa | Mid-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 20% | 319.35 | 106.45 | 106.45 | 106.45 | - | Communities Pampanga, Inc. | Household Development Corporation |
| 8 | The Courtyard | Mid-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | Land development | 0% | 27.27 | 27.27 | | | | Communities Pampanga, Inc. | Household Development Corporation |
| | **Sub-total - Condominium(1)** | | | | | | **1,891.32** | **579.18** | **524.39** | **491.89** | **295.87** | | |
| | *(1) All condominium projects are issued with Development Permit, Building Permit and Certificate of Registration/License to Sell* | | | | | | | | | | | | |
| | **Cumulative** | | | | | | | **579.18** | **1,103.57** | **1,595.46** | **1,891.32** | | |
| | **GRAND TOTAL** | | | | | | **4,612.49** | **1,226.49** | **1,405.64** | **1,183.63** | **796.74** | | |
| | **Cumulative** | | | | | | | **1,226.49** | **2,632.12** | **3,815.76** | **4,612.49** | | |

**Assuming over-allotment option is not exercised**

| | PROJECT | DESCRIPTION | LOCATION | Investment Type | Status | Percentage of Completion | TOTAL PLANNED USE FOR ONE YEAR | Q2-2022 | Q3-2022 | Q4-2022 | Q1-2023 | SPONSOR | DISBURSING ENTITY/DEVELOPER |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Vista Estate | Masterplan development | Cavite | Land development | On-going | 1%-40% | 257.67 | 56.89 | 134.71 | 52.86 | 13.22 | Manuela Corporation | Household Development Corporation |
| 2 | Vista Estate | Masterplan development | Laguna | Land development | On-going | 1%-40% | 72.65 | 35.67 | 36.98 | | | Manuela Corporation | Household Development Corporation |
| 3 | Vista Estate | Community Mall | Bacoor, Cavite | Commercial Building | Planning | 0% | 351.79 | 87.95 | 87.95 | 87.95 | 87.95 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 4 | Vista Estate | Community Mall | Dasmarinas, Cavite | Commercial Building | Planning | 0% | 304.36 | 76.09 | 76.09 | 76.09 | 76.09 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 5 | Vista Estate | Community Mall | Caloocan City | Commercial Building | Planning | 0% | 262.52 | 65.63 | 65.63 | 65.63 | 65.63 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 6 | Vista Estate | Community Mall | Imus, Cavite | Commercial Building | Planning | 0% | 77.92 | 38.96 | 38.96 | - | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 7 | Vista Estate | Community Mall | Antipolo, Rizal | Commercial Building | Planning | 0% | 101.92 | 50.96 | 50.96 | - | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 8 | Vista Estate | Community Mall | San Jose Del Monte, Bulacan | Commercial Building | Planning | 0% | 101.08 | - | 50.54 | 50.54 | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 9 | Vista Estate | Community Mall | Valenzuela City | Commercial Building | Planning | 0% | 86.46 | - | 43.23 | 43.23 | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 10 | Vista Estate | Community Mall | Imus, Cavite | Commercial Building | Planning | 0% | 59.64 | - | 29.82 | 29.82 | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 11 | Vista Estate | Community Mall | Silang, Cavite | Commercial Building | Planning | 0% | 59.05 | - | 29.52 | 29.52 | - | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 12 | Vista Estate | Community Mall | Baliuag, Bulacan | Commercial Building | Planning | 0% | 236.88 | - | 76.73 | 76.73 | 83.43 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 13 | Vista Estate | Community Mall | Trece Martires, Cavite | Commercial Building | Planning | 0% | 232.63 | - | 77.54 | 77.54 | 77.54 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| 14 | Vista Estate | Community Mall | Muntinlupa City | Commercial Building | Planning | 0% | 262.13 | 19.45 | 80.89 | 80.89 | 80.89 | Masterpiece Asia Properties, Inc. | Masterpiece Asia Properties, Inc. |
| | | | | | | | | | | | | | |
| | **Sub-total-Vista Estates** | | | | | | **2,466.70** | **431.59** | **879.55** | **670.80** | **484.75** | | |
| | **Cumulative** | | | | | | | **431.59** | **1,311.14** | **1,981.95** | **2,466.70** | | |

| | PROJECT | DESCRIPTION | LOCATION | Investment Type | Status | Percentage of Completion | TOTAL PLANNED USE FOR ONE YEAR | Q2-2022 | Q3-2022 | Q4-2022 | Q1-2023 | SPONSOR | DISBURSING ENTITY/DEVELOPER |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Hawthorne Heights | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 15% | 421.00 | 120.29 | 120.29 | 120.29 | 60.14 | Vista Residences, Inc. | Vista Residences, Inc. |
| 2 | Vista Pointe | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 40% | 240.84 | 66.51 | 66.51 | 66.51 | 41.29 | Vista Residences, Inc. | Vista Residences, Inc. |
| 3 | Vista Recto | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 90% | 136.69 | 54.63 | 32.50 | - | 49.56 | Vista Residences, Inc. | Vista Residences, Inc. |
| 4 | Plumeria Heights | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 20% | 329.51 | 112.41 | 112.41 | 104.70 | | Vista Residences, Inc. | Vista Residences, Inc. |
| 5 | Spectrum | High-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | Land development | 0% | 160.15 | 12.37 | 65.97 | 65.97 | 15.83 | Crown Asia Properties, Inc. | Crown Asia Properties, Inc. |
| | | | | | | | 53.60 | 53.60 | | | | Manuela Corporation | Crown Asia Properties, Inc. |
| 6 | Valenza Mansions | Mid-rise mixed-use development (Residential with commercial spaces) | Laguna | Condominium building | On-going building construction | 90% | 66.17 | 25.65 | 20.26 | 20.26 | - | Crown Asia Properties, Inc. | Crown Asia Properties, Inc. |
| 7 | Hermosa | Mid-rise mixed-use development (Residential with commercial spaces) | Metro Manila | Condominium building | On-going building construction | 20% | 314.83 | 106.45 | 106.45 | 101.93 | - | Communities Pampanga, Inc. | Household Development Corporation |
| | **Sub-total - Condominium(1)** | | | | | | **1,722.78** | **551.91** | **524.39** | **479.66** | **166.82** | | |
| | *(1) All condominium projects are issued with Development Permit, Building Permit and Certificate of Registration/License to Sell* | | | | | | | | | | | | |
| | **Cumulative** | | | | | | | **551.91** | **1,076.30** | **1,555.96** | **1,722.78** | | |
| | **GRAND TOTAL** | | | | | | **4,189.48** | **983.51** | **1,403.94** | **1,150.46** | **651.57** | | |
| | **Cumulative** | | | | | | | **983.51** | **2,387.44** | **3,537.90** | **4,189.48** | | |

The Sponsors shall endeavor to cause the completion of the construction of the projects enumerated in table above within the projected time frame, the time of completion and accordingly, the timing of disbursements projected above, are subject to fire, earthquake, other natural elements, acts of God, war, civil disturbance, government and economic controls, community quarantine restrictions imposed by local or national government, delay in construction timetable and progress billings arising out of unforeseen site conditions or difficulty in obtaining the necessary labor or materials for the projects, or due to any other cause beyond the control of the Sponsors.

## E. MONITORING AND REVIEW

The Sponsors shall monitor the actual disbursements of projects proposed in this ReinvestmentPlan on a quarterly basis. For purposes of monitoring, Sponsors shall prepare a quarterly progress report of actual disbursements on the projects covered by this Reinvestment Plan.

In the event of changes in the actual disbursements of projects proposed in this Reinvestment Plan, the Sponsors shall carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is in thebest interest of the Company and its shareholders. The cost estimates may also change as these plans are developed further, and actual costs may be different from budgetedcosts. For these reasons, timing and actual use of the net proceeds may vary and the Company may find it necessary or advisable to alter their plans.

In such an event, the Sponsors undertakes that any deviation from the planned reinvestment (as disclosed in the Reinvestment Plan that formed part of the RS) will be promptly disclosed tothe Exchange and to the Commission via SEC Form 17-C (and submit a Revised Reinvestment Plan as necessary).

## F. REPORTING

The Sponsors shall comply with the reportorial and disclosure requirements prescribed by the SEC, PSE, BIR, or the appropriate regulatory government agency/ies.

The Sponsors shall submit to the PSE quarterly progress reports and a final report on the implementation of the Reinvestment Plan, duly certified by its Finance Controller, Treasurer,and External Auditor. The quarterly progress report and the final report shall be submitted tothe PSE in accordance with the REIT LAW and its relevant implementing regulations and relevant PSE rules.

The Reinvestment Plan and the status of its implementation shall be included in the appropriate structured reports of the Sponsors to the SEC and the PSE. Any investment pursuant to the Reinvestment Plan shall be disclosed by the Company via SEC Form 17-C assuch investment is made. The Company shall likewise furnish the SEC with copies of the relevant documentary stamp tax returns, as may be applicable.

**ANNEX C**

Connecting people & property, perfectly.

Santos Knight Frank

# RETAIL & OFFICE MARKET STUDY

Vista Land and Lifescapes, Inc.

March 1, 2022

santos.knightfrank.ph

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# EXECUTIVE SUMMARY

For the past several years, the Philippines has been one of the fastest growing economies in Asia. This has been primarily driven by the country's services sector. The bolstered OFW remittances and the influx of numerous IT-BPO companies have both contributed in propelling the income and the purchasing power of the local populace. Dynamic consumption patterns have been witnessed which, in turn, have given to the birth of more service-oriented businesses catering to the needs of the constituents.

The real estate sector has significantly benefitted from this improvement in the economy. As more local and foreign investment materializes, property values in the metropolis and other emerging areas have further inched up. Bright prospects from real estate players were even evident as successive property projects were introduced in the market. Numerous office skyscrapers were constructed while sales take-up of residential properties remained stable. The rosy landscape persisted prior the COVID-19 pandemic across all real estate segments.

The retail segment has significantly benefitted from the economic growth witnessed in the recent periods. Owing to the innate fondness of the Filipinos to go to malls, both operators and retailers have consistently registered profitable operations. Moreover, property players have recognized the opportunity to venture into the segment and introduce their respective mall development. Thus, malls have proliferated along the primary and secondary avenues throughout the country. Smaller retail formats were even introduced to cater to an identified catchment area. Despite the surge in supply, market players were still able to operate stably with minimal vacancies.

Similarly, office landlords were observed to perform favorably for the past decade. Investors' appetite has significantly improved, particularly in the outsourcing industry. This was attributed to the abundant skilled labor force in the country. IT-BPO companies persistently took up office spaces as they set up their local operations. This has resulted to the creation of more office buildings within and outside established business districts. Numerous players have even constructed projects in the provinces to offer cheaper alternatives to occupiers that are more cost-sensitive. And similar to the retail segment, the augmentation in the office supply has been well-received by the market.

However, the COVID-19 pandemic has been substantially detrimental to the operations of both property segments. With the enforced limited mobility and Work from Home arrangements, numerous retail and office occupiers have vacated their underutilized spaces. Though real estate players vied to pivot their business model by introducing several concessions to their tenants, the prolonged quarantine period had eventually taken effect on the market.

Vacancy rates spiked up for both segments. Though some tenants have been, more or less, resilient to the pandemic (e.g., essential goods retailers, medical-related office occupiers), the general lessee has felt the need to withdraw their spaces in order to cut their operating costs. Consequently, rental rates fell as landlords strived to fill up their vacated spaces.

More than two (2) years into the pandemic, the market has adapted to the new normal. Though the health threat is still present, various retail tenants were allowed to operate under certain conditions. Foot traffic in malls has been gradually picking up and potential retailers took advantage of the discounts & concession being offered to take up the vacated store spaces. This trend has been witnessed in Metro Manila and other key areas such as Cavite, Pampanga, Bulacan, Rizal, and Cebu. Majority of the retail players in these areas are slowly recovering their occupancies, with some recording single-digit vacancy rates. This trend is anticipated to hold in the coming periods as consumers regain confidence in leaving the confines of their residences and re-establish their patronage of these retail malls.

On the contrary, the recuperation of the office market may still take a while given abundance in available space. With numerous buildings completed for the past two (2) years, along with the heighted vacated office stock, price war among office landlords is still seen to ensue. Yet, some office projects in established CBDs still registered stable operations amid the mass exodus of occupiers. Likewise, projects in the provinces are seen to benefit from heightened demand from locators that are looking for more affordable alternatives, and from firms spreading out their operations looking for satellite offices.

The COVID-19 pandemic has displayed the risk across all investment types in the market. This has been especially true for the real estate sector that has exhibited volatile operations at the onset of the health crisis. More recently, however, the start of the recovery of the retail market exemplifies promising prospects in reinvesting in this particular real estate segment. Similarly, some office buildings with more affordable rents have withstood the effects of pandemic and have operated at stable occupancy levels. Following these considerations, certain real estate projects are still seen as worthwhile investments in the aftermath of COVID-19.

One of the renowned developers in the country, Vista Land & Lifescapes Inc. (VLLI), has assets in its portfolio that have exhibited steady performance in the recent months. Their mall projects within the localities of General Trias, Tanza, Imus, Bacoor in Cavite; Las Piñas City, San Jose del Monte, Bulacan; San Fernando, Pampanga and Talisay, Cebu have been operating at more than 90% occupancy level. These projects are strategically positioned proximate to dense residential communities, which were mostly developed by VLLI early on. Part of the vision of VLLI was to allocate an area for commercial space development which will serve the residential communities once they have become substantially developed. This early acquisition of the land has eased the burden of its cost recovery and has allowed them to offer affordable rents for the retail spaces as well as spaces for their other affiliate businesses offering essential goods and services to operate. This has also given them a means of generating steady streams of revenues for both VLLI and their affiliate businesses.

**Table 1. Vista Land Retail Mall Portfolio**

| Project | Vista Mall Las Piñas Main | Starmall Las Piñas - Annex | Vista Mall Tanza | Vista Mall General Trias | Vista Mall Imus | SOMO - A Vista Mall | Vista Mall Antipolo | Vista Mall Pampanga | Starmall San Jose del Monte | Starmall Talisay - Cebu |
|---|---|---|---|---|---|---|---|---|---|---|
| Mall Type | Neighborhood Mall | Neighborhood Mall | District Mall | District Mall | Neighborhood Mall | District Mall | Neighborhood Mall | District Mall | District Mall | Neighborhood Mall |
| Year of Operations | 1982 | 1979 | 2018 | 2018 | 2015 | 2015 | 2013 | 2013 | 2012 | 2014 |
| Locality | Las Piñas | Las Piñas | Lower Cavite | Lower Cavite | Upper Cavite | Upper Cavite | Rizal | Pampanga | Bulacan | Cebu |
| City/ Municipality | Las Piñas | Las Piñas | Tanza | General Trias | Imus | Bacoor | Antipolo | San Fernando | San Jose del Monte | Talisay City |
| Submarket | Alabang-Zapote Rd | Alabang-Zapote Rd | Tanza-Trece Martires Rd | Arnaldo Hwy | Aguinaldo Hwy | Daang Hari Road | Manuel Quezon Ext | MacArthur Highway | Quirino Highway | Cebu South Road |
| Lot Area (sqm) | 13,109 | 2,240 | 30,830 | 39,020 | 20,208 | 24,998 | 20,446 | 40,195 | 52,522 | 12,072 |
| GFA (sqm) | 38,989 | 7,014 | 29,254 | 29,910 | 22,227 | 35,747 | 19,515 | 33,856 | 82,434 | 23,144 |
| GLA (sqm) | 20,605 | 6,228 | 25,013 | 26,638 | 12,778 | 31,850 | 16,083 | 25,527 | 35,665 | 19,644 |
| Available Space (sqm) | 2,306 | 530 | 3,232 | 2,954 | - | 3,032 | 1,959 | 1,886 | 4,241 | 1,611 |
| Vacancy Rate | 11.19% | 8.51% | 12.92% | 11.09% | 0.00% | 9.52% | 12.18% | 7.39% | 11.89% | 8.20% |
| Occupancy Rate | 88.81% | 91.49% | 87.08% | 88.91% | 100% | 90.48% | 87.82% | 92.61% | 88.11% | 91.80% |
| Lease Rate* | 452.17 | 350.68 | 256.84 | 267.91 | 306.68 | 354.49 | 388.25 | 304.12 | 577.64 | 314.16 |
| CUSA* | 48.48 | 94.47 | 25.49 | 29.84 | 11.60 | 75.15 | 39.13 | 28.51 | 56.59 | 44.12 |

** in PhP/sqm/month*

*Source: Vista Land and Lifescapes, Inc.*

Apart from the retail projects, notable office buildings of the said developer have also been resilient. In particular, VistaHub BGC and VistaHub Molino are both virtually leased out amid the office contract termination in other projects. The two buildings have enjoyed solid tenant retention, implying that both are stable asset classes.

**Table 2. Vista Land Office Building Portfolio**

| **Project** | VistaHub BGC | VistaHub Molino |
|---|---|---|
| **Building Type** | Office | Office |
| **Year of Operations** | 2016 | 2020 |
| **Locality** | BGC, Taguig | Bacoor, Cavite |
| **Lot Area (sqm)** | 2,651 | 5,215 |
| **GFA (sqm)** | 20,970 | 17,934 |
| **GLA (sqm)** | 20,742 | 15,631 |
| **Available Space (sqm)** | 348 | 1,336 |
| **Vacancy Rate** | 1.68% | 8.55% |
| **Occupancy Rate** | 98.32% | 91.45% |
| **Lease Rate (PhP/sqm/month)** | 630.47 | 492.56 |
| **CUSA (PhP/sqm/month)** | 220.55 | 123.84 |

*Source: Vista Land and Lifescapes, Inc.*

Operating profitably amid a down market, the projects in the portfolio of the developer are deemed to be diversified, both in asset type and location. Furthermore, identified advantages of the project portfolio shall continue to favor their operations - from having sizeable retail catchment areas, securing massive anchor tenants via their affiliated companies, and to retaining key office locators amid the pandemic. Despite having smaller areas than their counterparts, these developments have been effectively performing and are expected to continue generating stable recurring income.

# 1. INTRODUCTION

Vista Land & Lifescapes, Inc. ("Client"), is a holding company that is mainly engaged with integrated real estate developments in the Philippines. The company is considered as one of the leading residential, commercial, and retail developers in the country, with developments strategically located in over 147 cities and municipalities, and 49 provinces in Luzon, Visayas, and Mindanao.

Vista Land & Lifescapes, Inc. is composed of various subsidiary companies, offering a wide range of real estate developments that caters to different market segments. The company is involved in the development of horizontal and vertical residential developments through its subsidiaries such as Brittany, Crown Asia, Lessandra, Vista Residences, Camella Homes, Camella Manors, Lumina, and COHO. The company also widened its portfolio in commercial developments through Vista Malls – one of the fastest growing major shopping malls in the Philippines.

Incorporated on February 2007 and publicly listed in the Philippine Stock Exchange, Inc. (PSEI) on June 2007, the company is ranked amongst the top listed property companies in the Philippines.

Vista Land & Lifescapes, Inc. is engaging the services of Santos Knight Frank, Inc. to undertake a Retail & Office Market Study to discuss the prospects of the said real estate segment in Metro Manila, Pampanga, Bulacan, Cavite, Rizal, and Cebu City.

# 2. PHILIPPINE ECONOMIC OVERVIEW

## 2.1. Historical Performance

In the aftermath of the Pacific war from 1946 up to 1949, the Philippine economy experienced a series of boom-and-bust cycles. Episodes of economic growth were followed by crises that were partly a response to the economic policy set in the previous decades. Post-war rehabilitation was the main focus during this period, wherein, the initiatives were financed by United States military expenditures, war damage payments, and a bilateral trade agreement. Also, during this period, the country recorded a higher per capita income than South Korea and Taiwan, but slightly lower than in Hong Kong and Singapore.

In the 1950s, the country looked inward for its sources of growth. The import-substitution strategy was able to raise the level of Gross Domestic Product (GDP) growth by approximately 6.5% annually. The Philippines performed better during this period than its neighbors, such as Indonesia, Malaysia, and Thailand, which recorded GDP growths of 4%, 3.6%, and 5.7% respectively.

As the decade passed on, the highly trade-restrictive and protectionist policies proved unfavorable for the country. In the 1960s, the average annual GDP growth rate declined to 4.9% but it remained higher than Indonesia's 3.9%, it was lower in Malaysia and Thailand, at 6.5% and 8.2%, respectively.

Moving forward to the 1970s during the Marcos era, high growth rates were again recorded as a result of large-scale investments in infrastructure. However, this debt-driven growth could not be sustained and resulted in the country's worst debt crisis, wherein, attempts toward outward-looking policies were also made. The average GDP growth rate of the Philippines during the 1970s, while positive, was much lower than those of other ASEAN countries. Data from the World Bank showed the following average GDP growth rates: the Philippines (5.9%), Indonesia (7.4%), Malaysia (8.3%), and Thailand (6.9%). This was caused by the country's failure to attract investments despite the implementation of a generous investment incentive package. On the other hand, neighboring Southeast Asian countries, which succeeded in projecting a stable political and economic environment, benefited from large inflows of foreign direct investments.

Meanwhile, in the 1980s, the economic performance of the Philippines became slower not only relative to the previous decade but also due to the performance of other developing countries in East and Southeast Asia. The country experienced a period of political instability and a severe economic contraction until the Marcos dictatorship ended in the year 1986. According to the data of World Bank, the average growth rate of Philippine GDP contracted at 1.8%. This is much lower compared to the robust GDP growth exhibited by Indonesia (6.1%), Malaysia (5.3%), and Thailand (7.9%).

In the 1990s the average GDP growth slightly picked up again, which was noted at 2.9%. The figure remained lower in contrast to those neighboring countries such as Indonesia (4.1%), Malaysia (6.6%), and Thailand (4.5%). Economic growth accelerated in the mid-1990s as the government promoted exports, domestic competitions, and foreign direct investment. However, the 1997 Asian Financial Crisis has brought the Philippines to its third recession in just 15 years.

In line with this phenomenon, the succeeding government administrations have introduced various economic reforms that helped with economic recovery despite being low compared to the East and South Asian levels. During the 2000s, the economy achieved an average annual growth of 4.5%, peaking at 7.2% in 2007. In 2008, the global economic crisis halted the growth momentum of the country's economy. As a result, the domestic output decelerated to 4.6% and further declined to 0.9% in 2009.

After a decade of dwindling growth, the Philippine economy had gained momentum as it experienced continuous expansion and macroeconomic stability from 2010 to 2015, registering an average GDP growth of 6.2%. The favorable economic conditions and strong economic fundamentals have fueled the robust growth of the economy, which has led to earning the title of Asia's Rising Tiger in 2013. The economy further expanded to 6.9% in 2016, higher than China, Vietnam, and its other peers.

Moving forward in 2020, the COVID-19 pandemic had become a threat not only in the Philippines but also to most economies around the world. Countries in Southeast Asia, including the Philippines, and other emerging economies experienced the depth of global economic contraction. Lockdowns and strict health protocols were implemented across countries to combat the spread of the virus, at the expense of the economy. As a result, the GDP growth of the Philippines, as well as its neighboring economies, registered dismal figures.

In 2021, signs of recovery were recorded across the main economies in the Southeast Asia Region. The recessions that were experienced in the preceding year ended in the second quarter of the year as countries have started to cope with the effects of the COVID-19 pandemic and the rapid expansion of vaccination coverage is expected to accelerate GDP growth in succeeding years.

**Table 3. Average Annual GDP Growth Rates (%) in Southeast Asia**

| COUNTRY | 1950-1960 | 1961-1970 | 1971-1980 | 1981-1990 | 1990-2000 | 2001-2010 | 2011-2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | 2022F | 2023F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Malaysia** | 3.6 | 6.5 | 8.3 | 6 | 6.6 | 4.6 | 4.0 | -0.5 | 16.1 | -4.5 | 3.6 | 5.8 | 4.5 |
| **Singapore** | n.a. | 9.4 | 8.8 | 7.8 | 7.1 | 5.9 | 2.9 | 0.2 | 14.7 | 7.1 | 5.9 | 5.0 | 6.0 |
| **Philippines** | 6.5 | 4.9 | 5.9 | 1.8 | 2.9 | 4.8 | 4.7 | -4.2 | 12.0 | 7.1 | 7.7 | 5.9 | 5.7 |
| **Thailand** | 5.7 | 8.2 | 6.9 | 7.9 | 4.5 | 4.6 | 2.3 | -2.6 | 7.5 | -0.3 | 1.9 | 3.9 | 4.3 |
| **Indonesia** | 4.0 | 3.9 | 7.4 | 5.5 | 4.1 | 5.2 | 4.6 | -0.7 | 3.1 | 3.5 | 5.0 | 5.2 | 5.1 |

*Sources: World Bank; Trading Economics*

## 2.2. Economic Outlook

The Philippines was one of the fastest-growing economies in Southeast Asia, considering its progress and economic stability over the past years. However, the COVID-19 pandemic resulted in an overall decline in GDP growth in 2020 by 9.6% due to the implementation of lockdowns in various areas of the country, particularly in the National Capital Region (NCR), which is considered as the center of financial and economic hub of the country. A further decline in consumer confidence halted domestic and international travels, and mobility restrictions in the retail sector were also attributed to this scenario.

Despite the gloomy performance of some macroeconomic prospects, there are still silver linings to be expected. In 2021, the country's economic contraction eased to -3.2% during the first quarter, and a rebound of 12.0% and 7.1% were seen in the second and third quarter, respectively. The optimistic recovery in economic growth is being buoyed by the accelerated vaccination roll-out that which allows more private and public businesses to resume their operations at increased capacity.

In the region, Philippines ranked second next to Singapore (14.3%) and is faster than China (7.9%), Indonesia (7.1%), and Vietnam (6.6%). However, following the emergence of the delta variant and the resulting mobility restrictions, the country's national economic team adjusted the full-year GDP forecast in 2021 to 4.0%-5.0% from its previous forecast of 6.0%-7.0%. This was lower than the 6.5% to 7.5% target at the start of the year.

Green shoots of recovery are emerging, facilitated by the fiscal and monetary policy response and the resilience of remittances and exports. The OFW remittances remained strong in 2021 growing by 5.3% year-on-year. This is attributed to the bullish remittance flows sent by migrant workers ahead of the holiday season. Meanwhile, the country's external trade also remained optimistic as it grew by 24% year-on-year amounting to USD 17.25 billion. This was faster than the 15.2% recorded in the October 2021.

The country's head inflation rate also shows a sign of recovery as the prices of goods and services accelerated by 3.6% in 2021. This is faster than the government expectations and the lowest inflation during the year. Other than that, the policy rate remained unchanged at 2.0% and is considered the lowest on the record since the policy cut-rate last November 2020. Overnight deposit and lending rates were also retained at 1.5% and 2.5%, respectively. Bangko Sentral ng Pilipinas (BSP) left these rates unchanged to maintain an accommodative stance that will allow more money in the financial system as the COVID-19 pandemic continues.

At present, the major challenge in revitalizing the economy is to restore the confidence of people and businesses by managing the COVID-19 situation and controlling the spread of the disease. Unlike previous crises, the current economy is not structurally weak, and the contraction only reflected the effects of the lockdown. Aside from that, the national economic team remains optimistic that the effects are only temporary, and the economy will gradually bounce back supported by the country's strong macroeconomic fundamentals. These considerable macroeconomic situations can be the start of a steady economic rebound for the Philippines in the foreseeable future. It is helpful to note that the Philippines was one of the fastest-growing economies in Southeast Asia, considering its progress and economic stability for the past years.

## 2.3. Philippine Economic Outlook Versus Other Economies

Up until the completion of this report, the COVID-19 pandemic remains to be the key risk for the economy, as outbreaks continue to persist in most countries. The economic projections made by Asian Development Bank (ADB) in the Southeast Asian region have mostly been lowered since the initial 2021 forecasts. Currently, Southeast Asia's forecasted economic growth has been revised down to 3.0% from its previous 3.1% for 2021 but revised up to 5.1% in 2022. Emerging economies in the region are anticipated to remain stagnant due to the adverse effect of the pandemic as mobility restrictions tightened to curb the spread of the highly transmissible new coronavirus variant.

Among the Southeast Asian countries, the Philippines GDP growth forecast gradually improved in year 2021 and 2022. This is supported by public spending on infrastructures and the rapid acceleration of vaccination program that could help the country to further accelerate its recovery in the succeeding years. The Philippines GDP is expected to grow by 5.1% in 2021 and it exceeds the government's 4.0% to 5.0% downgraded target. For 2022, the country's GDP is also expected to rise by 6.0%, from the previous projection of 5.5%.

In Indonesia, GDP growth forecasts have been cut 3.5% and 4.8% in 2021 and 2022, respectively as COVID-19 infection reached its peak and lockdowns were continuously implemented resulting in slowed growth in all components of domestic demand.
For Malaysia, the GDP growth forecast was also revised down to 4.7% in 2021, from its previous 6.0%, however, its 2022 forecast was revised up at 6.1%. from 5.7%. This is attributed to tightened and relaxed restrictions that weaken domestic consumption that cause slowed economic activity.

Singapore's economy is expected to post a positive growth and recovery driven by the improvement of business sentiment and resumption of key economic activities. The country's GDP forecast have been revised up to 6.3% and 4.1% in 2021 and 2022, respectively.

Meanwhile, Thailand experienced a sluggish consumer confidence and public investments as containment measures further delayed business plans and economic revival, however, the expansion in foreign trade slightly exceeded expectations. In result, the GDP forecast have been revised up to 1.0% from 0.8% in 2021 and 4.0% from 3.9% in 2022.

In Vietnam, the vaccination delays and extended lockdowns, specifically, in its largest growth area caused restricted mobility and limited economic activity. As a result, the GDP forecast in 2021 was revised down to 2.0% from the previous 3.8%, while the 2022 forecast remained at 6.5%.

**Table 4. ADB GDP Growth (%) Forecast for Major Economies in Southeast Asia**

| COUNTRY | 2021F | 2022F |
|---|---|---|
| Singapore | 6.3 | 4.1 |
| Vietnam | 5.8 | 7.0 |
| Malaysia | 5.5 | 5.7 |
| **Philippines** | **4.5** | **5.5** |
| Indonesia | 4.1 | 5.0 |
| Thailand | 2.0 | 4.9 |

*Source: Asian Development Bank (* subject for adjustment for the ADB updated forecast - year 2022-2023)*

# 3. MACROECONOMIC INDICATORS

**Table 5. Philippine Macro Economic Overview**

| ECONOMIC INDICATORS | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Real GDP* (% YoY) | 7.60 | 3.60 | 6.80 | 7.20 | 6.10 | 5.80 | 6.80 | 6.70 | 6.20 | 5.90 | -9.50 | 5.60 |
| Household Consumption (% YoY) | 3.40 | 5.70 | 6.60 | 5.70 | 5.40 | 6.20 | 7.00 | 5.80 | 5.60 | 5.80 | -7.90 | 4.20 |
| Government Consumption (% YoY) | 4.00 | 2.10 | 15.50 | 7.70 | 1.80 | 9.40 | 8.40 | 7.30 | 12.80 | 10.50 | 10.40 | 7.00 |
| Investment (% YoY) | 19.10 | -1.90 | 10.80 | 12.20 | 6.80 | 14.00 | 23.70 | 9.00 | 13.90 | -0.60 | -0.43 | * |
| Nominal GDP (PHP billion) | 9,003.50 | 9,708.30 | 10,567.30 | 11,542.30 | 12,642.80 | 13,322.04 | 14,480.72 | 15,797.50 | 18,265.19 | 19,517.86 | 17,938.58 | 19,387 |
| Nominal GDP (USD billion) | 199.60 | 224.10 | 250.20 | 271.90 | 284.80 | 292.00 | 304.30 | 313.40 | 346.80 | 376.80 | 361.50 | 365.01 |
| GDP per capita (USD) | 2,141.00 | 2,366.60 | 2,598.70 | 2,780.80 | 2,866.60 | 2,893.80 | 2,953.00 | 2,987.00 | 3,280.00 | 3,512.00 | 3,323.00 | 3,571.00 |
| Population (million) | 92.60 | 94.20 | 95.80 | 97.40 | 97.40 | 100.90 | 102.80 | 104.70 | 106.50 | 108.89 | 111.32 | 172.74 |
| Unemployment (% end-year) | 7.10 | 6.40 | 6.80 | 6.40 | 6.00 | 6.30 | 4.70 | 5.70 | 5.30 | 5.10 | 10.30 | 6.60 |
| CPI (avg % YoY) | 3.80 | 4.60 | 3.20 | 3.00 | 4.10 | 1.40 | 1.80 | 3.20 | 5.20 | 2.50 | 2.60 | 3.00 |
| CPI (yearend % YoY) | 3.60 | 4.20 | 3.00 | 4.10 | 2.40 | 1.50 | 2.90 | 3.30 | 5.10 | 2.52 | 3.50 | 3.20 |
| Current Account (USD billion) | 7.18 | 5.64 | 6.95 | 11.38 | 10.76 | 7.27 | -1.20 | -2.14 | -7.88 | -3.05 | 12.98 | * |
| Net FDI (USD billion) | 1.10 | 2.00 | 3.20 | 3.70 | 6.20 | 5.70 | 7.90 | 8.70 | 9.80 | 7.70 | 6.50 | * |
| Current Account (% of GDP) | 3.60 | 2.52 | 2.78 | 4.19 | 3.78 | 2.48 | -0.39 | -0.68 | -2.38 | -0.90 | 3.60 | * |
| Net FDI (% of GDP) | 0.50 | 0.90 | 1.30 | 1.40 | 2.20 | 2.00 | 2.60 | 2.60 | 3.00 | 2.00 | 1.80 | * |
| Central Bank Policy Rate (yearend %) | 4.00 | 4.50 | 3.50 | 3.50 | 4.00 | 4.00 | 3.40 | 3.00 | 4.75 | 4.00 | 2.00 | 2.00 |
| Exchange Rate (USD/PHP yearend) | 43.90 | 43.90 | 41.20 | 44.40 | 44.60 | 47.20 | 49.80 | 50.40 | 52.72 | 50.74 | 48.06 | 49.26 |
| Exchange Rate Average (USD/PHP) | 45.10 | 43.30 | 42.20 | 42.40 | 44.40 | 45.50 | 47.50 | 49,9 | 52.77 | 51.80 | 49.62 | 50.45 |
| Average Bank Lending Rate (avg %) | 7.67 | 6.63 | 5.65 | 5.76 | 5.53 | 5.58 | 5.64 | 5.77 | 6.14 | 7.09 | - | - |
| 91-day T-Bill Rates (avg %) | 3.73 | 1.37 | 1.58 | 0.32 | 1.24 | 1.77 | 1.50 | 2.10 | 3.54 | 4.67 | 2.02 | 1.11 |
| 182-day T-Bill Rates (avg %) | 3.97 | 1.69 | 1.76 | 0.48 | 1.61 | 1.93 | 1.61 | 2.47 | 4.49 | 5.07 | 2.26 | 1.42 |
| 364-day T-Bill Rates (avg %) | 4.26 | 2.26 | 1.97 | 0.72 | 1.79 | 2.08 | 1.77 | 2.82 | 5.14 | 5.23 | 2.42 | 1.67 |
| 5-year T-Bond Rates (yearend %) | 4.78 | 4.21 | 3.70 | 2.91 | 3.33 | 3.93 | 4.79 | 4.74 | 5.50 | 4.25 | 2.86 | 4.87 |
| 7-year T-Bond Rates (yearend %) | 5.88 | 5.08 | 4.15 | 3.55 | 3.90 | 4.59 | 4.94 | 5.31 | 5.75 | 6.25 | 3.48 | 3.75 |
| PSEi (yearend) | 4,201.10 | 4,372.00 | 5,812.70 | 5,889.80 | 7,230.60 | 6,952.10 | 6,840.64 | 8,558.42 | 7,466.02 | 7,815.26 | 7,139.71 | 7,122.63 |
| Tourist Arrivals (% YoY) | 16.70 | 11.30 | 9.10 | 9.60 | 3.30 | 10.90 | 12.08 | 10.96 | 7.70 | 13.38 | -82.05 | * |
| OFW Remittances (USD billion) | 20.60 | 21.90 | 21.40 | 23.00 | 24.60 | 25.80 | 26.90 | 28.06 | 28.94 | 30.13 | 29.90 | 31.42 |

*Source: Bangko Sentral ng Pilipinas; Philippine Statistics Authority; Oxford Economic*

**At constant 2018 prices*

## 3.1. Gross Domestic Product (GDP)

The Philippine economy exhibited steady upbeat growth in recent years. From 2010-2019, the country's average real GDP was recorded at 6.1% per annum. This consistent growth trend was driven by sound economic policies that resulted to being one of the fastest growing economies in Asia.

The country faced hurdles in 2020, as the local economy was challenged by the Taal Volcano eruption and the onset of COVID-19 pandemic. The unforeseen events caused disruptions to the economic activity of the country. As a result, policies that are focused on mitigating the spread of COVID-19, prolonged lockdowns, and the decline in consumption weighed down the country's real GDP to -9.5% in 2020, the first economic contraction recorded since 1998 due to the Asian Financial Crisis.

Optimistic growth prospects were seen in 2021, as the economy started to exhibit gradual recovery in the second half of 2020 to Q1 2021, driven by increased mobility due to a more controlled pandemic situation in the country that led to increased consumption. The country's economic output started to rebound from recession in Q2 2021, recording a growth of 12% - the fastest growth recorded in over three decades. Economic growth was a result of improvement in the performance of Industry and Services sectors, posting growth of 20.8% and 9.6% respectively. In addition, the rebound was driven by increased output in the manufacturing industry and increased activity in the construction industry.

Positive growth trend persisted for the second straight quarter in Q3 2021, backed by rising household consumption, which accounts for three quarters of the country's GDP and grew by 7.1%. Albeit the positive growth recorded during the period, this was overshadowed by the reimposition of restrictions to curb the surge of COVID-19 cases, driven by the Delta variant. Economic expansion was sustained despite mobility restrictions, driven by growth among major economic sectors such as the Industry and Services sector was observed at 7.9% and 8.2%, respectively. In addition, main contributors to the economic growth during the period remains to be driven from the construction and manufacturing industries that posted growth of 16.8% and 6.3%, respectively.

Strong economic rebound also points to improved consumer confidence as household spending which comprise of 75% of the overall GDP, grew by 7.1% during the period. Consumption of food and non-alcoholic beverages covers 36.4% of the total household spending, grew by 3% during the period. Greater emphasis on health spending was also observed as it posted growth of 18.8% in Q3 2021 from 15.5% in Q2 2021. On the other hand, mobility restrictions slowed down the growth of spending on transportation, restaurants and hotels, as well as clothing and footwear which grew by 13.5%, 11.4%, and 24.5%, respectively.

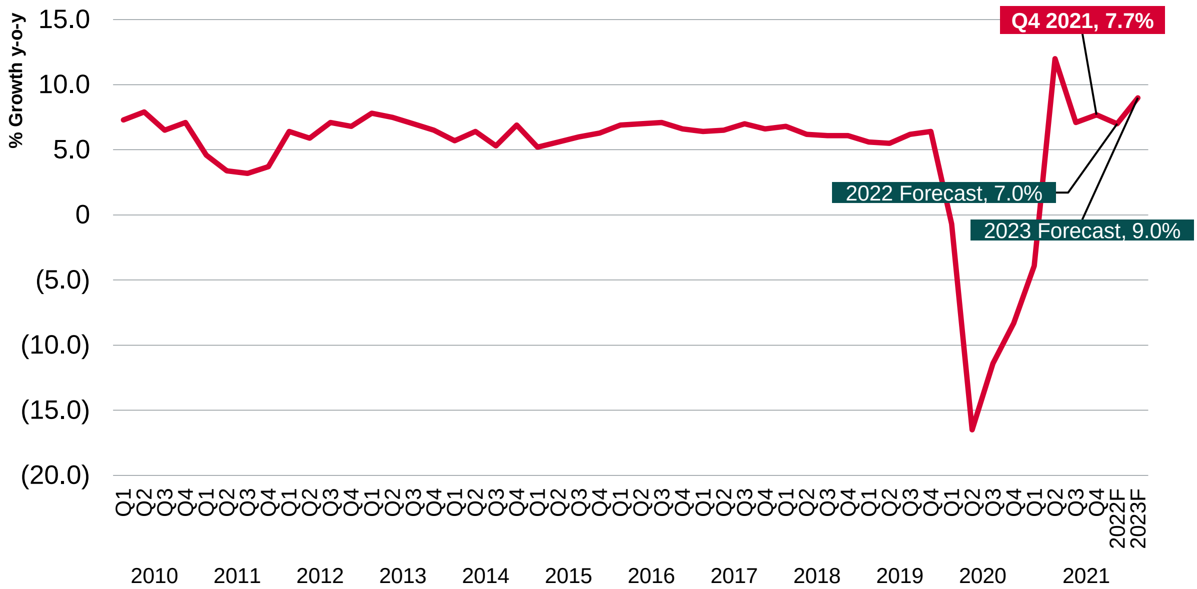
The growth persisted up to the last quarter of 2021, as it gradually improved to 7.7%. This despite the damaging impact of Typhoon Odette. The full-year 2021 GDP growth closed at 5.6% exceeding the Development Budget Coordination Committee's target of 5.0% to 5.5%.

Household consumption is seen to remain strong in the coming periods as consumer confidence has risen over the last 5 years from 0.40 in 2015 to 1.2 in 2019 according to the Consumer Confidence Index. Consumer confidence is further anticipated to continue to stay strong at 18.6 in the next 12 months. Improved consumer confidence outlook was brought about by the expectations of increased availability of jobs, additional/higher income, and effective government policies and programs in addressing the COVID-19 pandemic.

The country's central bank is also seen to maintain its accommodative and expansionary monetary policy stance, keeping interest rates at a record 2% low for the entire 2021. However, economists expect that policy normalization could happen by 2022, with expected rate hikes of 75 bps to bring the policy rate to 2.75% by year end.

The progress of the country's GDP indicates the accelerating recovery status of the economy. Philippine GDP remains aligned to the government's full-year growth target of 4% to 5% as well as reaching pre-pandemic levels by the end of 2021 and at the start of 2022. Moving forward, a gradual uptrend is expected to continue in the following quarters with the recent government policies, including RA 11469 known as the Bayanihan to Heal as One Act, that grants social amelioration financial assistance to low-income household as well as providing compensation insurance for front line health workers. In addition, regulatory relief was implemented to grant a temporary and rediscounting relief measures to include the provision of financial assistance, grace period, moratorium on loans and non-imposition of penalties. The reopening of the economy by easing lockdown restrictions, coupled with a pent-up vaccine rollout, is expected to make fruitful returns to the economy in the long run. By then, the resurgence of the Philippine economy is expected and imminent.

**Figure 1. Philippine GDP Growth Rates**




*Source: Philippine Statistics Authority*

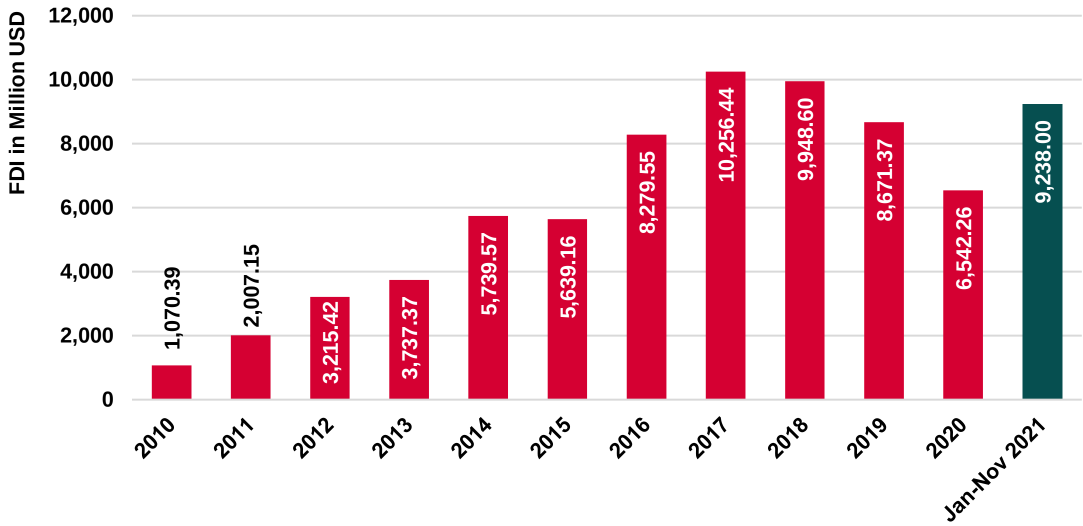
## 3.2. Foreign Direct Investments

The Philippines is one of the primary investment destinations in Asia, with consistent and increasing inflows of Foreign Direct Investments (FDI). FDI inflows in the country contracted by 48% in 2010 due to the lingering effects of the Global Financial Crisis and the speculative stance of investors towards the economic policies implemented by the new administration. FDIs started to rebound by 87% in 2011 with a total of USD 2 billion as the country opened its economy to foreign investors that sparked the boom of the IT-BPO industry. Consistent economic growth and stability, combined with sound economic policies to attract investments in the country, resulted to FDI inflows to peak in 2017 at USD 10.3 billion.

The global economy was challenged by the COVID-19 pandemic. Economic policies became more focused on curbs to mitigate the surge and the pandemic situation of the country led to dampened investor sentiments resulting to a steep decline of 25% on the country's net FDI inflows to USD 6.5 billion in 2020. In 2021, FDI net inflows started to recover as the country showed significant improvements in the pandemic situation coupled with the upbeat economic growth recorded in the first three quarters of the year.

As of November 2021, the total FDI net inflows was recorded at USD 1.1 billion. This brought the eleven-month net inflows to USD 9.2 billion, inching up to 52.5% y-o-y. This was bolstered by the surge of FDI net inflows for the month of October, amounting to USD 855 million. FDI net inflows registered in November were the biggest since the USD 7.3 billion logged in September 2020. FDI net inflows in the country sustained its upbeat trend as the economy gradually reopened in October. The rise in the country's FDI net inflows was due to the increased investment of non-residents in debt instruments which grew by 78.5% on a year-on-year basis to USD 5.93 billion, while FDIs in equity capital surged to USD 141 million and placements grew to USD 154 million. The positive output of the country's FDI was mainly attributed to the general reopening of the global economy the improved situation locally with lower COVID-19 cases in the fourth quarter of 2021.

**Figure 2. Net Foreign Direct Investments Philippines**




*Source: Bangko Sentral ng Pilipinas*

### 3.3. Overseas Filipino Workers (OFW) Remittances

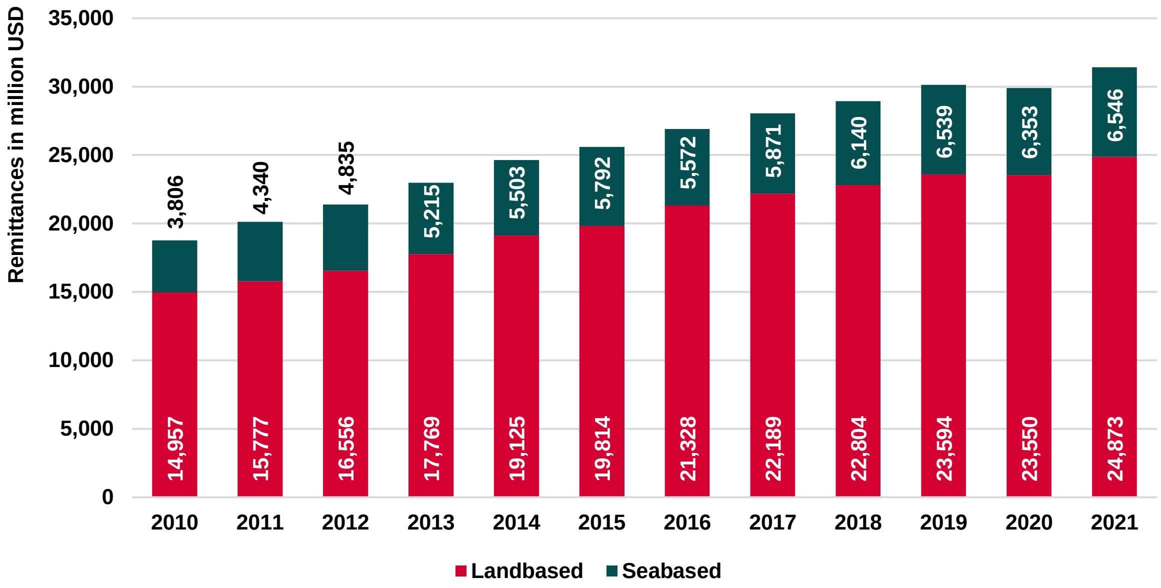
The inflow of OFW remittances in the country grew by 5.1% year-on-year, with total cash remittances of USD 31.4 billion over the 11-month period of 2021. This resulted from an additional USD 2.5 billion of cash remittances coursed through banks in November 2021. Cash remittances received in November consists of USD 2 billion from land-based workers and USD 534 million from sea-based workers.

The growth in remittances was due the faster economic recovery of host countries due to rampant vaccination efforts also contributed to the increased inflows of remittances. In addition, OFWs also recognized the need to send more money to their dependents to better support them amidst the uncertain pandemic situation and changing quarantine regulations. In addition, remittances are also seen to grow further by the end of the year as overseas workers send more money to their families in the holiday season.

In terms of country sources, United States registered the highest share of cash remittances at 41% over the 11-month period. The reopening of country borders, rapid vaccine roll-outs, and abundant OFW workforce, has benefitted the Philippine economy. This figure was followed by Singapore, Saudi Arabia, the United Kingdom, Japan, United Arab Emirates, Canada, South

Korea, Qatar and, Taiwan, resulting in overall combined remittances of about 78.4% of total cash remittances.

**Figure 3. Historical Performance of Overseas Filipino Remittances**




*Source: Bangko Sentral ng Pilipinas*

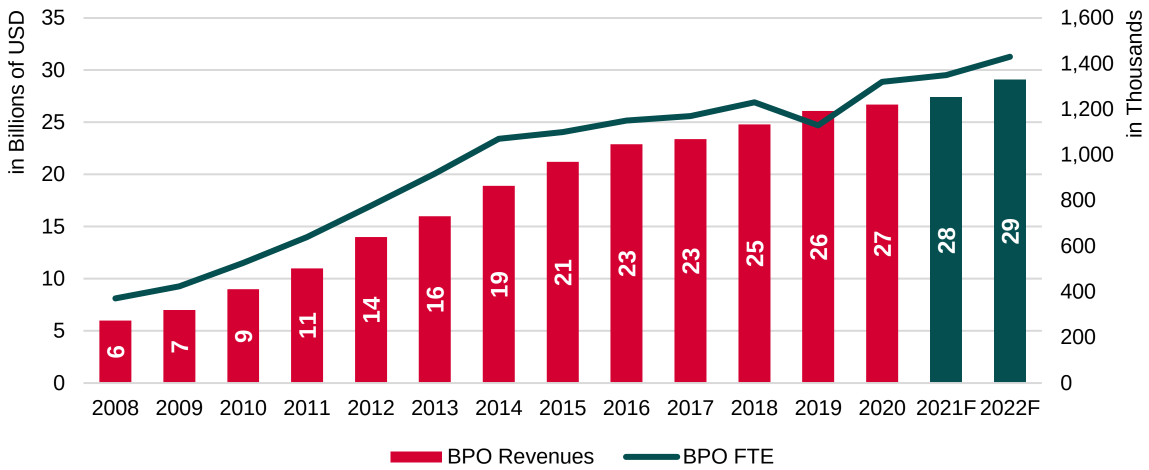
## 3.4. IT-BPO Industry Performance

The Business Process Outsourcing (BPO) industry has been continuously growing over the years primarily because of the relatively cheap and competitive labor force of the country as well as the younger population. Many of the outsourcing investments in the Philippines arrive at key growth areas such as Metro Manila and Cebu province. These ventures elicit more jobs to locals and additional output of the economy, as noted by the continuous rise of the services sector of the country.

In 2020, the reported number of BPO full-time employees (FTEs) in the Philippines grew by 23,000 or 1.8% from previous year, registering an overall headcount of 1.32 million. In terms of revenues, the industry garnered USD 26.7 billion, 1.4% higher relative to the year prior. This industry is one of the few industries that managed to grow in the Philippines, despite the pandemic. The growth of the BPO industry is highly attributed to the continued confidence of the different outsourcing firms towards the cost-competitive, English-speaking, and tech-savvy labor force of the country. Aside from that, verticals like healthcare, e-commerce, retail, banking & finance flourished and have been enough to help propel the BPO industry's FTE headcount and revenue growth.

Moreover, the majority of the companies in the industry are very optimistic of growing by 5% to 15% this 2021. This is attributed to the improvement of FTEs and revenue figures from last year. A survey by the IT and Business Process Association of the Philippines (IBPAP) showed that 87% of the IT-BPO firms are expecting to book as much as double-digit growth figures this year while the other 13% are anticipating flat growth. While in 2022, both the total FTEs and revenues are estimated to grow further up to 1.57 million and USD 32 billion, respectively. These will arise primarily from growth opportunities seen in sectors like healthcare and animation & game development.

**Figure 4. Revenues Estimates Philippines (RHS) and BPO Full-time Employees (LHS)**




*Source: Everest Group; IT & Business Process Association of the Philippines*

## 3.5. Philippine Offshore Gaming Operators (POGO)

The gaming industry is one of the biggest income generators of the Philippine economy alongside the IT-BPO industry. Since POGOs were allowed to operate in the country in 2016, they greatly contributed to the growth of other industries, particularly in the residential and hospitality sectors. In line with the global pandemic, the industry faced headwinds due to the recent legislation of the Republic Act 11590 of the National Government. RA 11590 aims to further regulate the gaming industry by imposing a 5% tax on gross revenues and 25% income tax imposed on foreigners employed in online casinos and serviced providers. The said legislation, combined with travel restrictions in the country, resulted in the exodus of POGO companies.

Statistics from the Philippine Amusement and Gaming Corporation (PAGCOR) indicated that there are only about 36 out of 60 POGO operators left and 133 out of 300 POGO service operators left since the recent tax reform was imposed. The future of the industry is highly dependent on the country's political climate particularly on the outcome of the upcoming national elections.

Moreover, POGO operations are mostly visible in Bay Area as it was widely known as the country's entertainment capital and home to the country's premier integrated resorts and casinos, traversing through the cities of Manila, Pasay, and Parañaque. Bay Area is subdivided into three (3) Central Business Parks (CBP), each developed by major property players in the country. CBP-1A is the island that covers the central portion of the Bay Area which is occupied by SM Prime Holdings, Federal Land, Double Dragon, and other local developers.

The developments in CBP-1A are predominated by SM Prime Holdings most notably are SM Mall of Asia, E-Com Towers, Mall of Asia Arena, and a fleet of residential condominiums. CBP-1B is the island owned and occupied by DM Wenceslao, forming the Aseana Business Park. Developments in CBP-1B mostly consist of office buildings catered towards IT-BPO companies and POGO companies. Lastly, CBP-1C is the development cluster known as the "Entertainment City" which is home to luxury integrated resorts & casinos such as Solaire, City of Dreams Manila, and Okada Manila.

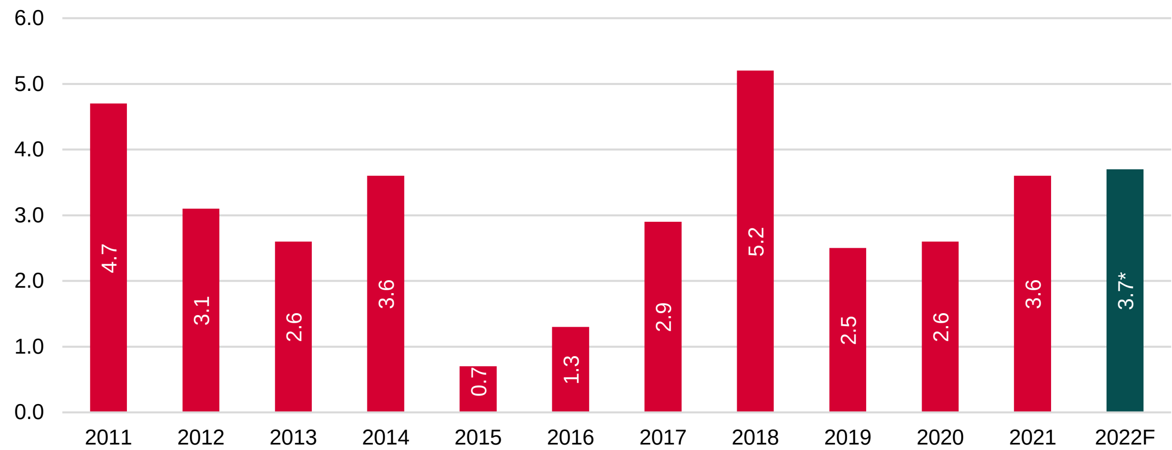
Moving forward, minimal activity from the industry is further expected in upcoming months as some POGO companies that fled the country were prompted to set up businesses in Cambodia, Vietnam, Laos, and Dubai. However, some property developers, specifically Vista Land, are less likely exposed to POGO since they are more focusing on venturing into Real Estate Investment Trusts (REITs) to recycle capital and provide investors a consistent cash flow from their portfolios to induce real estate investments.

## 3.6. Inflation Rates

The Philippine headline inflation rate for the month of December further eased to 3.6% - the lowest over the 12-month period in 2021. The inflation decline in December was driven by slower growth in food prices that serves as the main inflation driver of the economy. Prices of food and non-alcoholic beverages which consist of 52.8% of the inflation eased by 3.1%, owing to slower growth of meat and vegetables in the country. Similarly, the growth of transport prices eased to 6.1% as the economy further reopened, leading to increased capacity in mass transportation.

On the other hand, overall inflation rate for 2021 was recorded at 3.6%, which exhibits the full-year target of the local central bank of 2.0% to 4.0%. This was caused by the faster growth of food and oil prices during the year as a result of supply chain disruptions that greatly affected prices of commodities especially in the early 2021. Consequently, commodity prices gradually eased later in 2021 as the country's economic team pushed for the importation of food to stabilize the supply chain and rising food prices to address increased demand.

**Figure 5. Inflation Rate Estimates for the Philippines**

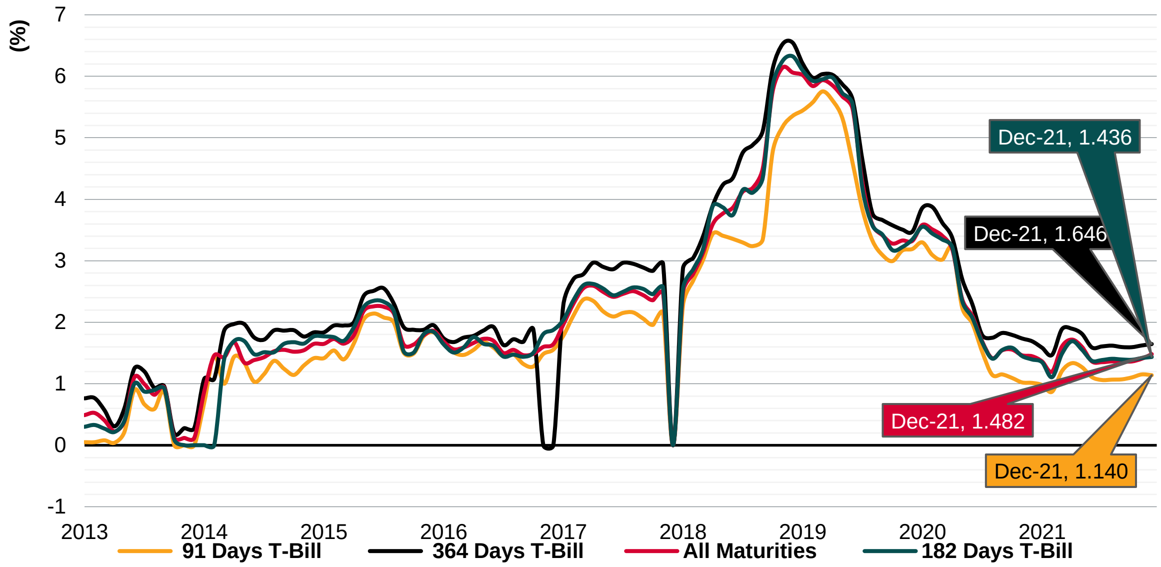



*Source: Bangko Sentral ng Pilipinas*

## 3.7. Government Securities

The Philippine Treasury Bill Rates (T-Bill Rates) posted minimal changes in December 2021, amid strong demand for debt securities. However, average T-Bill rates grew at a slower pace due to slower inflation rate recorded in December. The average rate of 91-day T-Bills for December slipped to 1.140% from 1.152% in November, while 182-day and 364-day T-bills increased at a slower rate to 1.436% and 1.646%, respectively, resulting in an overall increase of percentage points to 1.482% from the previous 1.407% in November 2021. Investors are expected to continue accumulating short-dated government bonds as they await the release of the latest economic data before they rethink their asset purchases.

**Figure 6. Monthly Treasury Bill Rates Philippines**

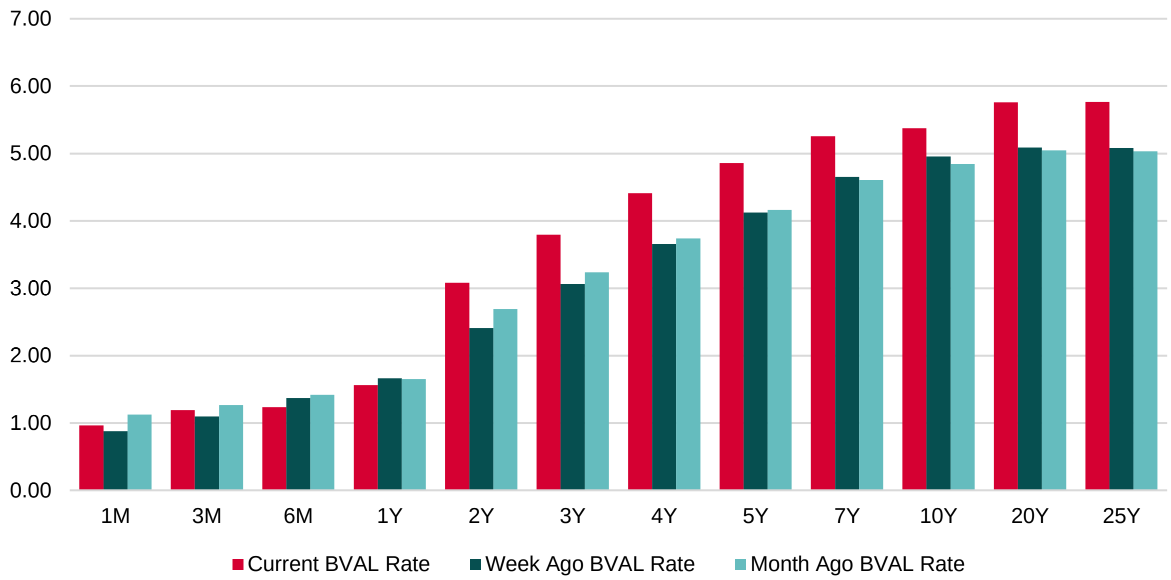



*Source: Bangko Sentral ng Pilipinas*

On the other hand, the yields on government securities at the secondary market increased by 14.12 basis points (bp) based on Bloomberg Valuation (BVAL) rates. Moreover, the rates of the 91-day and 364-day also inched up by 2.29 bps and 1.59 bps, amounting to 0.7726% and 1.4553%, respectively.

At the belly of the curve, on 2Y, 3Y, 47, 5Y and 7Y, increased by 7.38 bps, 10.31 bps, 14.7 bps, 2.36 bps, and 28.47 bps, amounting to 2.5548%, 3.2623%, 3.9098%, 4.4332%, and 4.9998%, respectively. At the long end, yields on the 10Y, 20Y, and 25Y T-bonds also jumped by 48.22 bps, 14.18% bps and 14.53 bps, respectively to 5.3627%, 5.2418%, 5.2384%.

**Figure 7. BVAL Rates in the Philippines**




*Source: Philippines Dealing and Exchange Corp.*

## 3.8. Mortgage Situation

The Quoted Bank Average Lending rates in the country grew by 8.5% y-o-y in January 2021. This improvement is attributed to the easing of COVID-19 restrictions and continuous vaccine rollout supported market sentiment and demand. Moreover, loans at promo rates can be priced lower depending on the bank's assessment. Home loan rates for the three biggest banks in the country typically have interest rates between 5.25%-6.25% p.a. for a 1-year loan duration. Pag-IBIG fund, meanwhile, have housing loan interest rates ranging from 5.75% to 9.86%. The application of which depends on the length of loan duration.

**Table 6. Commercial Interest Rate for Home Loan Financing**

| Bank | Details | |
|---|---|---|
| BPI | **Housing Loan Published Rates** | |
| | **Fixing Period** | **Housing Loan** |
| | 1 year | 6.25% |
| | 2 years | 6.25% |
| | 3 years | 6.75% |
| | 4 years | 7.25% |
| | 5 years | 7.25% |
| | 10 years | 9.50% |
| | 15 years | 10.50% |
| | 20 years | 12.00% |
| Metrobank | **Housing Loan Board Rates** | |
| | **Fixing Period** | **New Booking Rates** |
| | 1-year fixing | 5.25% |
| | 2-year fixing | 5.25% |
| | 3-year fixing | 5.25% |
| | 4-year fixing | 6.25% |
| | 5-year fixing | 6.25% |
| BDO | **Tenor (Housing Loan)** | **Interest Rates** |
| | 1 year | 6.25% |
| | 2 years | 6.25% |
| | 3 years | 6.75% |
| | 4 years | 7.25% |
| | 5 years | 7.25% |

*Source: Bank of the Philippine Islands, Metrobank, BDO Unibank*

**Table 7. Pag-IBIG Preferred Fixed Pricing Period**

| Term | Rates |
|---|---|
| 1-Year | 5.750% |
| 3-Year | 6.250% |
| 5-Year | 6.500% |
| 10-Year | 7.250% |
| 15-Year | 8.500% |
| 20-Year | 8.500% |
| 25-Year | 9.125% |
| 30-Year | 9.875% |

*Source: Pag-IBIG*

### 3.9. Trade Performance

The country's external trade performance continues to expand as it grew at an annual rate of 25.4% in December 2021, amounting to USD 17.7 billion. This was a rebound from the contraction experienced in 2020, even outpacing trade earnings in 2019 of USD 182.5 billion. This is attributed to the upbeat trading performance, reopening of several economies, and removal of entry barriers between nations.

Moreover, exports slightly missed the government's goal of 16% as it only grew 14.5% y-o-y amounting to USD 74.64 billion for 2021. In result, exports only grew by 7.1% y-o-y in December.

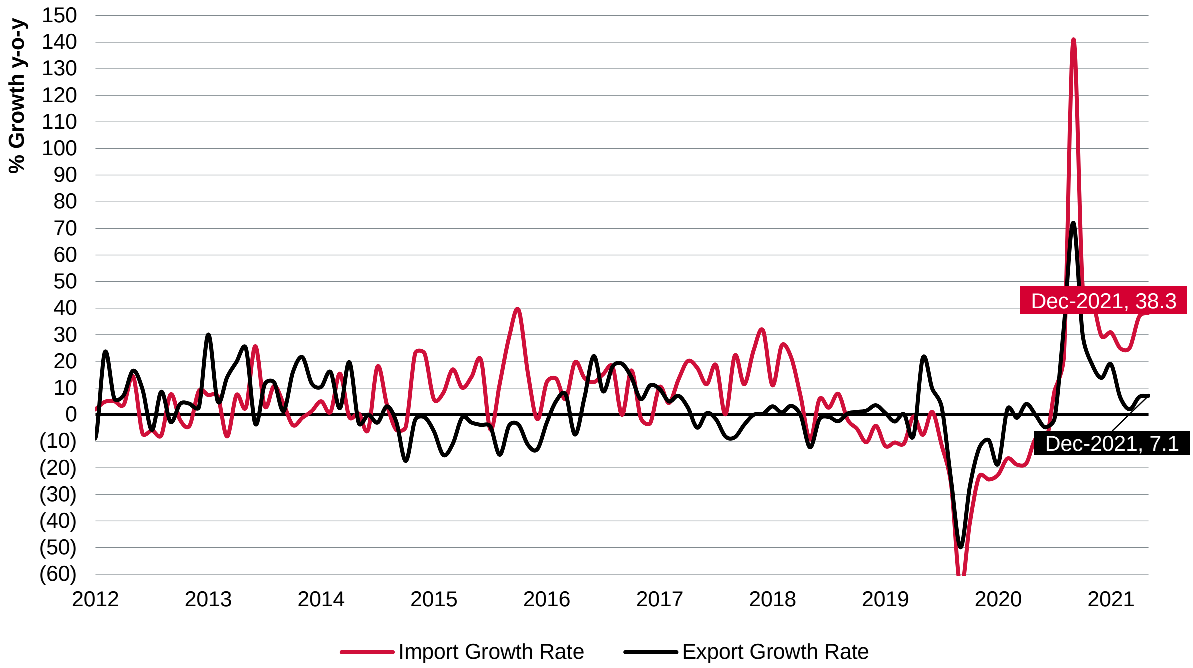
Exports of electronic products continues to be the top export of the country in December 2021 with total earnings of USD 3.6 billion. Electronic products accounted to 58.5% of the country's total exports during the period. Meanwhile, other manufactured goods are the country's second major export with total earnings of USD 435.6 million, accounting to 6.9% of the country's total exports and coconut oil which amounted to USD 166.04 million.

In terms of exports by major trading partner, United States is the country's major trading partner with export value amounting to USD 1.01 billion, accounting to 16.1% of the total export value in December. Other top export trading partners were China (USD 925.1 million), Hong Kong (USD 861.6 million), Japan (USD 859.4 million) and Singapore (USD 441.9 million).

Importation of electronic products continues to be accounted for the highest import value among trade commodity groups, amounting to USD 2.9 billion. On the other hand, significant growth was observed in the importation of medicinal and pharmaceutical products and mineral fuels, lubricants, and related materials as both commodity groups posted annual growth rates of 231.1% and 141.2%, respectively.

In terms of imports by major trading partner, China remains the country's top import supplier in December, valued at USD 2.1 billion. Other top import sources were South Korea (USD 1.0 billion), Japan (USD 971.2 million), Indonesia (USD 882.1 million), and United States (USD 877.5 million).

**Figure 8. External Trade Growth Estimates Philippines**

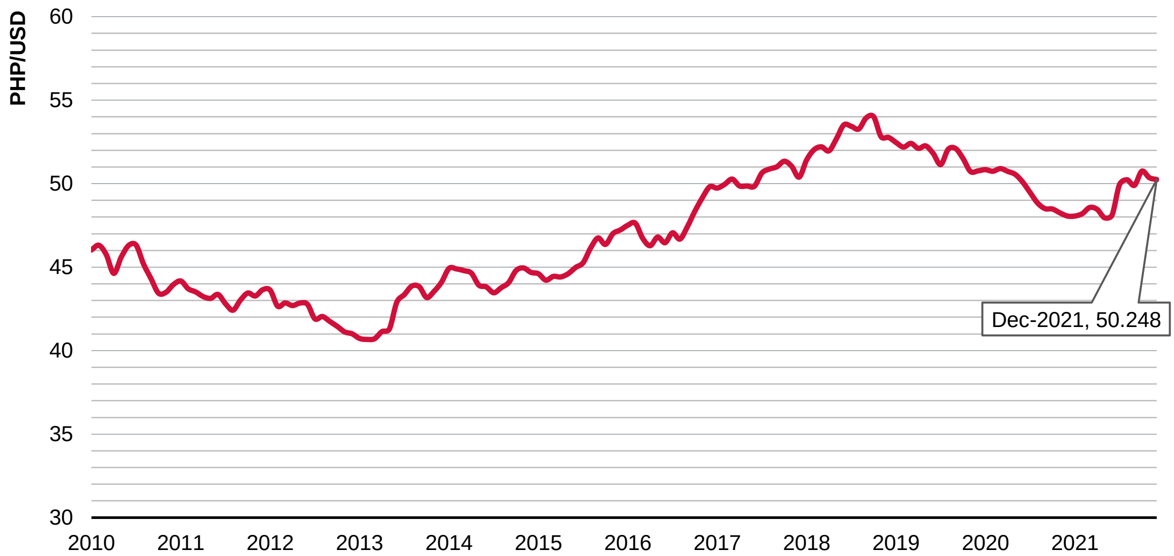



*Source: Philippine Statistics Authority*

## 3.10. Foreign Exchange (PHP-USD)

The Philippine Peso slightly rebounded against the US Dollar in December as the local currency was valued at PHP 50.25, from PHP 50.36 in November. The local currency strengthened as inflation data in December was recorded at 3.6%. However, Philippine Peso remains lagging by the end of the 2021 due to the country's increasing trade deficit with imports continued to outpace the country's exports. In addition, Fed rate hikes in the United States also contributed to the sluggish performance of the Philippine Peso. The performance of the local currency will also remain affected by the pandemic situation in the country.

**Figure 9. Exchange Rate Against USD: Monthly Averages**



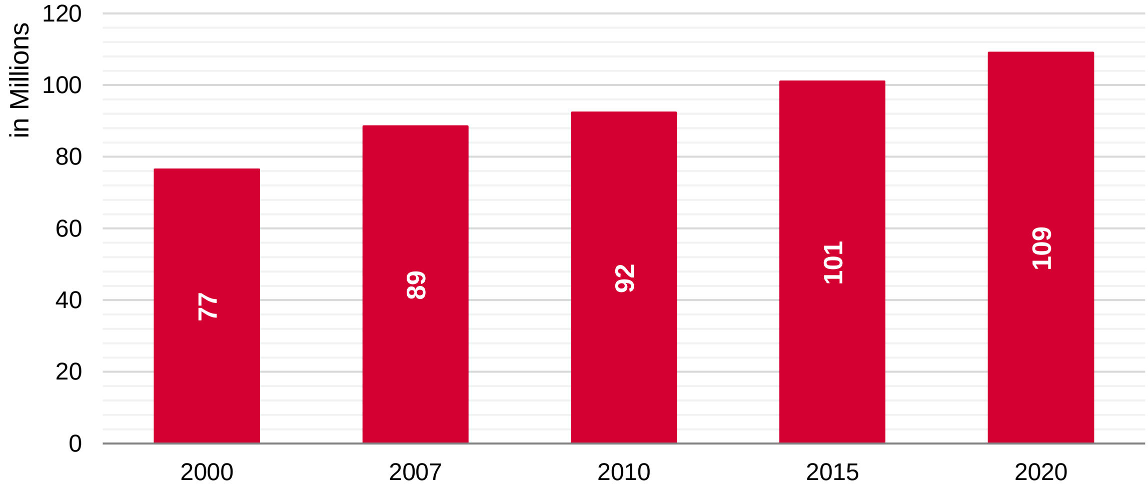

*Source: Bangko Sentral ng Pilipinas*

## 3.11. Population

Based on the latest census released by the Philippine Statistics Authority (PSA), the total population count in 2020 was around 109.03 million. Since 2015, the population in the country grew by 8.053 million and this puts the annual growth rate at 1.6%, much lower than the rate from 2010 to 2015 which was at 1.7%.

Among the regions in the country, Region IV-A had the highest population in 2020 with 16.20 million, followed by the National Capital Region (NCR) with 13.48 million, and Region III with 12.42 million. These three regions account for 38.6% of the country's population. On population growth, the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) has been the fastest-growing with an annual growth of 3.3%, while Region VII posted the lowest growth of 0.5%.

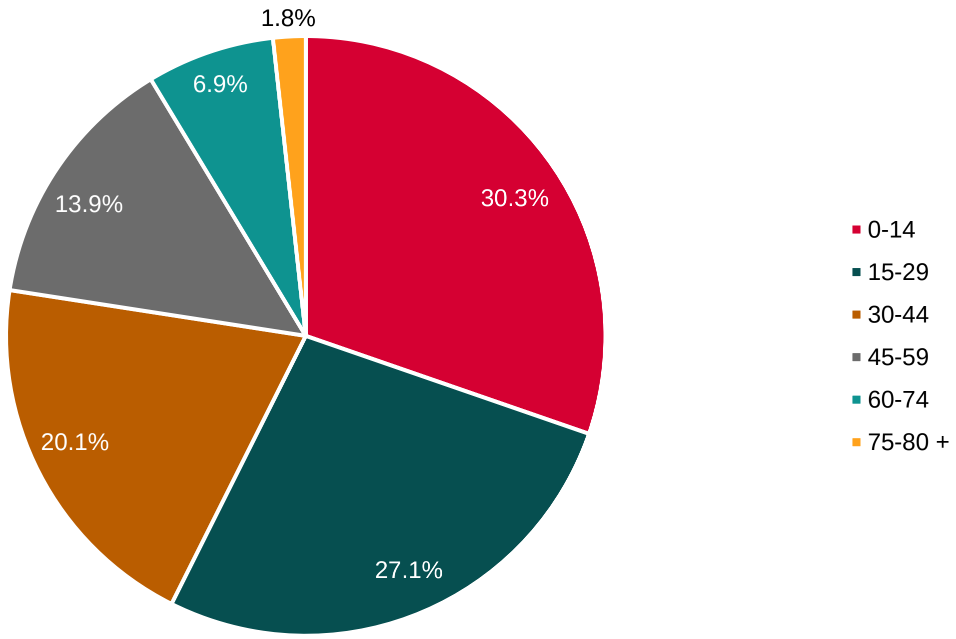
**Figure 10. Population Estimates Philippines**




*Source: Philippines Statistics Authority*

In terms of household population by age in 2020, 33.31 million were under 15 years of age which accounts for 30.3% of the total population. It was followed by the ages 15-29, 30-44, and 49-59, with 27.1%, 20.1%, and 13.9%, respectively. This growing working-age population provides opportunities for economic growth while at the same time creating challenges for job creation and integration of new labor market.

**Figure 11. Population by Age Group in the Philippines**

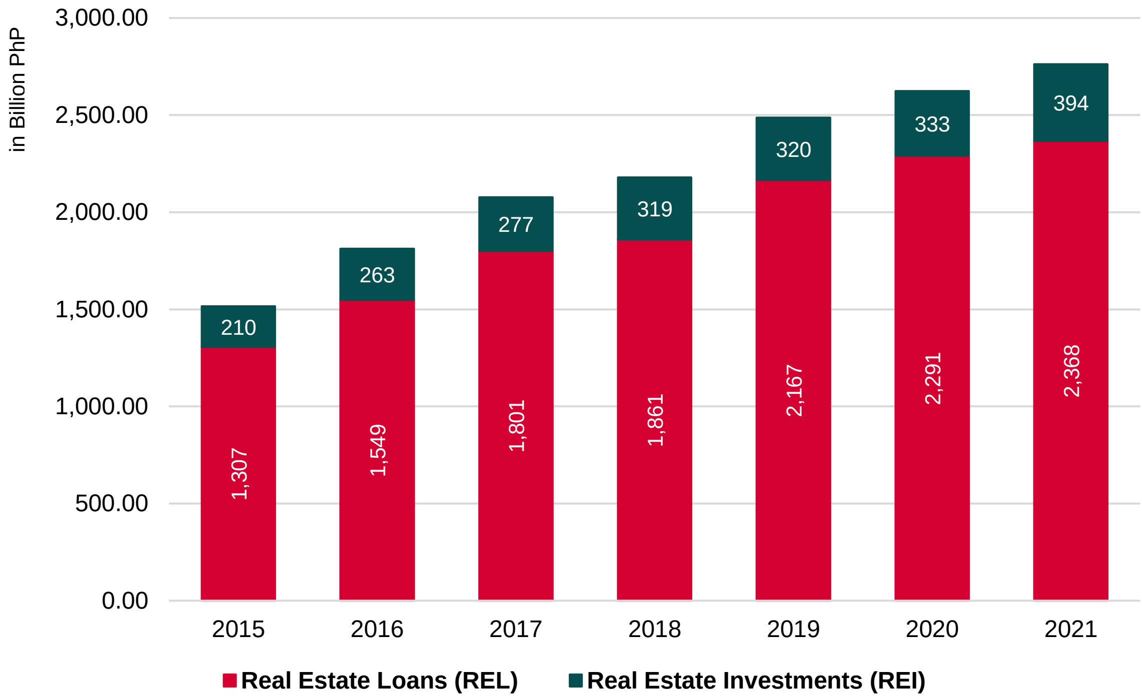



*Source: Philippine Statistics Authority*

## 3.12. Real Estate and Non-Performing Loans

As of 2021, the latest data from the central bank showed loans released to the real estate sector by big banks increased by 7.2 percent to P1.82 trillion and accounted for 19.7% of the total lending portfolio of universal and commercial banks. Meanwhile, past due real estate loans amounted to PhP152.186 billion as of end of third quarter, increased to 6.11% from Php143.411 billion a year earlier. These borrowings accounted for 6.43% of credit to the real estate sector, edging up from the 6.41% as of June 2021 but lower than the 6.48% seen as of end-September 2020. On the other hand, the real estate investments to debt and securities amounted to P394.476 billion as of end of third quarter increased by 18% from the P334.256 billion a year earlier.

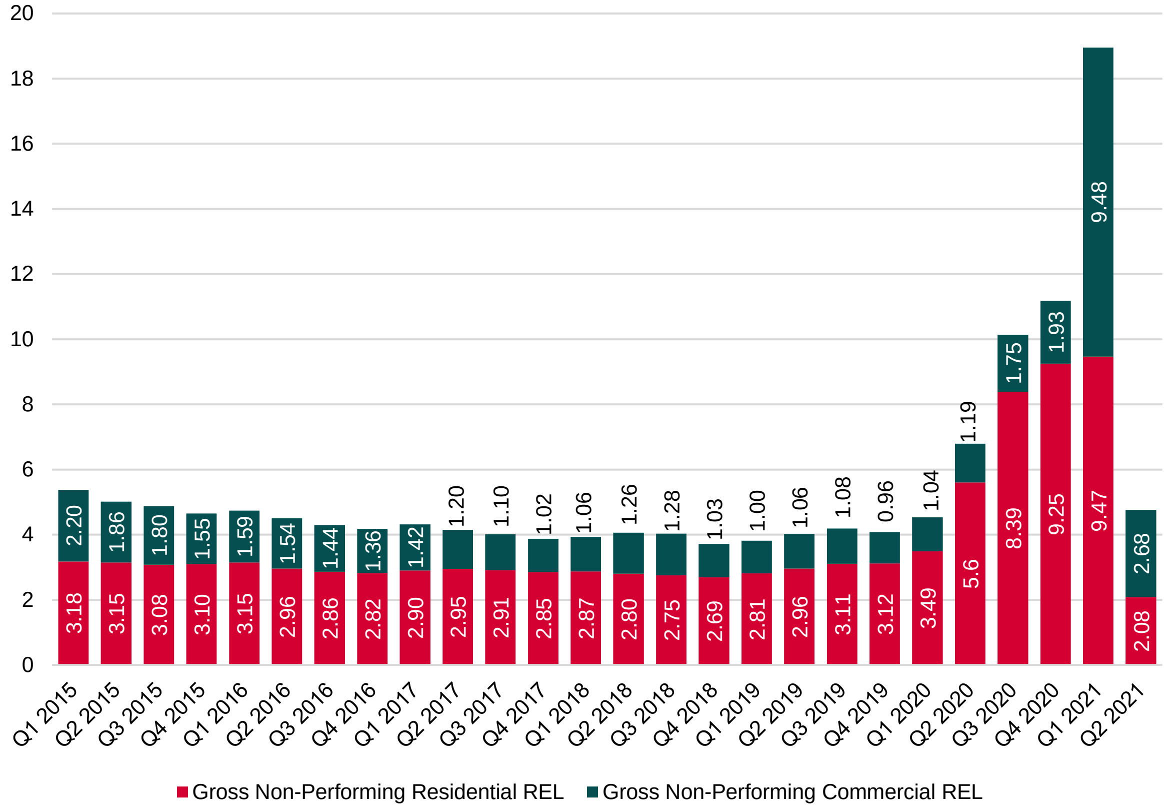
**Figure 12. Real Estate Exposure of Banks in the Philippines**




*Source: Bangko Sentral ng Pilipinas*

Moreover, the county's gross non-performing real estate loans recorded at PhP120.45 billion, increasing by 32% from 2020. This brought the ratio to 5.19%, up from the 5.15% seen at the end of the second quarter as well as the 4.2% a year prior. Meanwhile, banks and trust departments have a cumulative 22.18% exposure to the property market as of end-September, well-within the 25% limit set by the central bank. The asset quality of the industry has been deteriorating by different factors as banks has been filling up NPLs or past due loans accounts, as well as bad debts due to the impact of pandemic. However, increase in "bad" loans could hint a decline in performance of some property developers given that there were more delinquent accounts. The regression in performance of some property sector entities could be qualified by different factors such as intensifying competition in the market, increasing costs, and changing demand preferences.

**Figure 13. Gross Non-Performing Loan Ratio**




*Source: Bangko Sentral ng Pilipinas*

# 4. PROFILE OF THE TRADE AREA

The general trade area of the study is situated in 13 different locations wherein various Retail and Office establishments of Vista Land are located.

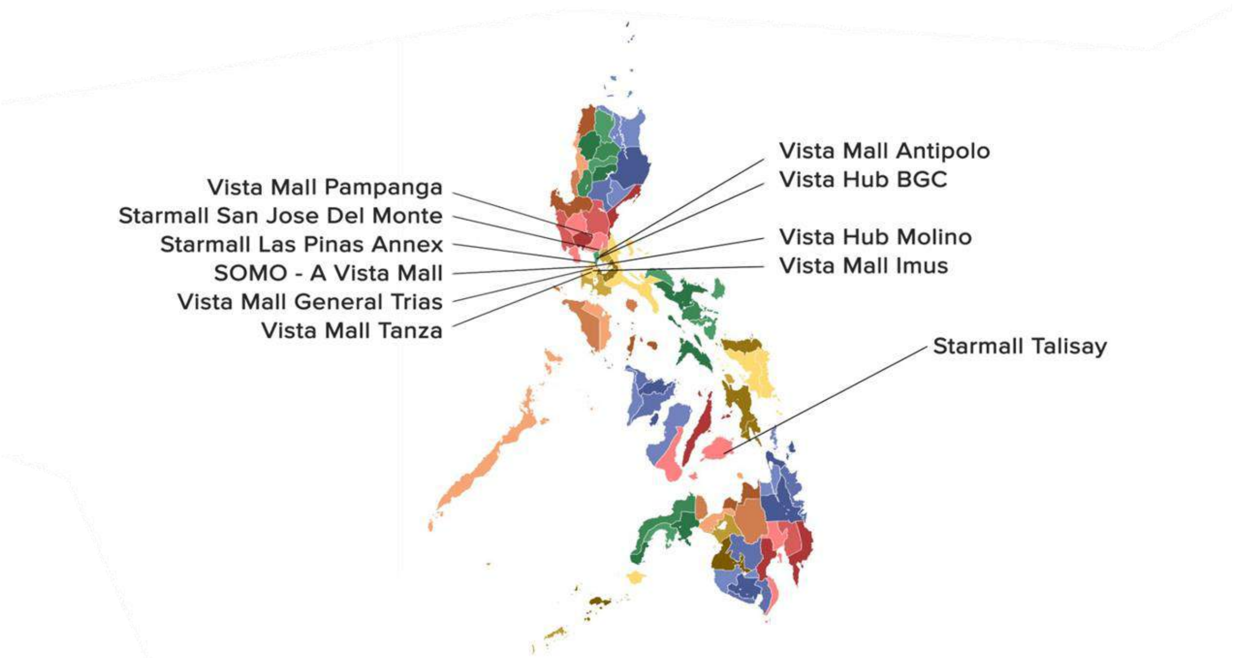
## 4.1. Geographic Location

Majority of the properties under study are located in provinces at the immediate vicinity of Metro Manila. In addition, a separate property is located in Talisay, Cebu. Below is the breakdown of the localities of the identified establishments under study:

- **Metro Manila:** Las Piñas, Taguig, Mandaluyong
- **Cavite:** Bacoor, Imus, General Trias, Tanza
- **Rizal:** Antipolo
- **Bulacan:** San Jose Del Monte
- **Pampanga:** San Fernando
- **Cebu:** Talisay

Below is the distribution of properties included in the study.

**Figure 14. Geographic Location of Properties**

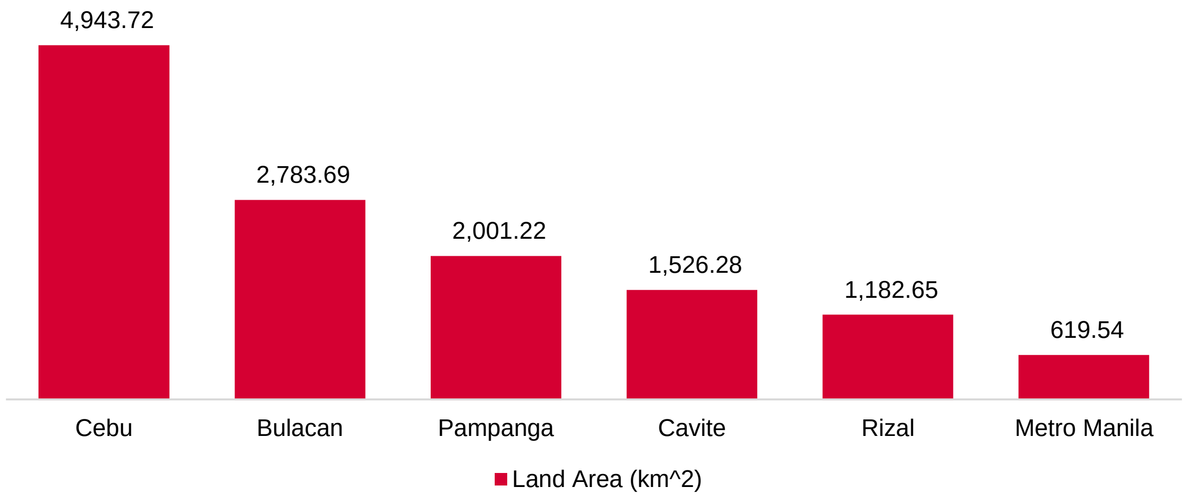



*Source: Vista Land and Lifescapes Inc.*

## 4.2. Land Area Comparison

The Philippines has an estimated land total of 300,000 square kilometers. The trade area involves four (6) Provinces – Cebu, Bulacan, Pampanga, Cavite, Rizal, and Metro Manila. Among which, Cebu has the widest land mass of approximately 4,900 square kilometers which is 1.65% of the Philippine area. On the other hand, Metro Manila is only 619.54 (.21%) square kilometers.

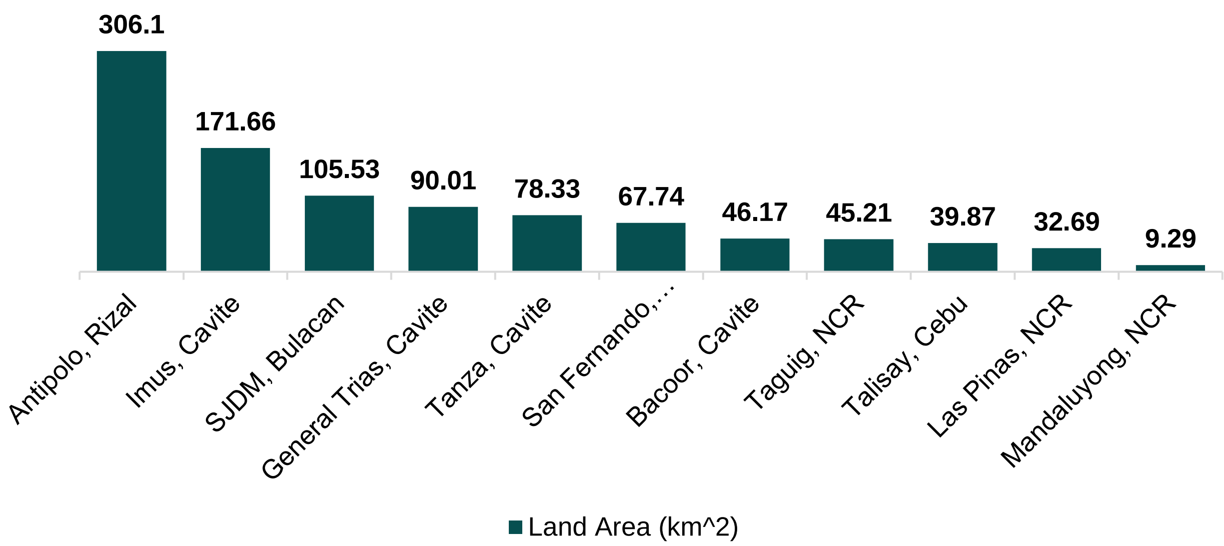
**Figure 15. Land Area Per Covered Province (sq.km.)**




*Source: Philippine Statistics Authority*

Among the 13 cited locations, Cavite has the most developer presence included in the study. Cavite areas included includes 4 localities – Imus, General Trias, Tanza, and Bacoor. This adds up to 386 square kilometers of area coverage in Cavite. Per location, Antipolo, Rizal has the widest land area in the pool with 306 square kilometers.

**Figure 16. Land Area Per Location (sq.km.)**



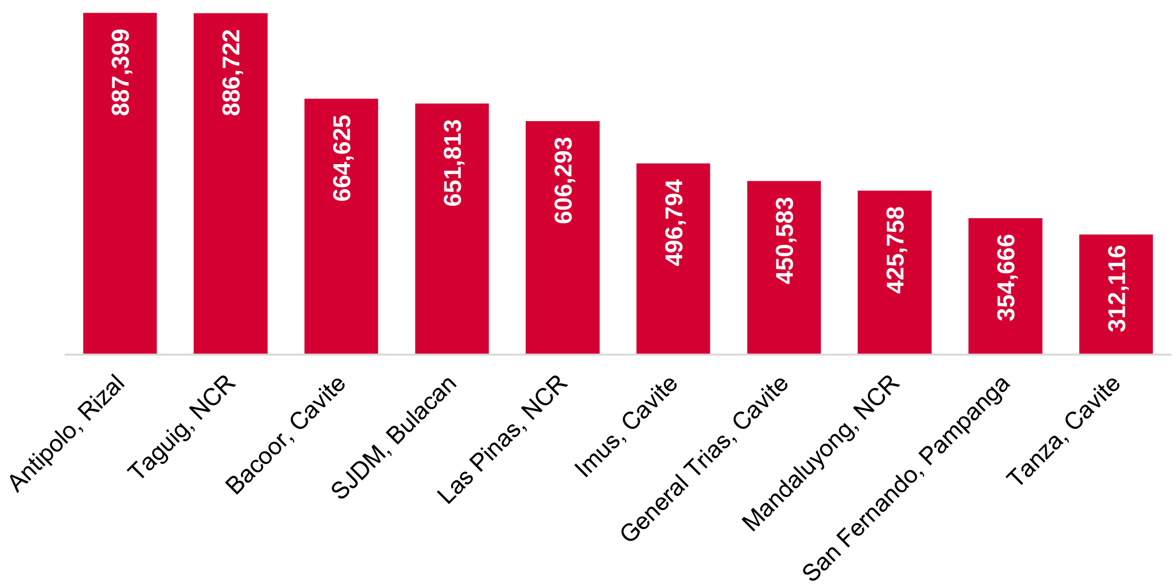

*Source: Philippine Statistics Authority*

## 4.3. Demographic Profile

***Population***

As per the last official national census in 2020, the 13 localities included in the study sums to a total of 5.9M in population. Antipolo and Taguig lead with around 887,000 and 886,000 residents, respectively. Both of which house 15% of the overall pool of individuals. On the other hand, Tanza, Cavite is the least populated with only 312,000 residing individuals.

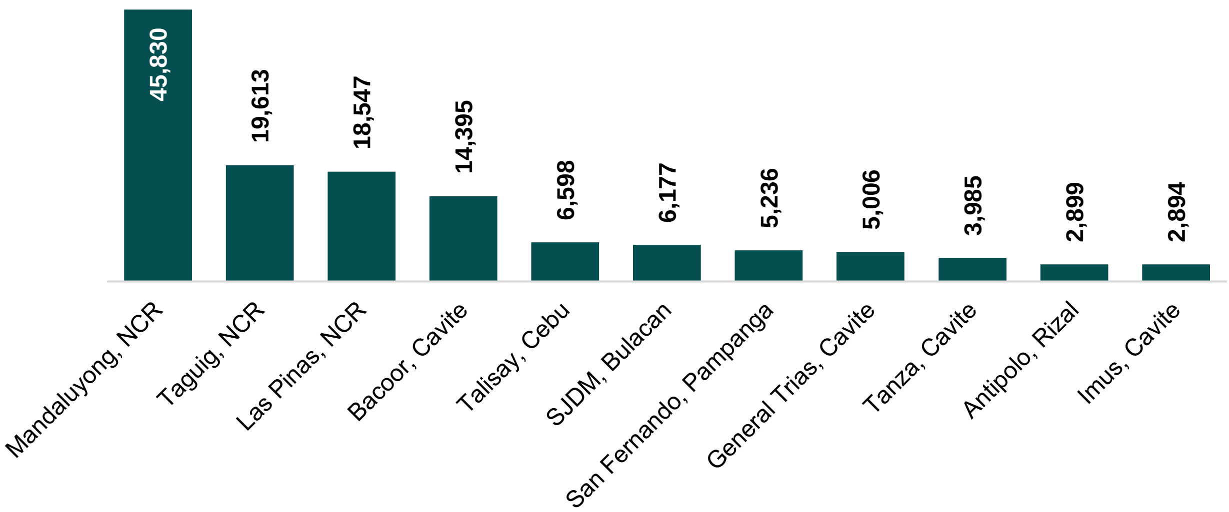
**Figure 17. 2020 Population per Location**




*Source: Philippine Statistics Authority*

Comparing the population with their respective land area allocation, Mandaluyong has the highest density among the pool. Mandaluyong has a population of 45,830 per square kilometer. This is understandable considering the congestion within Metro Manila. Aside from this, the cities of Taguig and Las Piñas come next with 19,600 and 18,500 per square kilometer, respectively.

**Figure 18. Population Per Density**




*Source: Philippine Statistics Authority*

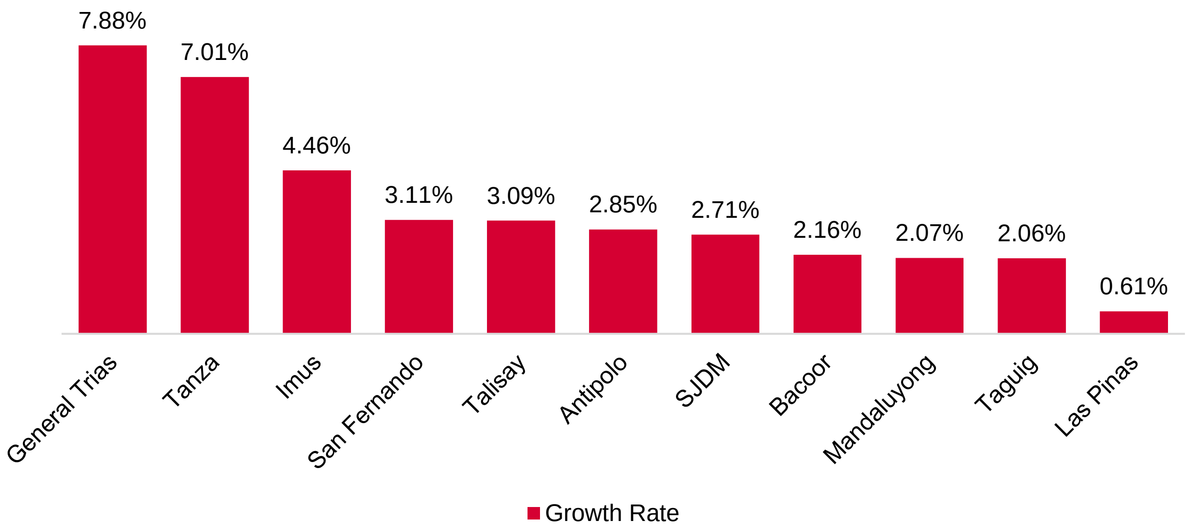
### *Growth Rate*

With the government's continuous effort to improve accessibility towards Metro Manila's fringe areas and neighboring provinces, 13 locations recorded positive population growth rates.

As generally observed, provinces closer to Metro Manila recorded higher population growth rates. This suggests that people tend to reside within or at least near the metropolis for better business and employment opportunities.

Cavite recorded a massive influx of households from 2015 to 2020 placing it at the top spot in terms of annual population growth at 7.88% and 7.01% for General Trias and Tanza, respectively. Given its more affordable real estate prices than Metro Manila, Cavite stands as a practical residential destination for aspiring homeowners.

**Figure 19. Average Annual Population Growth Rate per Province: 2015 to 2020**




*Source: Philippine Statistics Authority*

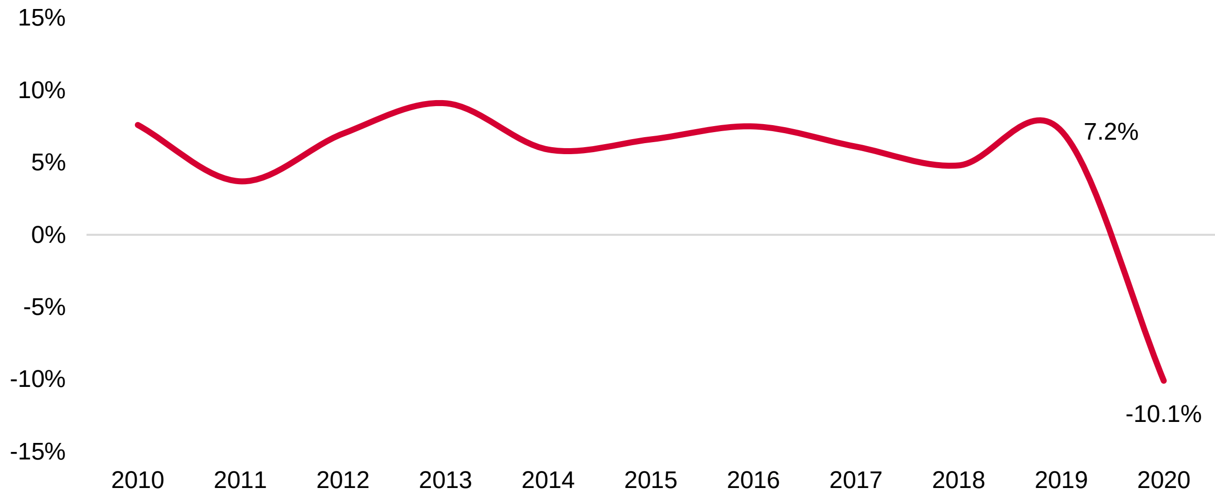
## 4.4. Regional Economy

NCR is considered to be the economic center of the Philippines, as the region is the core of the country's trade, commerce, finance, technology, education, entertainment, and culture both locally and internationally. NCR plays a perennial role in the national economy as most business activities in the country take place in the said region. As of 2020, NCR is the largest contributor to the Philippine economy, accounting for 31.9% of the country's GDP.

The COVID-19 pandemic greatly affected the global economy due to the imposition of lockdowns and restrictions that hampered economic output. In line with this, Gross Regional Domestic Product (GRDP) in all 17 regions of the country recorded a contraction that contributed to the overall decline of the country's economic output by 9.6%. NCR showcased double-digit contraction of 10.1% in its regional economic output in 2020, far from its previously recorded growth of 7% in 2019.

Historically, the decline in the regional economic output of NCR was recorded for the first time in ten years. Consistent growth in economic output was observed as high concentration of business activity occurred in the region. The decline was attributed to the consequent lockdowns that restricted mobility, resulting to income and job losses, stemming from limited business operations.

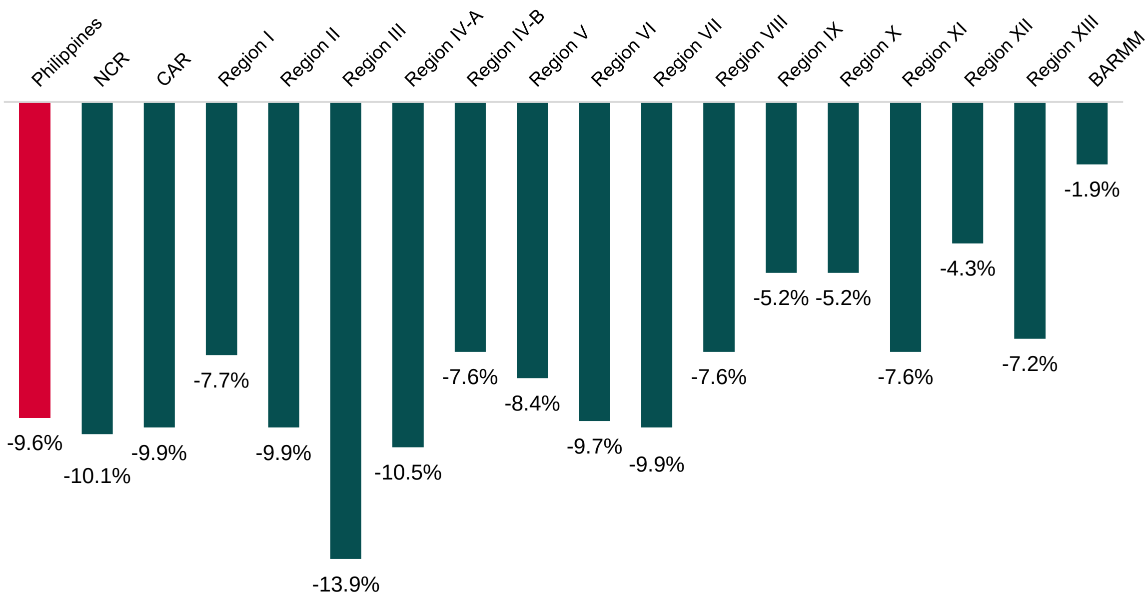
**Figure 20. Historical GRDP of National Capital Region**




*Source: Philippine Statistics Authority*

The reported contraction in NCR was recorded to be the third largest among regions. Q2 2021 economic output in nearby regions such as Central Luzon (Region III) and CALABARZON (Region IV-A) contracted by 13.9% and 10.5%, respectively. Interdependence between the country's main regions, coupled with increasing COVID-19 cases, heavily contributed to the contraction in economic output among the key areas of the country.

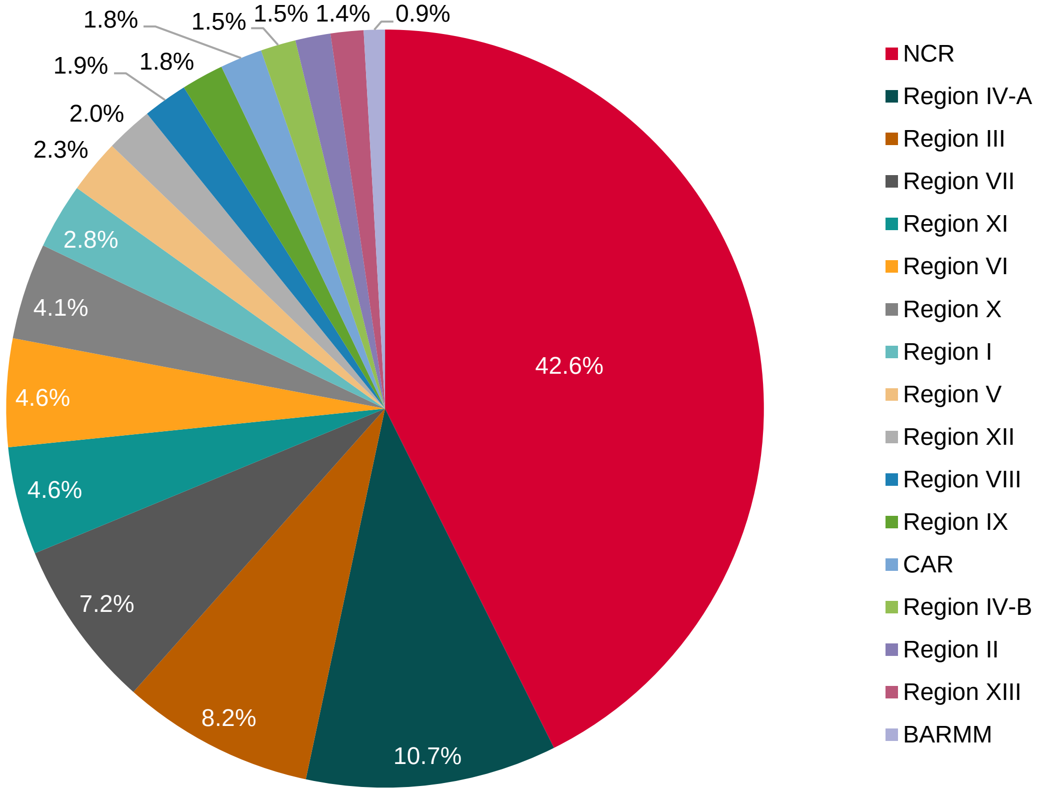
**Figure 21. 2020 Gross Regional Domestic Product**




*Source: Philippine Statistics Authority*

As of 2020, on a per-industry sector basis, NCR had the highest contribution among 17 regions in the Services Sector with a market share of 42.6%. NCR is a service-centric region, with most of its businesses are centered on producing intangible goods concentrated around information, finance, trade, transportation, and other professional services. The different business districts established in the capital region have been crucial in bolstering the performance of the services sector. One of which is BGC that houses several outsourcing firms and have consistently buoyed the market.

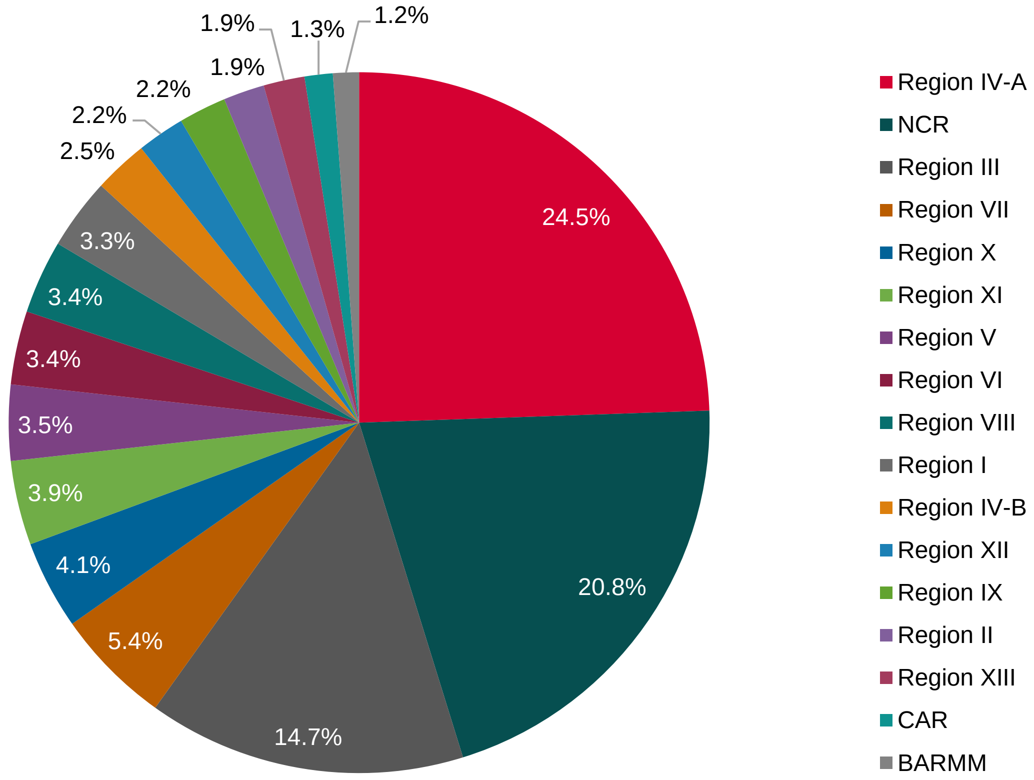
**Figure 22. 2020 Market Share of Regional Economies to Service Sector**




*Source: Philippine Statistics Authority*

In the same year Industry Sector, NCR placed second following CALABARZON (Region IV-A) with a market contribution of 20.8% to the national economy. CALABARZON (Region IV-A), NCR, and Central Luzon (Region III) are considered as industrial hotspots of the country, with most businesses inclined towards the production and warehousing of tangible goods.

**Figure 23. 2020 Market Share of Regional Economies to Industry Sector**

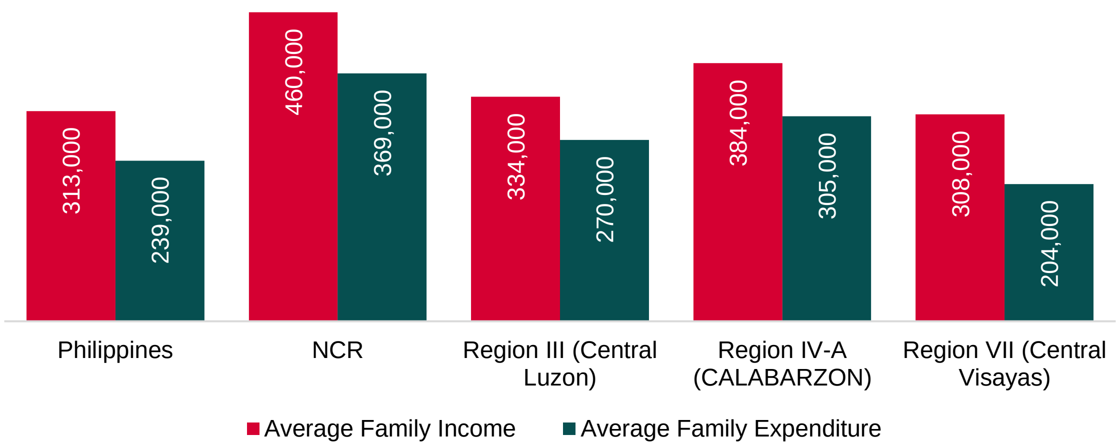



*Source: Philippine Statistics Authority*

### *Income and Expenditure*

The Philippine Average Income grew from PhP268,000 in 2015 to PhP313,000 in 2018. Similarly, average annual family expenditure of families increased from PhP216,000 to PhP239,000 in 2018. Registered growth of average family income is at 17% while expenditure resulted in an 11% increase between those periods. Hence, this implies more savings to the general populace in the Philippines.

**Figure 24. Average Family Income & Expenditure (2018)**




*Source: Philippine Statistics Authority*

## 4.5. Trends in Property Values

### 4.5.1. Taguig

Being a CBD, property values in Bonifacio Global City has been highly dependent towards the potential of the specific lot. The higher the allowed density, the greater the value. As such, prices in the area are determined by the accommodation value (AV). This would then be multiplied by the allowable FAR for the property to determine its gross land value.

More recently, Avs in the said business district has already soared to more than PhP100,000 per square meter. Hence, properties with FAR 8 were transacted at an average of PhP800,000 per square meter. This escalation remained stable notwithstanding the pandemic. Landowners in the area held on to the values of their prime properties within the business district that has already attained critical mass. Thus, asking selling prices have been picked up to as high as PhP120,000 per square meter.

**Figure 25. Bonifacio Global City Historical Land Values**

# Bonifacio Global City
## *Historical Land Values*

Santos | Knight Frank


### LOT 1
*Udenna Tower*

| | |
|---|---|
| **AREA** | 1,643 sqm |
| **FAR** | 9 |
| **YEAR OF LISTING** | 2013 |
| **ALLOWABLE USE** | Mixed-use |
| **ASKING PRICE/SQM** | PHP 328,000 |

### LOT 2
*Vacant lot*

| | |
|---|---|
| **AREA** | 1,600 sqm |
| **FAR** | 12 |
| **YEAR TRANSACTED** | 2015 |
| **TRANSACTED PRICE/SQM** | PHP 457,000 |
| **WINNING BIDDER** | Goldenwell Inc. |
| **USE** | Office |
| **OTHER BIDS** | Daiichi Properties (Office Developer) - PHP 426,000<br>Inoza (Office Developer ) - PHP 285,000 |

### LOT 3
*Twenty Five Seven Mckinley*

| | |
|---|---|
| **AREA** | 1,600 sqm |
| **FAR** | 12 |
| **YEAR TRANSACTED** | 2015 |
| **TRANSACTED PRICE/SQM** | PHP 500,000 |
| **WINNING BIDDER** | Focus Planatir Inc. |
| **USE** | Office |
| **OTHER BIDS** | Goldenwill (Office Developer) - PHP 466,000<br>Frabelle (Office Developer) - PHP 237,000<br>Inoza (Office Developer) - PHP 422,000<br>Altus (RLC Subsidiary) - PHP 360,000 |

### LOT 4
*Aurelia Residences - Under Construction*

| | |
|---|---|
| **AREA** | 3,417 sqm |
| **FAR** | 8 |
| **YEAR TRANSACTED** | 2019 |
| **TRANSACTED PRICE/SQM** | PHP 800,000 |
| **BUYER** | Shang Properties / Robinsons Land Corp. (Part of Aurelia Residences) |

### LOT 5
*Shangri-la at the Fort*

| | |
|---|---|
| **AREA** | 15,120 sqm |
| **FAR** | 12 |
| **YEAR TRANSACTED** | 2007 |
| **TRANSACTED PRICE/SQM** | PHP 154,000 |
| **SELLER** | FBDC |
| **BUYER** | Shang Properties |
| **USE** | Shangrila at the Fort |

### LOT 6
*Net Lima & Net Park*

| | |
|---|---|
| **AREA** | 12,000 sqm |
| **FAR** | 12 |
| **YEAR TRANSACTED** | 2008 |
| **TRANSACTED PRICE/SQM** | PHP 169,000 |
| **SELLER** | FBDC |
| **BUYER** | Net Group |
| **USE** | Net Lima, Net Park |

### LOT 7
*Vacant Lot*

| | |
|---|---|
| **AREA** | 8,200 sqm |
| **FAR** | 8 |
| **YEAR TRANSACTED** | 2013 |
| **TRANSACTED PRICE/SQM** | PHP 248,000 |
| **SELLER** | SSS |
| **BUYER** | Clark Quay Holdings |
| **USE** | Vacant Lot |

*Source: Santos Knight Frank, Inc.*

### 4.5.2. Mandaluyong

Mandaluyong City, along with its neighboring cities, San Juan and Pasig, have long been known as highly urbanized cities in Metro Manila. These cities are home to upscale residential and commercial developments that stimulated the economic activity in the trade area. Land values in Mandaluyong, San Juan, and Pasig City were further driven up by the strong economic activity especially within business districts as well as along the stretch of major thoroughfares of these cities.

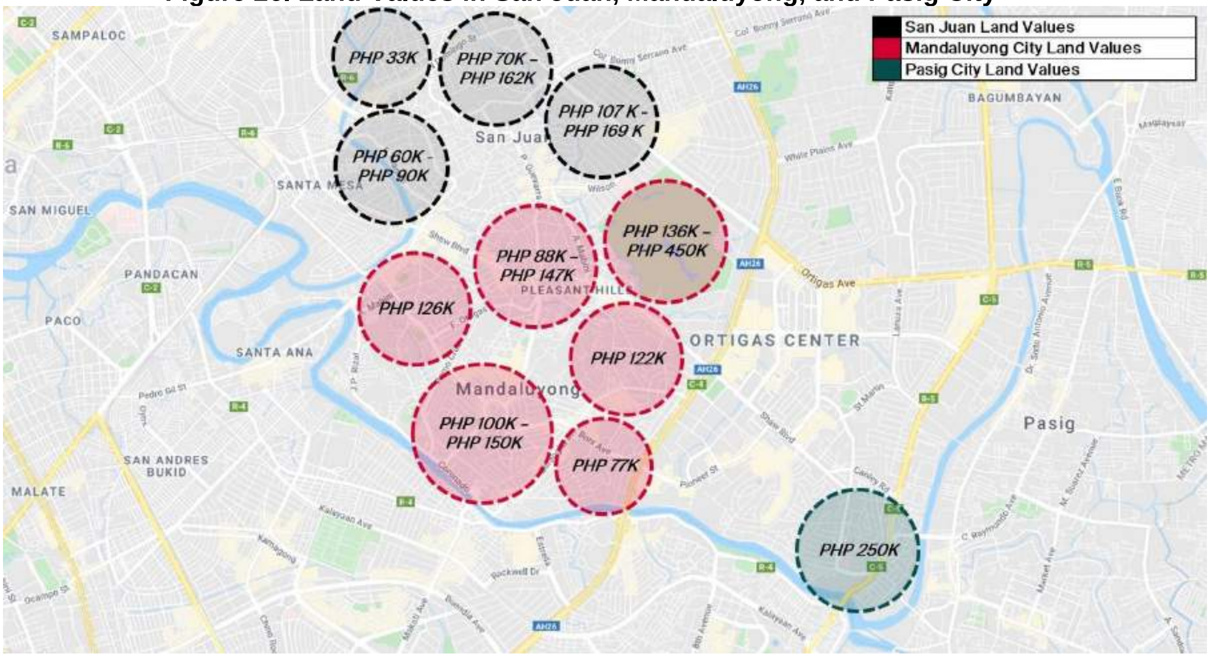
As observed, property prices within these areas depend on the location and proximity of the property to the highly urbanized zones of the city. In this case, the common denominator for each city to determine its value is its proximity to the nearest business district which is the Ortigas Center.

In San Juan, properties closer to Ortigas Avenue have the highest property prices in the city. In particular, properties located in Little Baguio and near Greenhills Village are priced at PHP 70,000 to PHP 169,000 per square meter. These properties enjoy accessibility to Ortigas Avenue which leads to Ortigas Center.

Property prices in Pasig City were observed to have the highest property value among the three (3) trade areas. The property, which is located in Barangay Bagong Ilog, is proximate to three (3) business districts such as Ortigas Center, Makati, and Taguig City. Its location near Pasig Boulevard and C5 Road was able to command a higher price point at PHP 250,000 per square meter.

Property prices within the trade area in Mandaluyong City showcase a different price range depending on the location. Properties in Barangay Wack-Wack Greenhills already command values ranging from PHP 136,000 per square meter to as much as 450,000 per square meter as these are commonly residential lots within upscale villages in Mandaluyong City. Properties near Shaw Boulevard and Ortigas Center were able to command values ranging from PHP 88,000 to PHP 147,000 per square meter. Meanwhile, properties located in the south of Mandaluyong, close to Makati City were also to command prices by as much as PHP 150,000 per square meter.

**Figure 26. Land Values in San Juan, Mandaluyong, and Pasig City**




*Source: Santos Knight Frank, Inc.*

### 4.5.3. Las Piñas

Las Piñas has long-experienced the influx of residents due to its proximity to major business districts. Numerous subdivisions have been established within the city. As such, stimulated economic activity has been witnessed in the area which has further been driven by consumption. This further led to the increasing land values of commercial properties along the major thoroughfares in the city.

Adhering with the convention, property prices within the trade area depends on the land's proximity to the urbanized zone of the city. In this case, the nearest business district is Alabang CBD in the neighboring city of Muntinlupa. Boasting its numerous office towers & condominiums, along with its ease of access to SLEX, lots in the area is already being priced at more than PhP200,000 per square meter.

In Las Piñas City, lots approaching Muntinlupa City are priced the highest. In particular, commercial properties near SM Southmall already command an asking price of PhP65,000 per square meter. On the other hand, commercial lots which are nearer to the province of Cavite is valued at PhP38,000 to PhP40,000 per square meter. Although these are quite far from Muntinlupa City, the specific area enjoys accessibility to Cavite Expressway, which would easily lead to the emerging business district, the Bay Area.

Lastly, industrial and small commercial lots along the secondary roads of Las Piñas City are yet to command higher property values. The narrow streets in the city have continuously weighed down on its values. As such, current asking rates for the lots along these roads are at PhP12,000 to PhP19,000 per square meter.

**Figure 27. Land Values in the Las Piñas**


*Source: Santos Knight Frank, Inc.*

### 4.5.4. Cavite

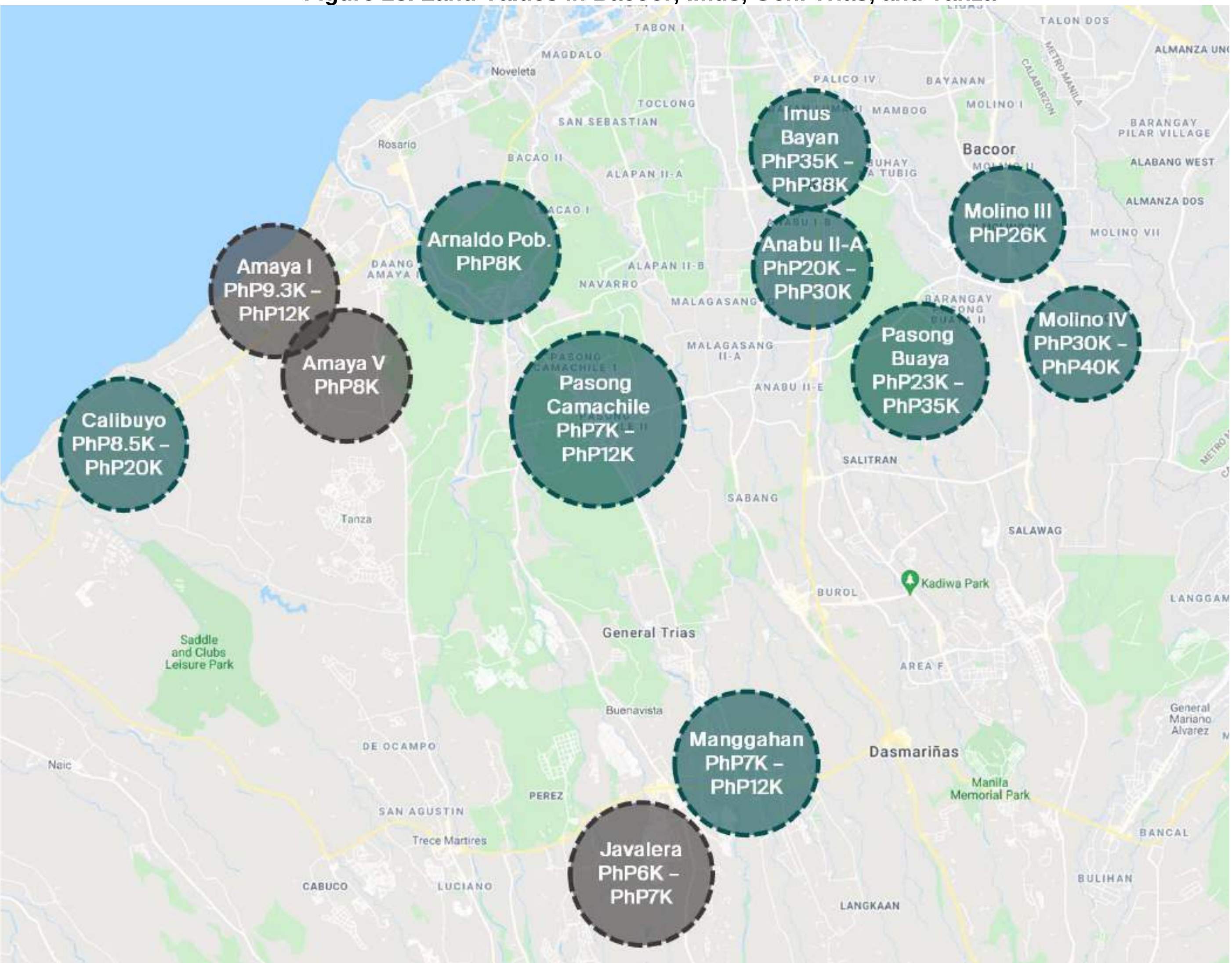
Further south, Cavite has also experienced increased development activity over the past years. This may also be attributed to the infrastructure developments in the area, thus, improving the connectivity of the province to Metro Manila.

The cities of Bacoor and Imus have both enjoyed the rising land values of its neighboring cities. With its connectivity to Las Piñas and Muntinlupa City, commercial lots within Molino area are already reaching PhP26,000 to PhP40,000 per square meter. On the other hand, Imus property values range between PhP20,000 to PhP38,000 per square meter.

In Tanza and General Trias, space is still quite more abundant compared to the northern sections of Cavite. Land values within these areas are still competitively more affordable compared to Imus and Bacoor. Values within General Trias and Tanza range between PhP7,000 to PhP20,000.

Due to its abundant space, it's been considered as a development hotspot for horizontal projects and as well as the logistics sector. As developers take advantage of the decongestion initiative in Metro Manila, we've observed mixed-use township developments and industrial parks sprouting within the vicinity. However, property values are yet to pick-up because the identified projects are still in their early stages.

**Figure 28. Land Values in Bacoor, Imus, Gen. Trias, and Tanza**




*Source: Santos Knight Frank, Inc.*

### 4.5.5. Antipolo

Parcels of land in different areas of surrounding Antipolo are diversely valued, depending on its primary use and proximity to other real estate developments. Property values along major highways already peak at PhP35,000 per square meter. Aside from the scenic views provided by the elevated terrain, key drivers improved and planned infrastructure to ease the connectivity of the province to other business districts. Plans to extend railways to the east are already on the works.

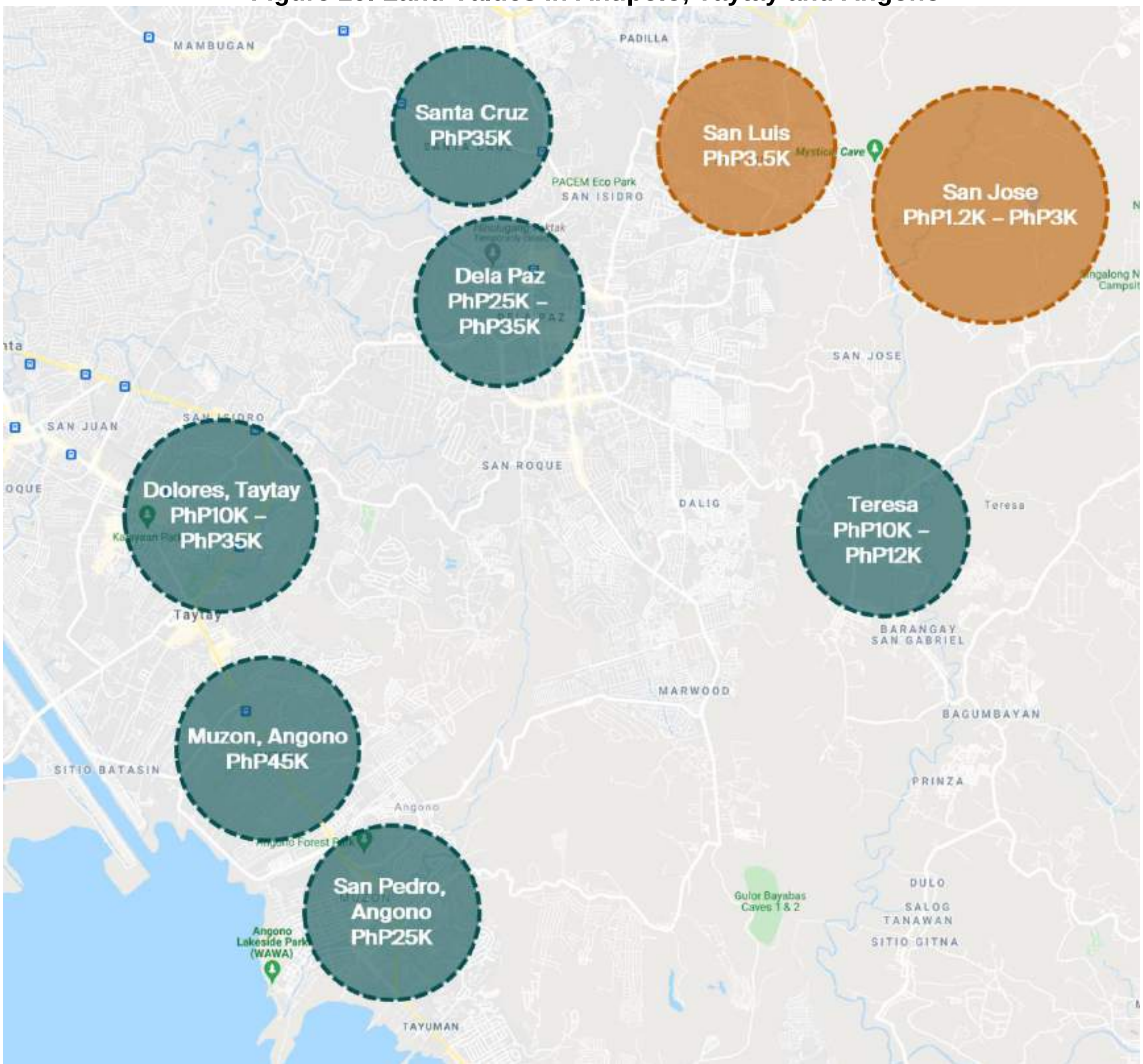
In terms of alienable pieces of land suited for agricultural purposes, San Luis and San Jose offer lots ranging from PhP1,200 to PhP3,500 per square meter. The other agricultural parcels of land in other areas are usually located uphill as these vicinities are predominantly idle and traditionally used for planting crops and farming.

Prices within Taytay and Angono areas are primarily driven by the robust industrial and logistic activities within their areas. Moreover, they are also relatively closer to key business districts as compared to Antipolo. With the Southeast Metro Manila

Expressway (C6) already accessible, accessibility of these areas has vastly improved. Property values in these areas along key thoroughfares peak at PhP45,000 per square meter while they can also go low as PhP10,000 per square meter for less accessible areas.

Teresa presents modest land prices that range from approximately PhP10,000 to PhP12,000 per square meter. It is because this municipality usually receive the spillovers coming from districts within the province with direct accessibility to Metro Manila.

**Figure 29. Land Values in Antipolo, Taytay and Angono**




*Source: Santos Knight Frank, Inc.*

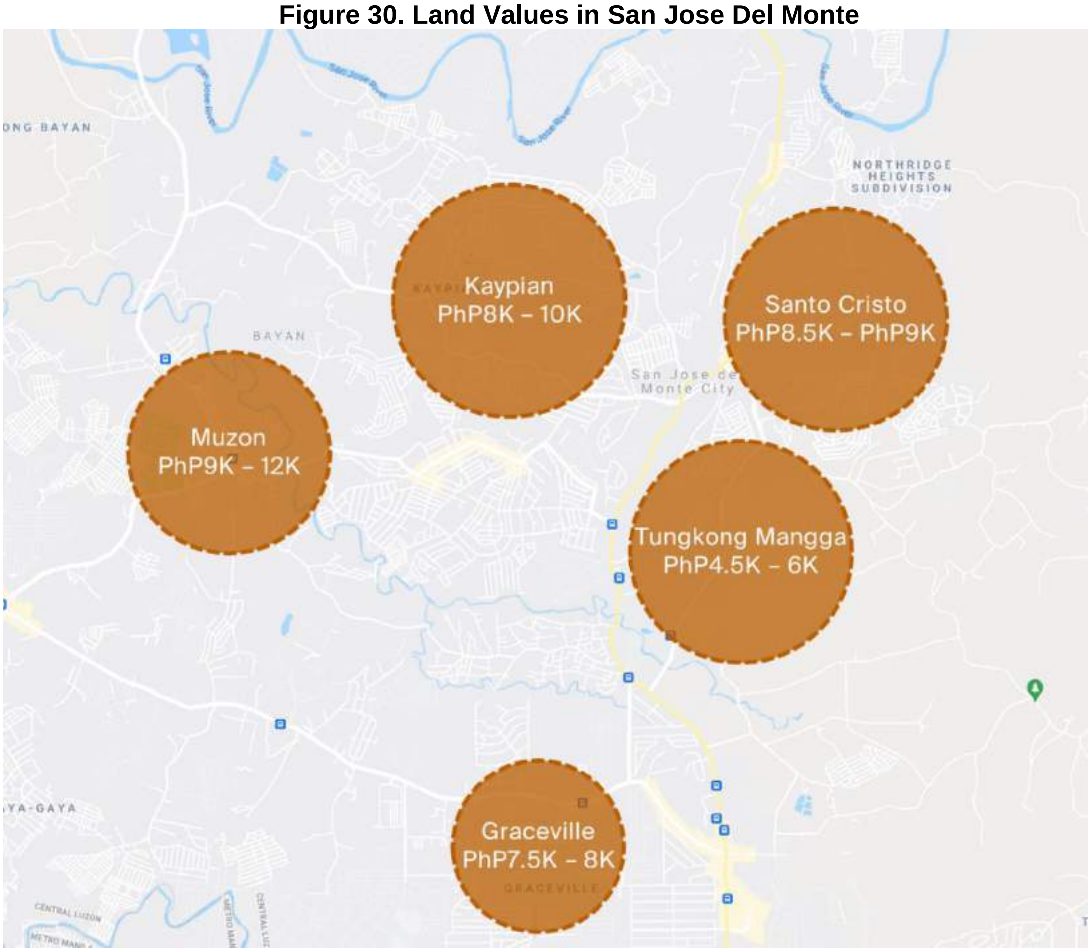
### 4.5.6. San Jose Del Monte, Bulacan

Property value in the province of Bulacan varies depending on the urbanization of the neighborhood. Similar to most areas in the country, commercial activity is highly congested within the town proper, while residential development spur in the immediate proximity. Specifically, for the case of Bulacan, agricultural and undeveloped lots are visible even along the major thoroughfares of the province.

In San Jose Del Monte, commercially viable agricultural properties are primarily valued between PhP6,000 to PhP12,000 per square meter. San Jose Del Monte is primarily sprawling with residential and agricultural properties. Business activity in the trade area covered is concentrated in the south-west towards Caloocan and Novaliches. Muzon has the highest range which is between PhP9,000 to PhP12,000 per square meter. This is considered the town proper of San Jose Del Monte wherein almost 20% of the population resides.

The materialization of ongoing and planned infrastructure developments will help further boost the property values within the area. The MRT-7 which will have its last station located in San Jose Del Monte. The La Mesa Parkways, on the other hand, is an expressway project that will traverse through San Jose Del Monte.

**Figure 30. Land Values in San Jose Del Monte**




*Source: Santos Knight Frank, Inc.*

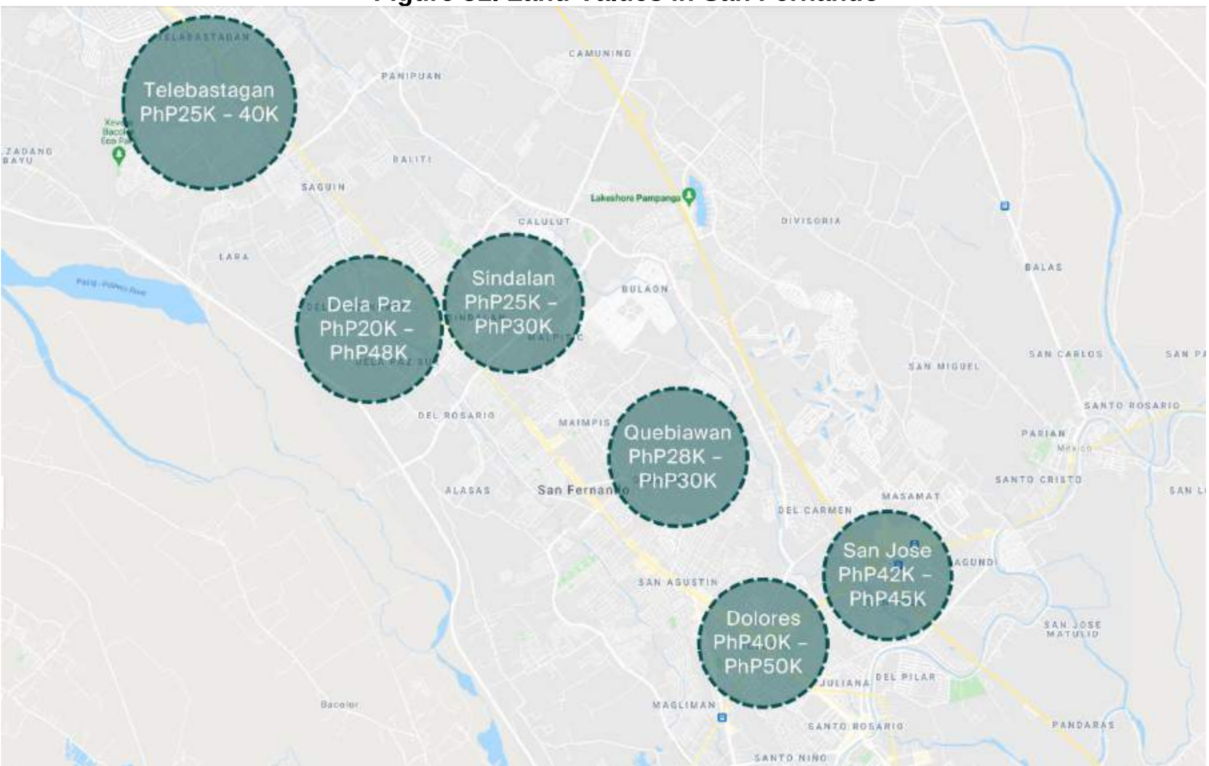
### 4.5.7. San Fernando, Pampanga

San Fernando is considered as the provincial capital as well as the regional center of Central Luzon. Hence, it is one of the highly urbanized areas in Pampanga.

Due to its progressiveness, commercial land values in the city soars at a peak of PhP50,000 per square meter. This can be found in Dolores where two (2) major road networks meet – Jose Abad Santos, which connects the city to the North Luzon Expressway (NLEX), and the Manila North Road. Meanwhile, adjacent to this area is San Jose which has a peak land value of PhP45,000 per square meter. This area is highly commercial due to its intersection with NLEX.

Property values tend to taper off as they become more distant to these major road networks. The lowest recorded land value is at PhP20,000 per square meter which is located at Dela Paz.

**Figure 31. Land Values in San Fernando**




*Source: Santos Knight Frank, Inc.*

### 4.5.8. Talisay, Cebu

Talisay is a coastal city at the southern portion of Metro Cebu. There are three (3) major road networks that ply along Talisay – Cebu South Road (CSR), Cebu Coastal South Road (CSCR), and Cebu Toledo Wharf Road.

The CSCR has the highest property price range of around PhP35,000 to PhP40,000 per square meter. The increased land values in this area are primarily driven by industrial and logistics activity in the area. CSCR serves as an access towards the Cebu South Harbor. Further to the southwest, Lawaan I and Linao areas have recorded significant property values ranging from PhP27,000 to PhP35,000 per square meter, respectively. These areas are key points where CSCR and CSR connects. Less accessible properties such as in Rabaya and in Pooc range between PhP10,000 to PhP18,000 per square meter.

**Figure 32. Land Values in Talisay**


*Source: Santos Knight Frank, Inc.*

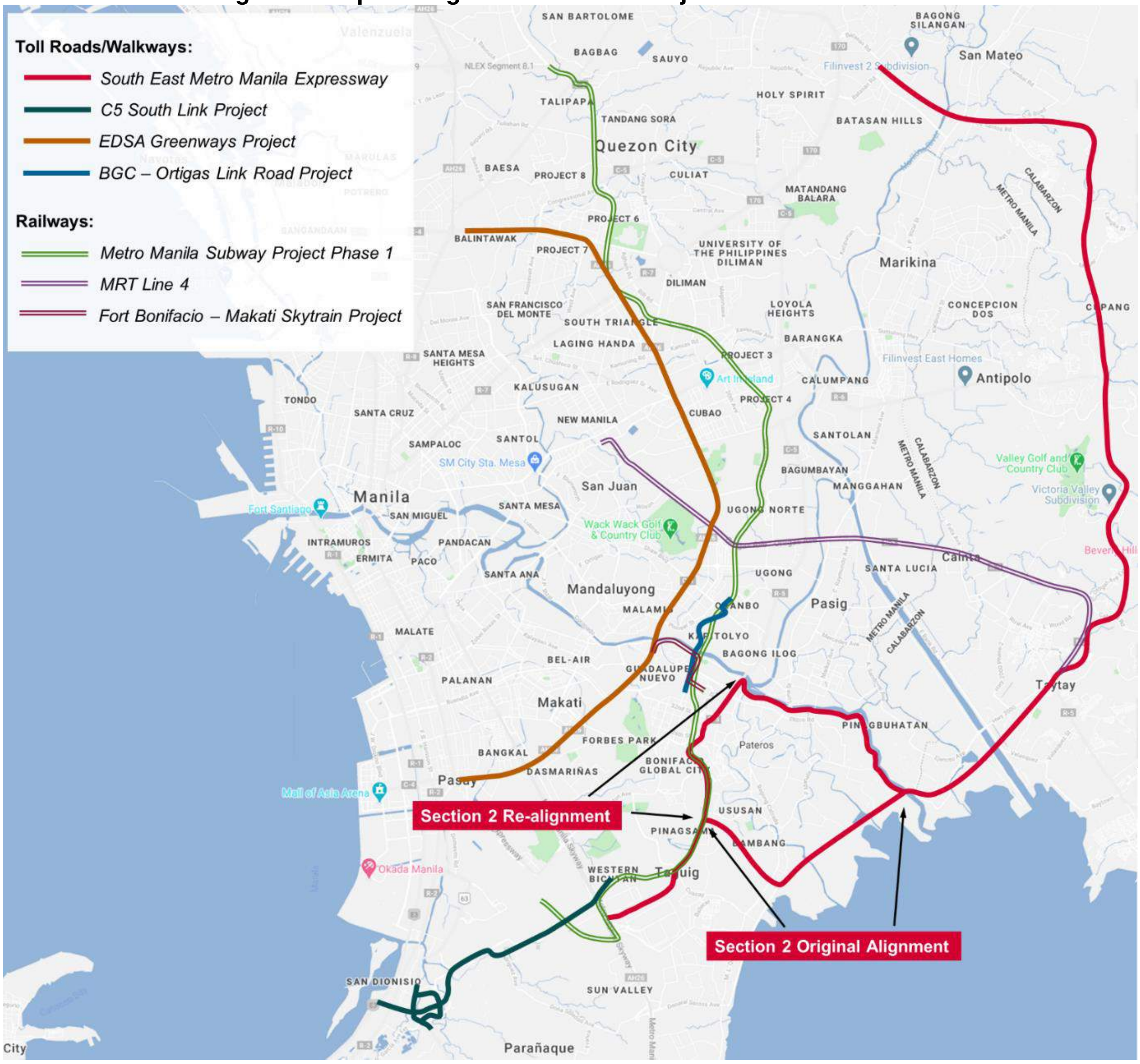
## 4.6. Infrastructure Profile

Infrastructure developments are one of the key investment drivers in the Philippines. Modernization and the introduction of infrastructure routes increase connectivity in the key areas of the country that is seen to be beneficial for the real estate sector. Recently, there were increased efforts by the national government to improve the infrastructure network in Metro Manila to reduce congestion and increase connectivity among key cities in and out of the nation's economic center. The real estate sector capitalized on the upbeat infrastructure activity in the metro through the introduction of new projects that will drive growth in key areas. Listed below are the key existing and upcoming infrastructure projects that are particularly beneficial to the identified trade areas.

### 4.6.1. Metro Manila

The prevalence of heavy volume of vehicular traffic and limited developable land also gave merit to ramping up transportation projects in Metro Manila. Different transportation infrastructures (such as trains and toll roads) in the NCR are seen to improve linkages between cities and municipalities. These will also open opportunities for redevelopment of lands in the region's fringe areas. Once materialized, these projects are perceived to not only give straightforward travel but will also augment real estate activities. Summarized below are some of the upcoming infrastructure projects specific to Metro Manila.

**Figure 33. Upcoming Infrastructure Projects in Metro Manila**




*Source: Department of Public Works and Highways, Department of Transportation*
*Illustration: Santos Knight Frank, Inc.*

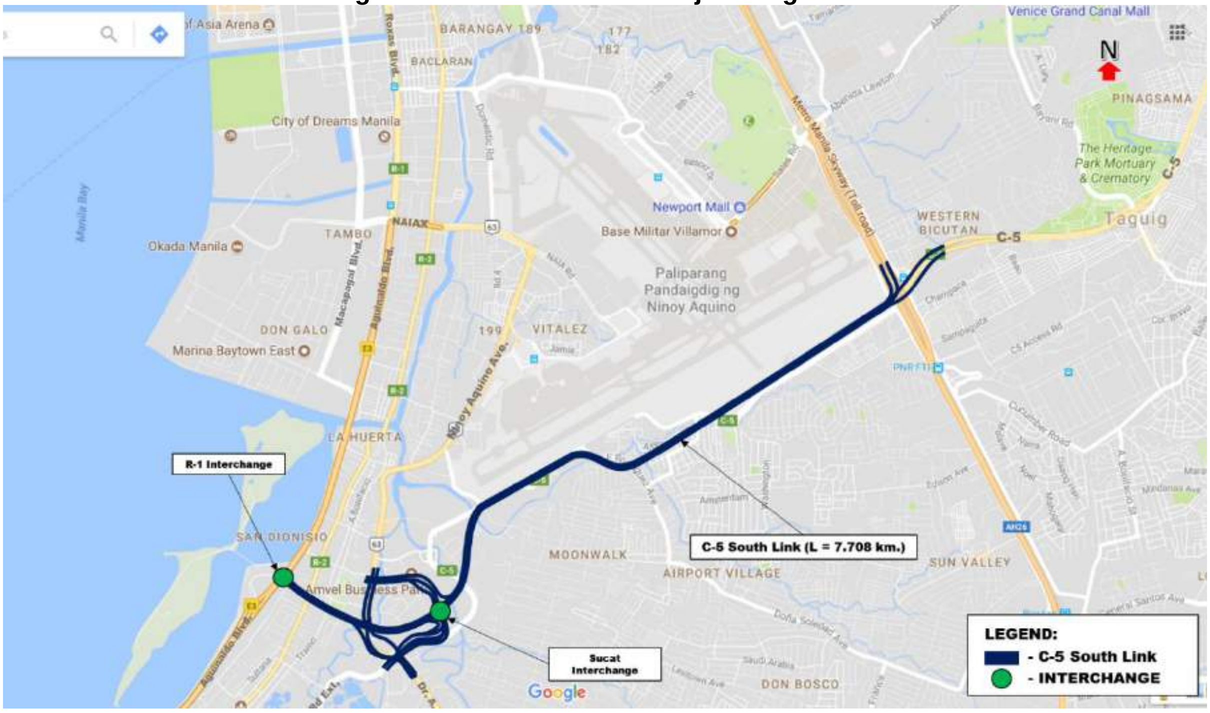
### *C-5 South Link Project*

The C-5 South Link Project is another toll road project on the rise in Metro Manila expected to provide faster travel for commuters. It has a total length of around 7.70 kilometers with two by three lanes, spanning from the segment of Radial Road 1 (R-1) expressway, or the CAVITEX area, to C-5/South Luzon Expressway (SLEX) vicinity in C.P. Garcia Avenue, Taguig City. The construction of the C5 South Link Project is divided into two (2) segments: R-1 Interchange – Sucat Interchange and Sucat Interchange to C-5/SLEX. The latter portion is further segmented into three (3) parts: Merville – C-5/SLEX, E. Rodriguez – Merville, and Sucat Interchange – E. Rodriguez.

The overall appraised cost for the said toll road project is at PhP12.65 billion and it is under Cavitex Infrastructure Corporation, a unit of Metro Pacific Tollways Corporation. And at the end of construction, the C-5 South Link Project is mainly projected to reduce travel time from R-1 Expressway to C-5 Road to just 10 minutes. Also, the full operation of the toll road project is expected to cater about 50,000 passengers daily.

In terms of project status, the segment from Merville – C-5/SLEX opened to the public last July 2019. Other segments like R-1 Interchange – Sucat Interchange and E. Rodriguez – Merville inaugurated groundbreaking ceremonies last July 2020 and right-of-way acquisition activities in those portions are almost complete. Right-of-way acquisitions in Sucat Interchange – E. Rodriguez also still on-going with around 36.90% completion rate as of the latest reporting.

**Figure 34. C5 South Link Project Alignment**



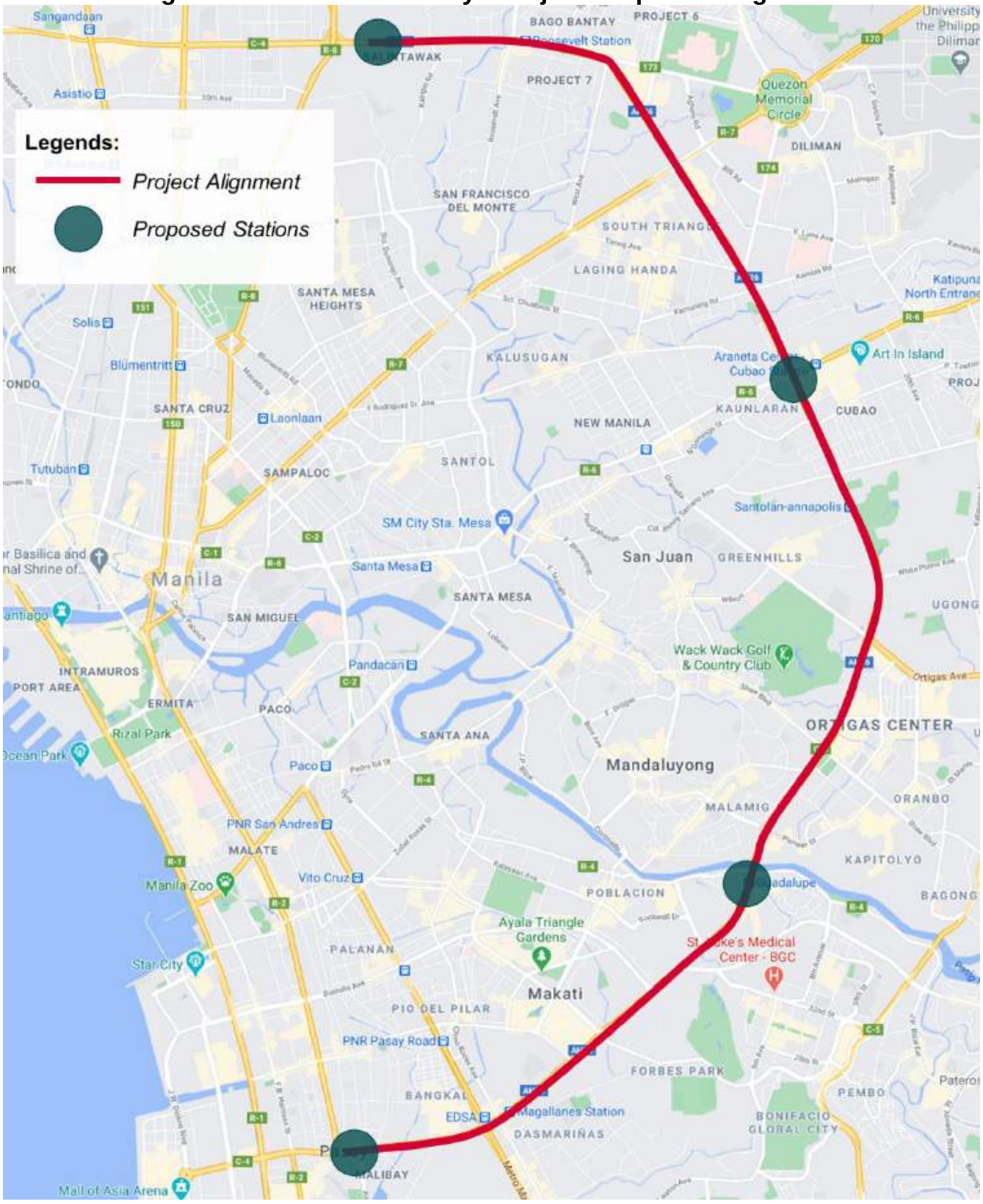

*Source: Department of Public Works and Highways*

***EDSA Greenways Project***

The EDSA Greenways Project is around 5.00-kilometer walkway development that aims to provide a better walkway environment to commuters in Metro Manila. It will be a covered elevated walkway that can accommodate more pedestrians and bikers than the current sidewalks along EDSA. Also, it will be connected to bus stops, train stations, and surrounding buildings and malls along the walkway development path. In the initial alignment, there will be four (4) stations for the said walkway project in areas of Balintawak and Cubao in Quezon City, Guadalupe in Makati City, and Taft Avenue in Pasay City. Aside from better sidewalk development, the rehabilitation of existing footbridges throughout EDSA will also be covered in the EDSA Greenways Project.

The total cost for the project is estimated to be at PhP8.51 billion and will be funded through Official Development Assistance (ODA) from the Asian Development Bank. As of August 2021, DOTr announced that the project timeline completion was extended from December 2022 to November 2024.

**Figure 35. EDSA Greenways Project Proposed Alignment**



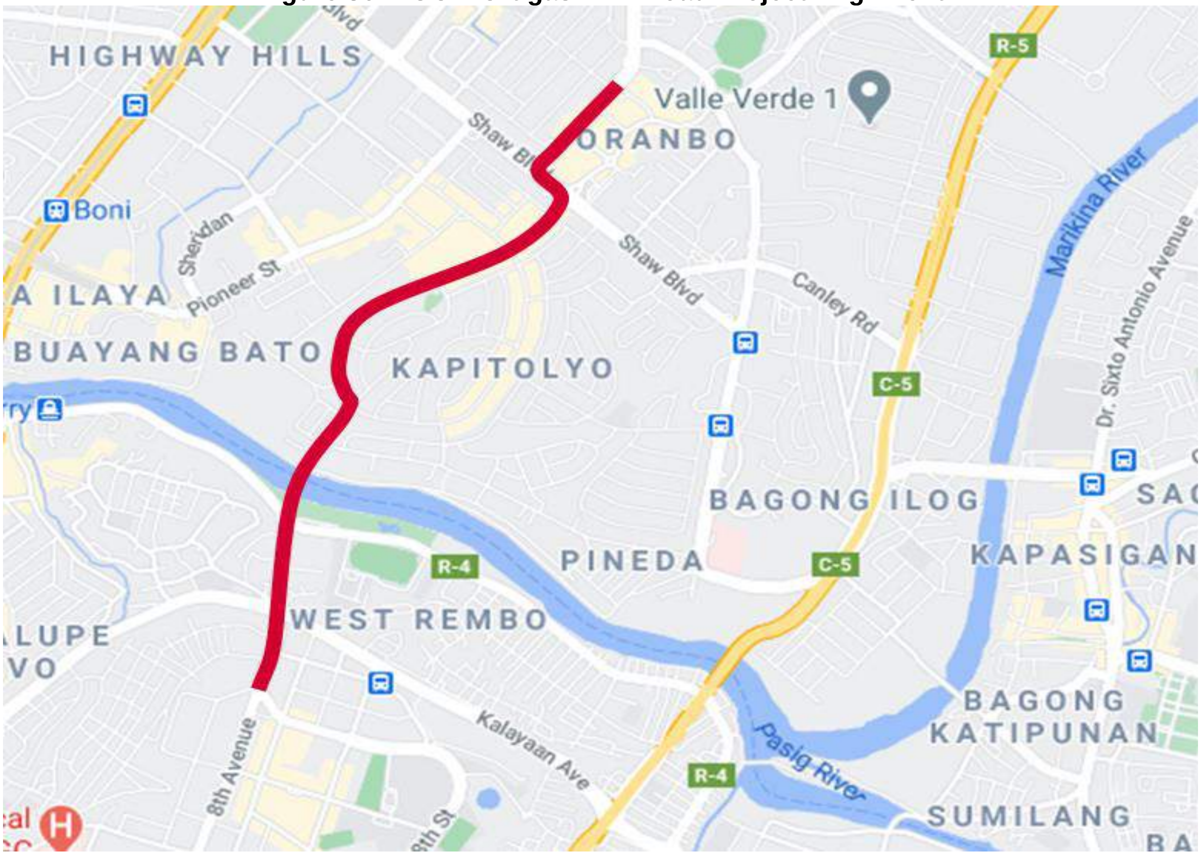

*Source: Asian Development Bank; Illustration: Santos Knight Frank, Inc.*

***BGC – Ortigas Link Road Project***

The BGC – Ortigas Link Road Project is a 3.93-kilometer road project that comprises of a bridge (Sta. Monica – Lawton Bridge), an underpass, a viaduct, and an at-grade road. It will cover areas from the 8th Avenue in BGC, Taguig City up to Meralco Avenue in Pasig City and ultimately serve as a shortcut alternative for motorists in two central business districts (CBDs). The construction of the said thoroughfare project is divided into three (3) segments: Sta. Monica – Lawton bridge, Lawton – BGC viaduct, and Sta. Monica – Meralco Avenue. At the end of construction of the said access road, it is expected to significantly decrease travel time from BGC to Ortigas Center to just 12 minutes from the current one-hour drive.

The total cost for the project is currently appraised at PhP1.63 billion and part of the funding comes from ODA loans. In terms of current project implementation status, the BGC – Ortigas Link Road was completed by the end of the year 2020 and was opened to the public by the first quarter of 2021.

**Figure 36. BGC – Ortigas Link Road Project Alignment**




*Source: Department of Public Works and Highways, National Economic and Development Authority*
*Illustration: Santos Knight Frank, Inc.*

### *Metro Manila Subway Project (Phase 1)*

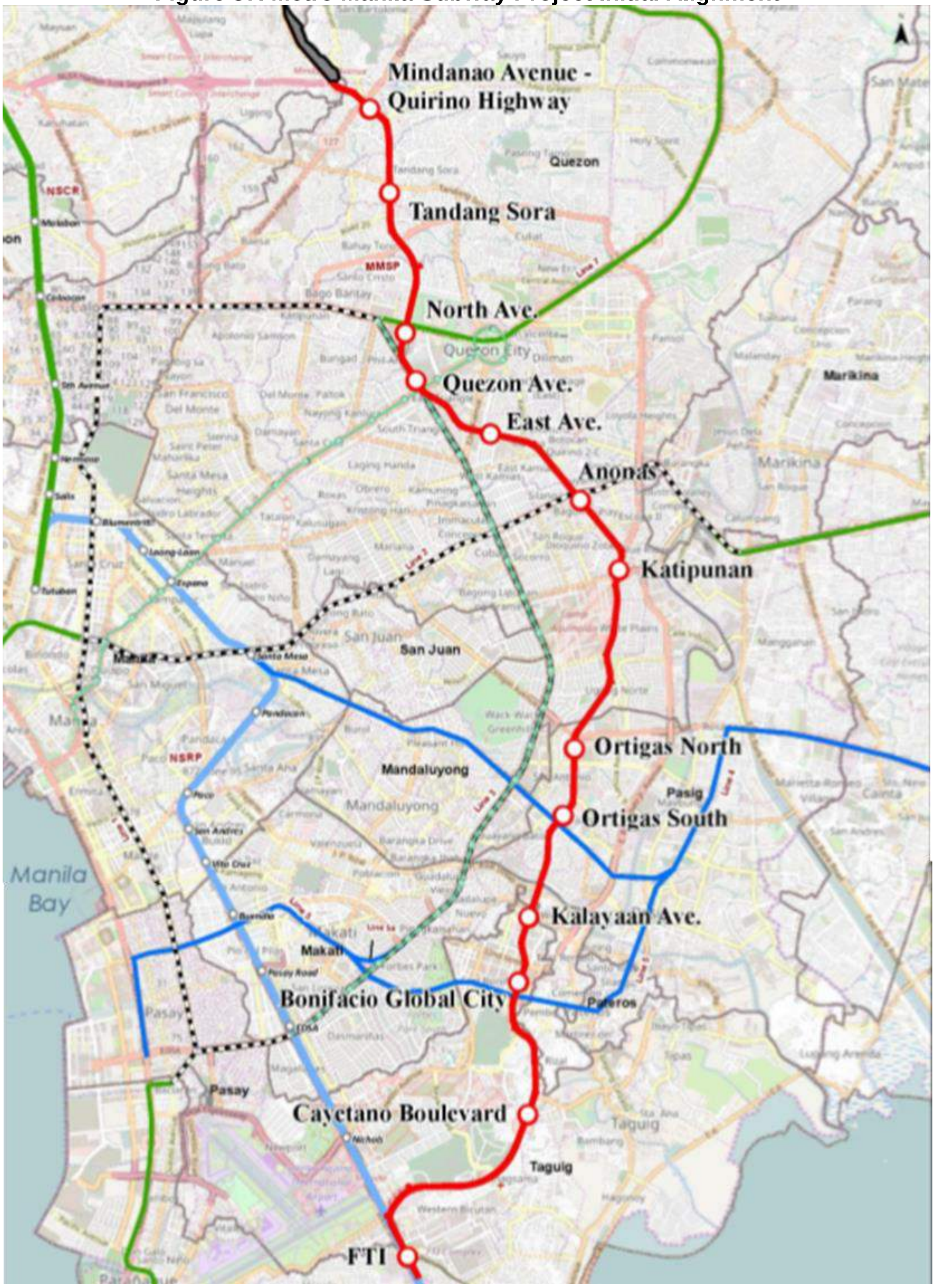
The Metro Manila Subway Project (MMSP) Phase 1 is a 36-kilometer upcoming underground railway system that is deemed as one of the vital projects a for better and more efficient transportation system in the Philippines. The initial alignment for the subway project involves 14 stations: Quirino Highway, Tandang Sora, North Avenue, Quezon Avenue, East Avenue, Katipunan, Ortigas North, Ortigas South, Kalayaan Avenue, Bonifacio Global City, Cayetano Boulevard, FTI, and Ninoy Aquino International Airport. Meanwhile, the train depot and training facility of MMSP set at Barangay Ugong, Valenzuela City.

The total cost of the upcoming subway development is estimated to be at PhP356.54 billion and will be funded through an ODA loan from Japan International Cooperation Agency (JICA). The contractor for the first three (3) stations of MMSP (Quirino Highway, Tandang Sora, North Avenue), tunnel structures, depot, and building and facilities for the planned Philippine Railways Institute is a Filipino – Japanese consortium composed of companies like Shimizu Corporation, Fujita Corporation, Takenaka Civil Engineering Co. Ltd., and EEI Corporation. Partial subway operations targeted at 2022 and full operation by 2025. At the end of construction, the MMSP is expected to cater an average of 370,000 daily passengers by 2025 to about 973,000 daily passengers by 2035, with a maximum passenger capacity of up to 1.5 million individuals daily. In terms of train speed, the initially scheduled speed is fixed at a range of 35.6 – 48.5 kilometers per hour that can go up to 80.0 kilometers per hour. The said train speed for the subway project anticipated to make travel time from Quezon City to NAIA terminal complex to be reduced to around 40 minutes from almost two (2) hours at present.

In terms of project status, groundbreaking activities for MMSP were already held last February 2019. Underground laying for the subway development started in 2021 as six (6) of the 25 total tunnel boring machines (TBMs) from Japan was shipped to the country. As of September 2021, project status is already at 26%.

There is a suggested change to the proposed alignment to the MMSP. The former 14 subway stations, excluding the depot area, is planned to be increased to 17 stations. The possible changes will include the exclusion of Cayetano Boulevard station and the addition of new stations such as East Valenzuela, Lawton, Senate, and Bicutan. However, the updated version of the alignment, design, and configuration of the upcoming subway project will be subject to the approval of NEDA-ICC, one of overseeing bodies regarding big ticket infrastructure projects in the country.

**Figure 37. Metro Manila Subway Project Initial Alignment**




*Source: Japan International Cooperation Agency, Department of Transportation*

***Makati Intracity Subway (MkTr-Line 5)***

The Makati Intracity Subway is a 10-kilometer underground rapid railway transit line that aims to link all of the major key areas of Makati City such as Makati CBD, Circuit Makati, Poblacion Makati, University of Makati, and Ospital ng Makati (Makati Hospital). Makati City Subway is planned to consist of 10 underground stations and will be linked to MRT Line-3 and the upcoming Metro Manila Subway project.

**Figure 38. Makati Intracity Subway Proposed Alignment**

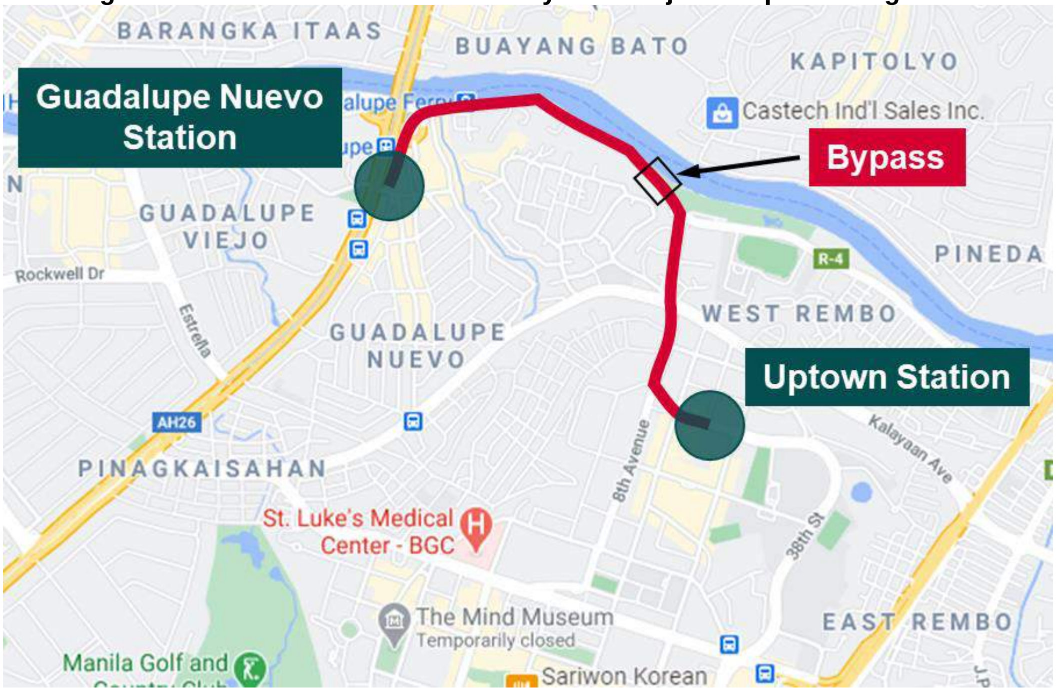

*Source: Inquirer.net*

### *Fort Bonifacio – Makati Skytrain Project*

The Fort Bonifacio – Makati Skytrain Project is a 1.87-kilometer cable-propelled monorail that will connect existing MRT Line 3 Guadalupe Station to Uptown Bonifacio vicinity. Initial alignment for the Skytrain development will traverse the thoroughfares of J.P. Rizal and Lawton Avenue in Makati City as well as 8$^{th}$ Avenue and 38$^{th}$ Street in Bonifacio Global City, Taguig City. The average train speed in the said railway system will be at a range of 40 to 50 kilometers per hour.

The projected cost of Fort Bonifacio – Makati Skytrain Project is initially at PhP3.3 billion. It is an unsolicited proposal of Infracorp Development Inc., an infrastructure arm of Alliance Global Inc., submitted last 2017 and granted endorsement from the Department of Transportation (DOTR) the following year. However, the upcoming Skytrain development still awaiting approval from NEDA-ICC before proceeding to project implementation.

**Figure 39. Fort Bonifacio – Makati Skytrain Project Proposed Alignment**



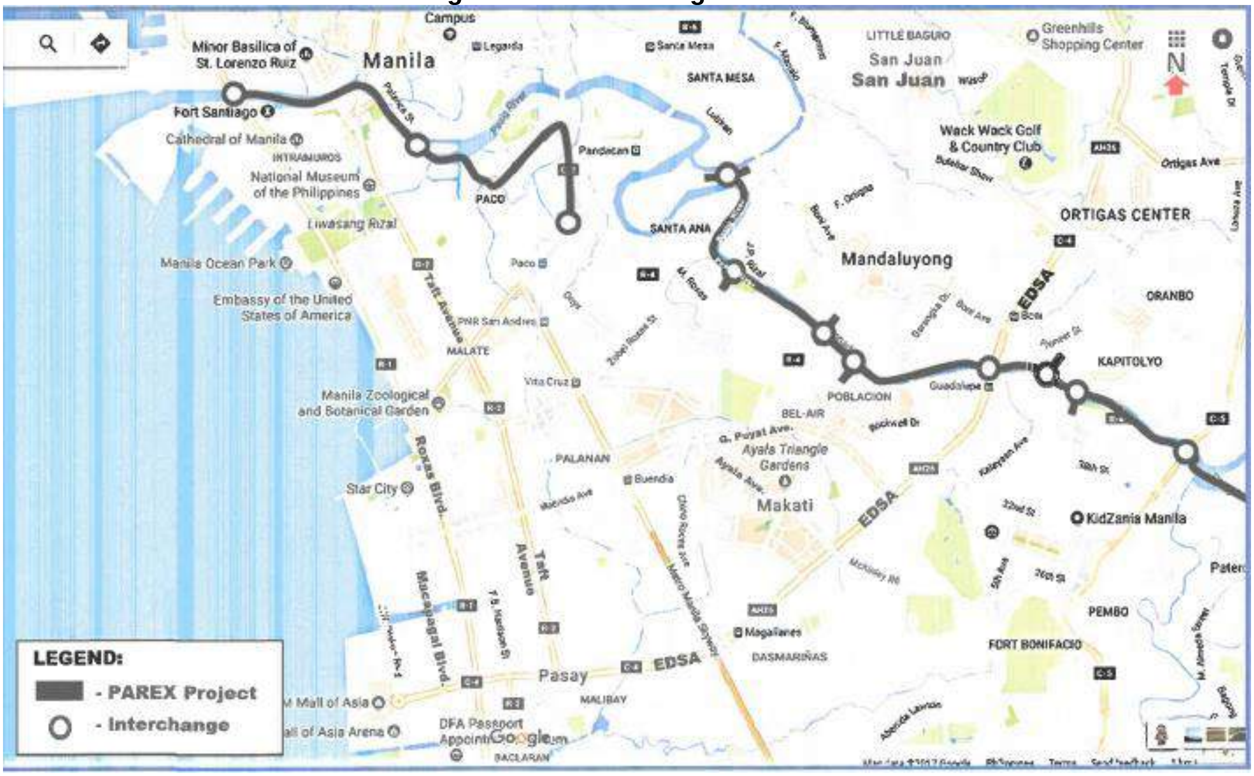

*Source: Systra Philippines Incorporated*
*Illustration: Santos Knight Frank, Inc.*

***Pasig River Expressway (PAREX)***

PAREX is a 19.37-kilometer six-lane elevated expressway that will traverse along the banks of the Pasig River. The project aims to decongest traffic, establish a direct link between eastern and western cities of Metro Manila, and rehabilitate the historic Pasig River. The project consists of three (3) segments, starting from the City of Manila to Skyway Stage 3, Skyway Stage 3 to C-5 Expressway, and ending at the SEMME (C-6) project in Rizal Province.

Currently, the project is ongoing harmonization planning with other government projects, specifically DPWH Bridge Projects along Pasig River. On 23 September, 2021, SMHC broke ground for PAREX.

**Figure 40. PAREX Alignment**



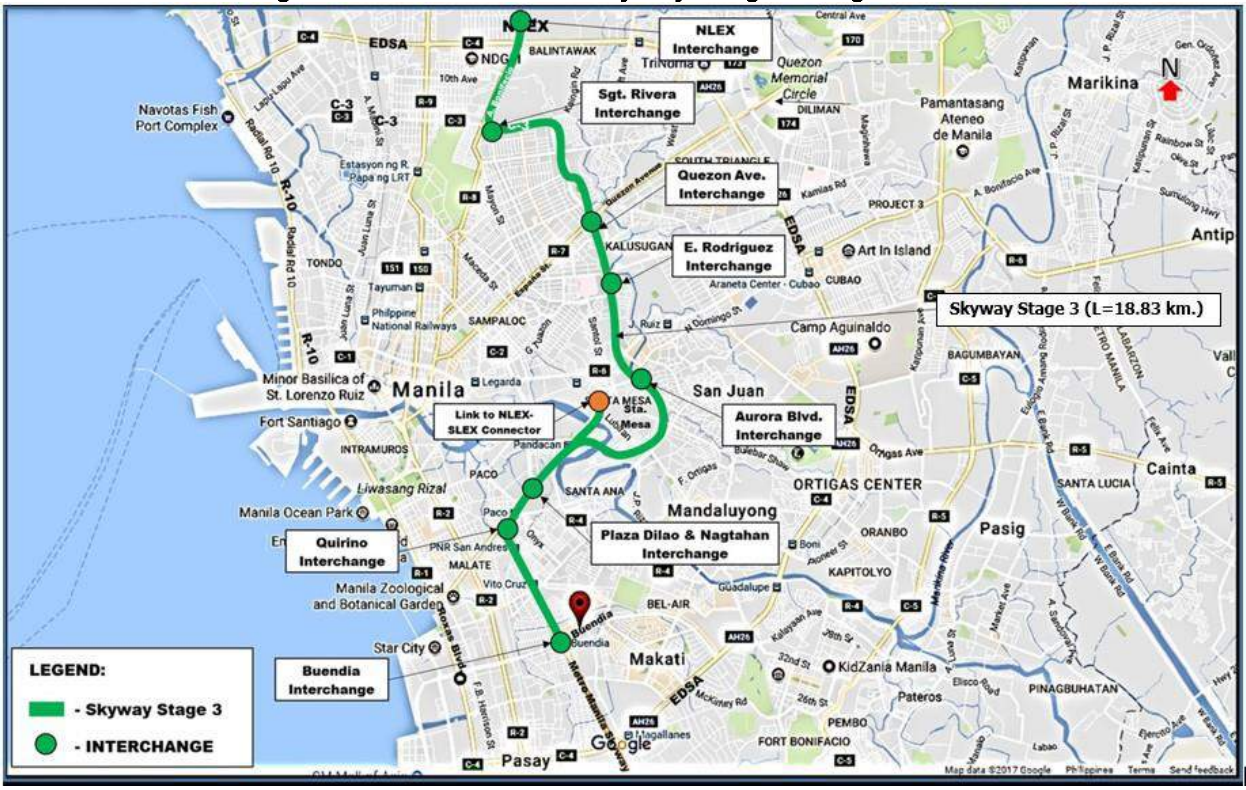

*Source: Department of Public Works and Highways*

**Metro Manila Skyway Stage 3**

The Metro Manila Skyway Stage 3 is a 19-kilometer 6-lane elevated toll road project connecting SLEX to Balintawak, Quezon City and NLEX. It will have 8 access ramps: Buendia Ave., Pres. Quirino Ave., Plaza Dilao, Nagtahan/Aurora Blvd., E. Rodriguez Ave., Quezon Ave., Sgt. River St., and NLEX. The project proponent is San Miguel Infrastructure. They started construction in April 2014 and is now partially operational with around 83% complete. Its target completion is at December 2020.

The Metro Manila skyway Stage 3 is expected to help to decongest the prevailing heavy traffic that occurs in EDSA with around 400,000 vehicles navigate daily. According to the DPWH, around 55,000 vehicles a day is anticipated to switch from traversing EDSA to Skyway Stage 3. Moreover, the travel time from Buendia, Makati to Balintawak, Quezon City will be significantly reduced to just 20 minutes (from the usual two (2) hours travel time). Once completed, the travel from the southern segments of Luzon going to Metro Manila, or even going to North Luzon, will be faster and easier. The delivery of goods and services will be faster as different logistic hubs and industrial estates will have more alternative access roads. It will also address logistic concerns between the industrial hubs in Southern Luzon (Cavite, Laguna, Batangas) and the Port Area of Manila as the Metro Manila Skyway Stage 3 is planned to be subsequently connected to other infrastructure projects that have linkages directly to the port (i.e. NLEX-SLEX Connector Road Project, NLEX Segment 10)

**Figure 41. Metro Manila Skyway Stage 3 Alignment**

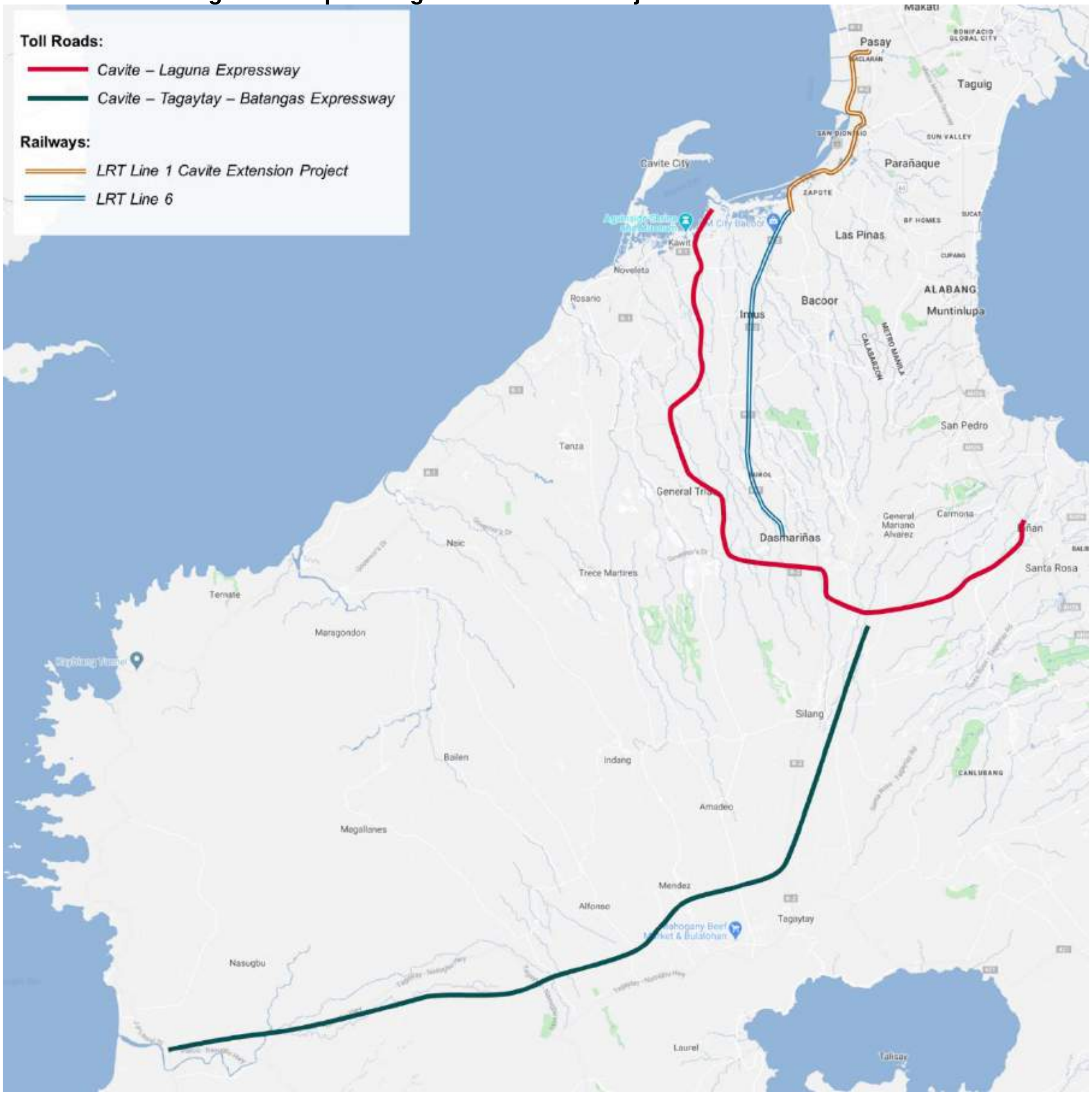



*Source: Department of Public Works and Highways*

### 4.6.2. Major Infrastructure Projects in Cavite

Numerous infrastructure projects affecting Bacoor City are recently being constructed. Roads, bridges, toll roads, and even railways are observed to be ramping up as aspirations for faster travel and seamless connectivity among cities and municipalities in key growth areas in the country being the banner agenda of the administrations in recent years. This is one of the possible determinants of the rising economic activities through evidence of an increase in investments and developments in the said city. Summarized below are some of the upcoming infrastructure projects in the City of Bacoor.

**Figure 42. Upcoming Infrastructure Projects in Cavite Province**




*Source: Department of Public Works and Highways, Department of Transportation*
*Illustration: Santos Knight Frank, Inc.*

***Cavite – Laguna Expressway (CALAX) Project***

The Cavite-Laguna Expressway (CALAX) Project is a 45.29-kilometer thoroughfare that will interlink the existing Cavite Expressway (CAVITEX) in Kawit, Cavite, and SLEX Mamplasan Interchange in Biñan, Laguna. Construction of CALAX will be divided into eight (8) segments and costs around PhP35.68 billion in total. The public-private partnership (PPP) scheme for CALAX is under a Built-Operate-Transfer (BOT) arrangement. Moreover, the concession period is set at 35 years, including 5 years for the design and construction. The MPCALA Holdings Inc., a unit of the Metro Pacific Investments Corporation (MPIC), is the toll road's concessionaire.

At the end of the toll road construction, it is projected to reduce travel time from CAVITEX to SLEX by 45 minutes. It will aid in supporting efficient transportation means for existing industrial and economic zones in Laguna and Cavite. Also, the heavy volume of vehicular traffic in Governor's Drive, Aguinaldo Highway, and Santa Rosa – Tagaytay Road is expected to be reduced once CALAX becomes operational.

At present, three (3) of the sections in CALAX were partially opened to the public last October 2019 and just operate in full swing last August 2020. The said sections are all located in Laguna: Sta. Rosa – Tagaytay Road Interchange, Laguna Boulevard Interchange, and Laguna Technopark Interchange. Subsection 5 (Sta. Rosa to Silang East IC) was opened to the public last August 2021. In terms of overall project status, CALAX is already 47.60% done and anticipated to be fully operational in Q4 2023, accounting the delays and stoppages due to COVID-19.

**Figure 43. Cavite-Laguna Expressway Project Alignment**

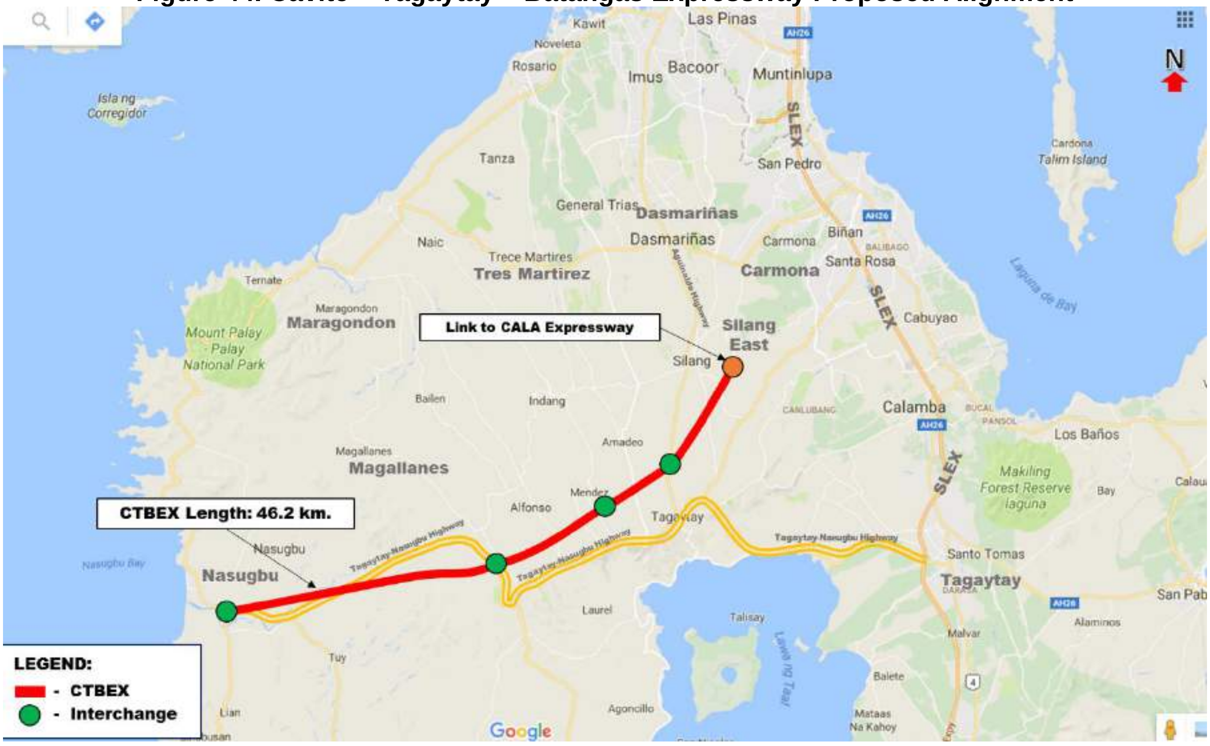

*Source: Department of Public Works and Highways*

***Cavite – Tagaytay – Batangas Expressway (CTBEX)***

The Cavite – Tagaytay – Batangas Expressway (CTBEX) is a 50.43-kilometer upcoming toll road project that aims to give an alternative to a faster travel in some areas of Cavite and Batangas. It will be a two-by-two access road that will traverse the areas of Silang, Tagaytay City, Amadeo, Mendez, Alfonso, and Magallanes all in the province of Cavite, as well as Nasugbu in the province of Batangas. At the end of construction, the proposed expressway project is expected to reduce travel time from Governor's Drive to Nasugbu by 58 minutes and from Sta. Rosa to Tagaytay by 1 hour and 15 minutes, from the current of over 2-hour drive. Better connectivity from Metro Manila to Cavite and Batangas will elicit as travel time from the mentioned areas be significantly faster.

The entire project cost for the unsolicited project is estimated at PhP25.24 billion. Currently, the upcoming toll road development still awaits the endorsement and approval from the NEDA as the said PPP proposal is undergoing evaluation. The project's concessionaires are Metro Pacific Tollways Development Corporation (MPTDC) and Metro Pacific Tollways South Corporation (MPTSC), both subsidiaries of MPIC.

**Figure 44. Cavite – Tagaytay – Batangas Expressway Proposed Alignment**




*Source: Department of Public Works and Highways*

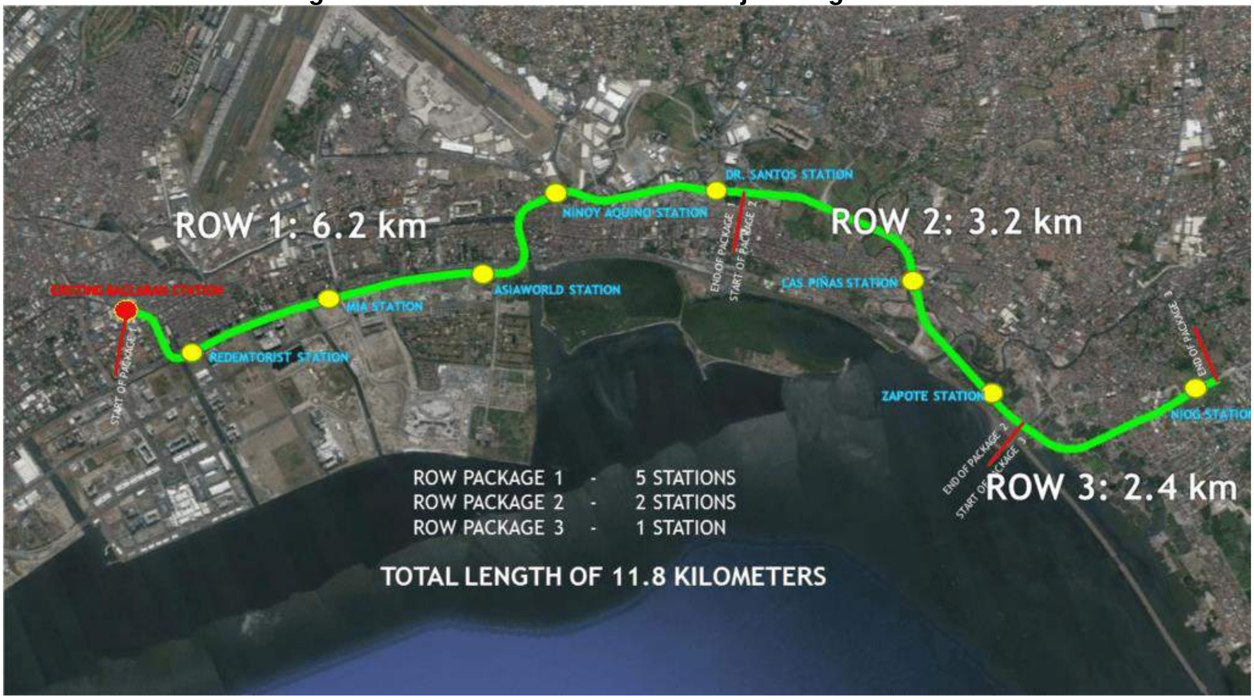
***LRT Line 1 Cavite Extension Project***

The project is an 11.7-kilometer extension of the current railway of LRT Line 1 from Baclaran station up to Niog in Bacoor City, Cavite. It will be composed of eight (8) additional stations that will be divided into three (3) packages. The first package includes the proposed stations of Redemptorist, MIA, Asiaworld, Ninoy Aquino, and Dr. Santos. Moreover, the second package covers Las Piñas and Zapote stations, while the third and last package is the mentioned Niog Station in the City of Bacoor in Cavite. The said railway expansion project comes with the construction of a new train depot that will be situated in the vicinity of Zapote Station.

The completion of the extension railway project is expected to reduce the travel time from Baclaran to Bacoor, Cavite to 25 minutes, from the current 1 hour and 10-minute travel time. It will also cater additional 300,000 passengers daily on top of the current 500,000 daily passengers. In terms of overall project cost, it is currently projected at around PhP64.9 billion, including the ODA loan of PhP19.8 billion.

The status of the railway construction is at 58.03% complete as of August 2021. The project's concessionaire that will handle the operation and maintenance of the railway is the Light Rail Manila Corporation (LRMC) – a consortium of Ayala Corporation, Metro Pacific Light Rail Corporation, and Macquarie Infrastructure Holdings.

**Figure 45. LRT Line 1 Extension Project Alignment**




*Source: Light Rail Manila Corporation*

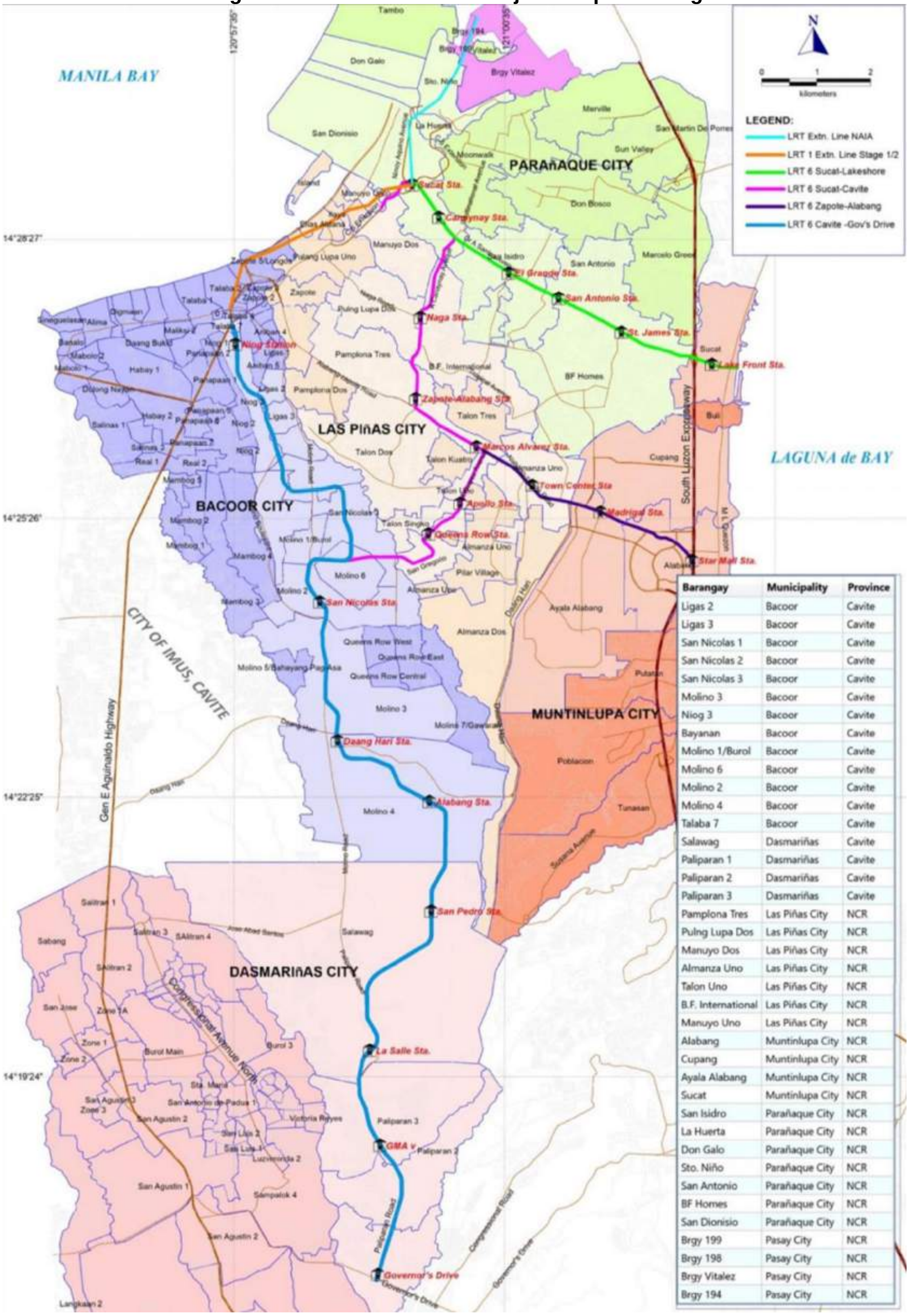
***LRT Line 6 Project***

The LRT Line 6 Project is a proposed 19-kilometer railway that will be a continuation of the LRT Line 1 station in Bacoor City, Cavite with additional seven (7) stations up until Governor's Drive in Dasmariñas City, Cavite. Specifically, initial stations will be placed in areas of Niog, Tirona, Imus Transport Terminal, Daang Hari, Salitran, Congressional Road, and Governor's Drive. The train depot for LRT Line 6 will be located in the area of Congressional Road station. The initial total projected cost for the said railway project is at PhP65.1 billion. However, no final project proponents/concessionaires and definite project implementation were determined as of recent despite the conditional approval granted by NEDA-ICC way back in 2015.

But there is a recent unsolicited PPP proposal sent by Prime Asset Ventures Inc. in 2017 that modifies the preliminary railway alignment. The said project proposal is now composed of four (4) sublines: LRT Lines 6A – 6C and LRT Alabang – Zapote Line. The LRT Line 6A is the retainment of the preliminary LRT Line 6 plan alignment. LRT Line 6B is the planned 10-station route from NAIA Terminal 1 and/or 2 up until San Nicolas in Bacoor City and will cover an estimated distance of 16.0 kilometers. Moreover, the LRT Line 6C is suggested to have a 7.7-kilometer track that will traverse the Dr. Arcadio Santos Avenue thoroughfare. The said subline proposed to have six (6) stations from the area of Sucat up until Lakefront vicinity in Parañaque City. Furthermore, the LRT Alabang – Zapote Line will have a total length of about 5.0 kilometers that will follow the alignment along Alabang – Zapote Road and will have four (4) stations from Marcos Alvarez to Star Mall Alabang areas. Take note that all of the mentioned sublines in this modified LRT Line 6 proposal will have shared stations in between.

The overall approximated cost for the entire project is at PhP64.6 billion. At present, the status of the modified LRT Line 6 proposal is still subject to approval by various government bodies, including the National Economic and Development Authority.

**Figure 46. Modified LRT 6 Project Proposed Alignment**




| Barangay | Municipality | Province |
|---|---|---|
| Ligas 2 | Bacoor | Cavite |
| Ligas 3 | Bacoor | Cavite |
| San Nicolas 1 | Bacoor | Cavite |
| San Nicolas 2 | Bacoor | Cavite |
| San Nicolas 3 | Bacoor | Cavite |
| Molino 3 | Bacoor | Cavite |
| Niog 3 | Bacoor | Cavite |
| Bayanan | Bacoor | Cavite |
| Molino 1/Burol | Bacoor | Cavite |
| Molino 6 | Bacoor | Cavite |
| Molino 2 | Bacoor | Cavite |
| Molino 4 | Bacoor | Cavite |
| Talaba 7 | Bacoor | Cavite |
| Salawag | Dasmariñas | Cavite |
| Paliparan 1 | Dasmariñas | Cavite |
| Paliparan 2 | Dasmariñas | Cavite |
| Paliparan 3 | Dasmariñas | Cavite |
| Pamplona Tres | Las Piñas City | NCR |
| Pulng Lupa Dos | Las Piñas City | NCR |
| Manuyo Dos | Las Piñas City | NCR |
| Almanza Uno | Las Piñas City | NCR |
| Talon Uno | Las Piñas City | NCR |
| B.F. International | Las Piñas City | NCR |
| Manuyo Uno | Las Piñas City | NCR |
| Alabang | Muntinlupa City | NCR |
| Cupang | Muntinlupa City | NCR |
| Ayala Alabang | Muntinlupa City | NCR |
| Sucat | Muntinlupa City | NCR |
| San Isidro | Parañaque City | NCR |
| La Huerta | Parañaque City | NCR |
| Don Galo | Parañaque City | NCR |
| Sto. Niño | Parañaque City | NCR |
| San Antonio | Parañaque City | NCR |
| BF Homes | Parañaque City | NCR |
| San Dionisio | Parañaque City | NCR |
| Brgy 199 | Pasay City | NCR |
| Brgy 198 | Pasay City | NCR |
| Brgy Vitalez | Pasay City | NCR |
| Brgy 194 | Pasay City | NCR |

*Source: Prime Asset Ventures, Inc.*

### 4.6.3. Major Infrastructure Projects in Rizal

**Figure 47. Map of Major Infrastructures in Rizal**


*Source: Department of Public Works and Highways, Department of Transportation, Japan International Cooperation Agency*
*Illustration: Santos Knight Frank, Inc.*

***Light Rail Transit (LRT) Line 2 East and West Extension Projects***

The currently-operated Metro Light Rail Transit (LRT) Line 2 has plans of extension to both east and west bounds. The expansion on the east side of the said train system covers an additional distance of around four (4) kilometers through two (2) stations, namely: Emerald and Masinag. The supplementary stations expected to bring about

80,000 extra passengers by the time it becomes operational and decrease the travel duration from Recto to Masinag to just 40 minutes. LRT 2 East Extension Project set to be done by the end of 2020 and start its operations the following year.

On the other hand, the west extension project sets to commence its construction in the second quarter of 2020. Three stations comprise the west section annex stations: Tutuban, Divisoria, and Pier 4. These sites projected to draw about 16,000 additional passengers and lessen the travel time from Recto to Pier Area by just five (5) minutes. The west line project of LRT 2 expected to be done by the year 2023.

***Metro Rail Transit (MRT) Line 4 Project***

The Metro Rail Transit (MRT) Line 4 Project is a 15.56-kilometer elevated railway system that aims to address a better transportation connection between the eastern section of Metro Manila to Rizal province. The said upcoming train system comprises of 11 stations, in which it starts at N. Domingo in Quezon City and ends at Taytay Diversion Road in Taytay, Rizal. Further, the projected daily number of passengers set at around 200,000 persons, coming from densely populated cities of Quezon, San Juan, Mandaluyong, and Pasig. The starting date of construction for the MRT Line 4 initially set in the year 2021 and operational by 2025. In terms of project cost, the upcoming train line projected to be about PhP57.01 billion through official financing assistance by the Asian Development Bank. The MRT Line 4 project already got the final approval from the Investment Coordination Committee-Cabinet Committee (ICC-CabComm). DOTr expects commencement of the railway to begin in 2023.

***South East Metro Manila Expressway***

The Southeast Metro Manila Expressway (SEMME) Project is an upcoming toll road project that has a total distance of around 32.66 kilometers. It primarily aims to decongest main roads in Metro Manila, such as Epifanio de los Santos Avenue (EDSA) and Circumferential Road 5 (C5). Moreover, this will connect the South Luzon Expressway (SLEX) to Batasan Complex in Quezon City – which is proximate to North Luzon Expressway (NLEX). The said expressway subdivided into six (6) phases that comprise of both elevated and at-grade two three-lane thoroughfares. These phases are the following: (1) Skyway/FTI to C5/Diego Silang; (2) C5/Diego Silang to C6/Taguig; (3) C6/Taguig to Ortigas Avenue Extension; (4) Ortigas Avenue Extension to Marcos Highway; (5) Marcos Highway to Tumana Bridge; and (6) Tumana Bridge to Batasan Complex.

In terms of costs, SEMME projected to be around PhP45 billion. The project concessionaire of the said infrastructure project is Citra Intercity Tollways Inc. (CITI) – a joint venture of San Miguel Holdings Corporation and Philippine National Construction Corp. – and expected to be operational in at least 33 months. Currently, the construction of section one of the SEMME project is still on-going. Right-of-Way acquisition for Section 1B is also ongoing.

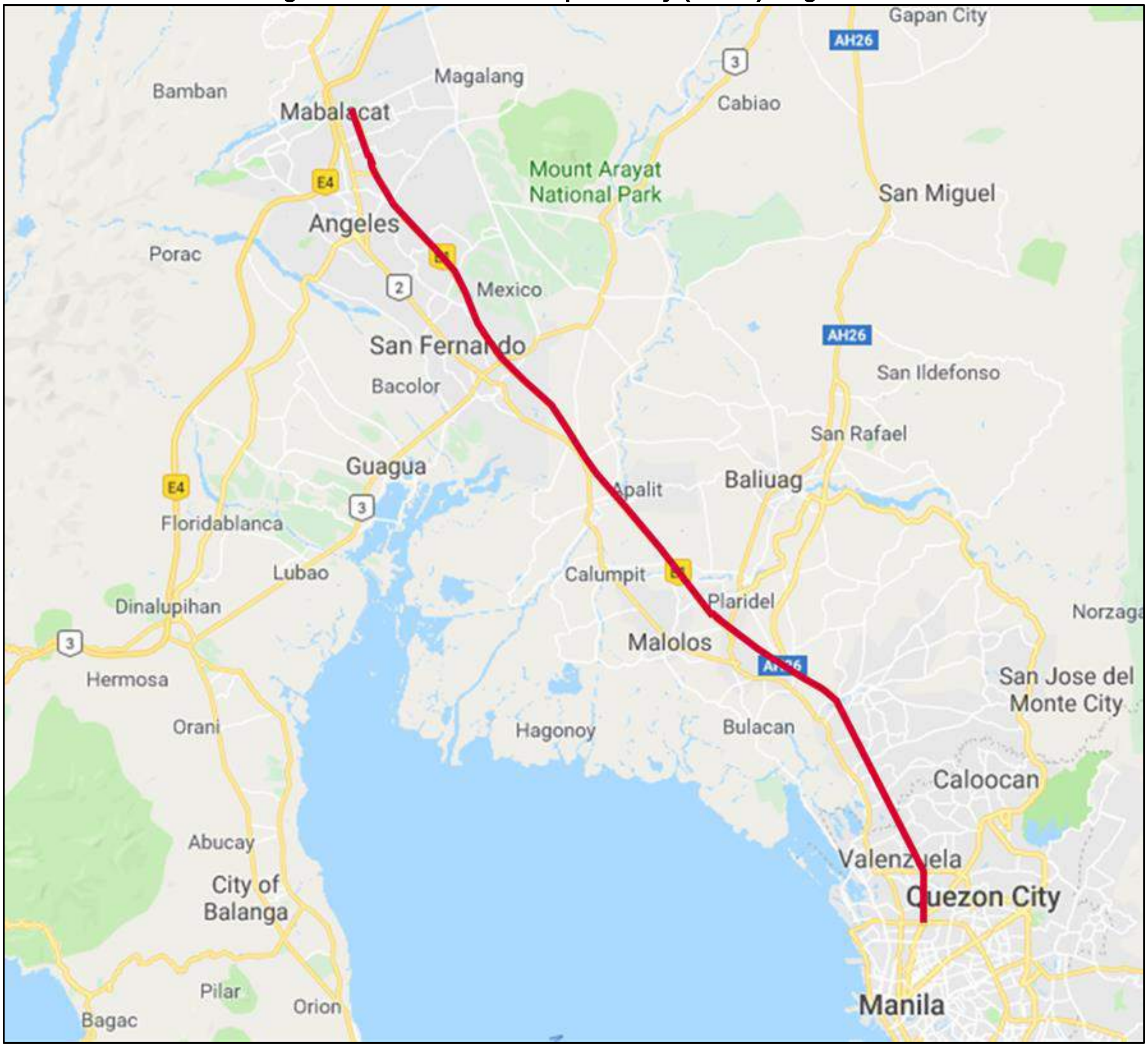
### 4.6.4. Major Infrastructure Projects in Bulacan and Pampanga

Roads and Highways

***North Luzon Expressway (NLEX)***

The North Luzon Expressway (NLEX) is operated by the Tollways Management Corporation (TMC), a subsidiary of Metro Pacific Investments Corporation. It is an 83.7-kilometer freeway connecting Metro Manila to the northern provinces of Bulacan and Pampanga. NLEX is connected to EDSA through the Balintawak Toll Plaza, Quezon City. It also has an alternative entry/exit at the Mindanao Toll Plaza and currently ends at the Sta. Ines Toll Plaza in Mabalacat, Pampanga. Before heading towards the Sta. Ines exit, there is an exit leading west to the Subic-Clark-Tarlac Expressway (SCTEX) which would connect you further north.

**Figure 48. North Luzon Expressway (NLEX) Alignment**




*Source: North Luzon Expressway Corporation*
*Illustration: Santos Knight Frank, Inc.*

***North Luzon Expressway Phase 3***

This project is an extension of the existing North Luzon Expressway under the concession of Metro Pacific Investments Corporation. It aims to connect NLEX to Dinalupihan, Bataan. It would span 40-kilometers and would cost more than PhP20-billion. In the last quarter of 2019, MPIC reaffirmed their willingness to push through with the project. Currently, MPIC is still finalizing the alignment for the project since it has revised its initial alignment with its original concession due to Right-of-Way issues and overlap with SCTEX. However, according to DPWH, the planned highway will be aligned north of Jose Abad Santos Avenue.

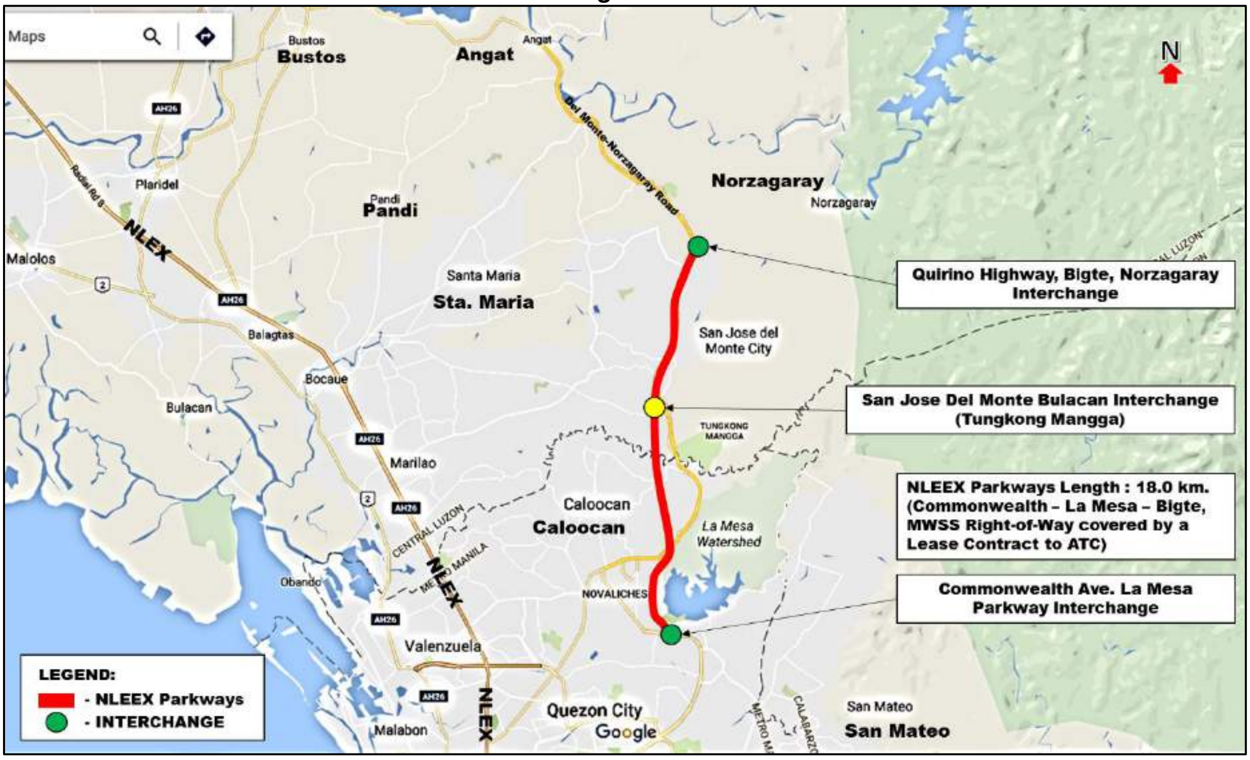
This project will be more beneficial to industrial estates and warehouses situated in the area of San Simon and Sto. Tomas in terms of delivering goods and services. They will have an opportunity to have better connectivity with the Subic Bay Port Area. Aside from logistics concerns, the NLEX Phase 3 will open the corridors of the vicinity of the subject property to likelihood of more foot and vehicular traffic as vehicles coming from the western segments of Central Luzon will have the said project as an alternative and faster route going in and out of Pampanga, Bulacan, and Metro Manila. It is an opportunity to possibly gain more business activity and opportunities due to addition in influx of commuters and passengers, assuming the completion. The most recent update was in February 2020 where MPTC announced intent to pursue the project but planning of alignment and other details are still under study.

**North Luzon East Expressway Project, Stage 1 (La Mesa Parkways Project)**

The North Luzon East Expressway Project's first stage is a proposed infrastructure in which will have Commonwealth Avenue in La Mesa area and Bigte, Norzagaray, Bulacan as its endpoints. It will cover a total distance of around 19 kilometers and will essentially maximize the right-of-way of Metropolitan Waterworks and Sewerage System (MWSS) in La Mesa, Quezon City area going to province of Bulacan.

The projected cost of the said project is PhP7.8 billion and further details will be publicized soon as the project is still under evaluation of NEDA-ICC. DPWH is waiting for the remaining documents to be submitted by MWSS as compliance to NEDA's instructions.

**Figure 49. North Luzon East Expressway Project, Stage 1 (La Mesa Parkways Project) Alignment**



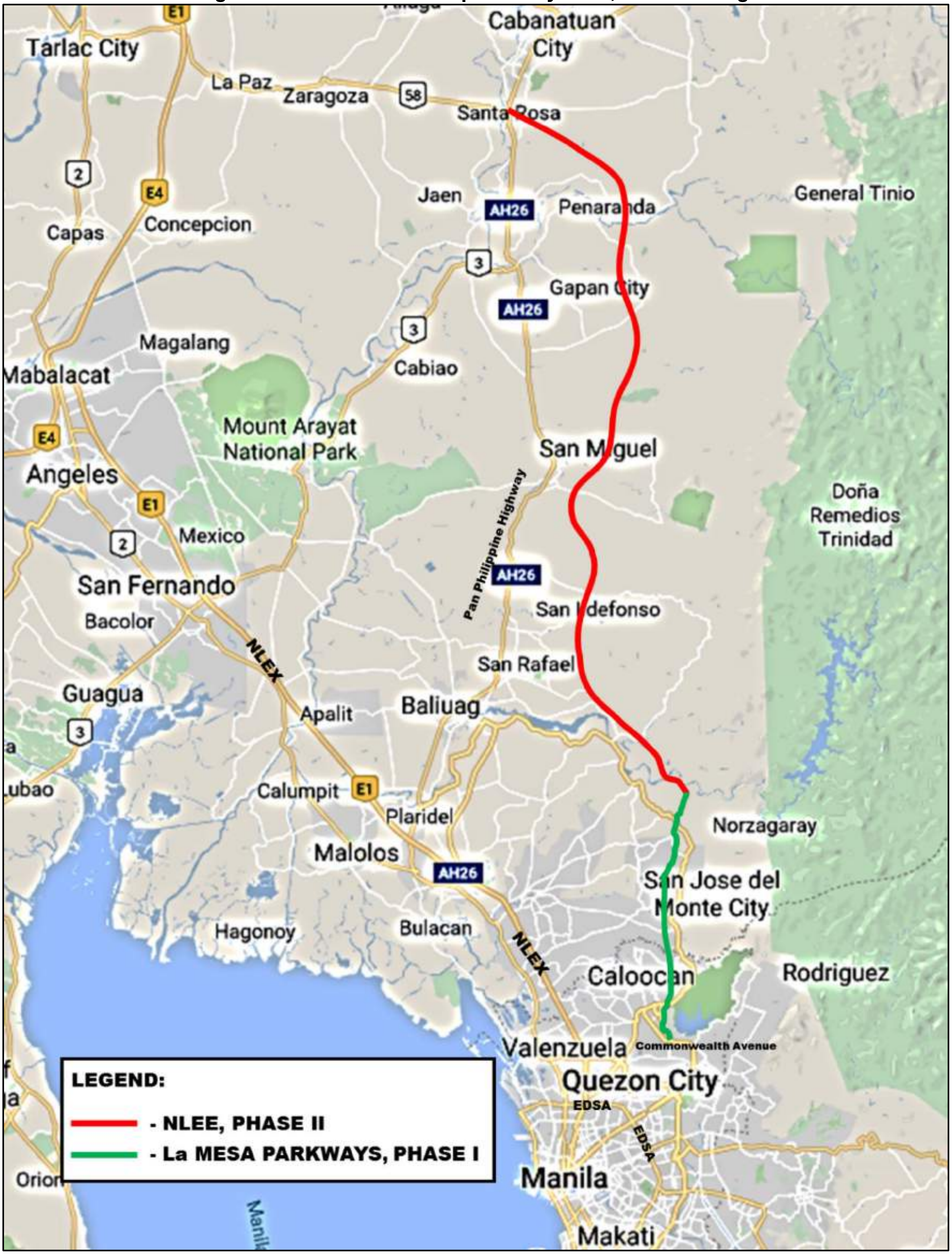

*Source: Department of Public Works and Highways*

## North Luzon Expressway East, Phase II

The North Luzon Expressway East, Phase (Stage) II is the subsequent proposed project to the North Luzon East Expressway Stage I in which it aims for more accessibility between municipalities and cities in northern Luzon to Metro Manila. The said upcoming infrastructure consist of four segments that will comprise an aggregate distance of around 91.1 kilometers. The first section is approximately 30.9 kilometers long and will start at Bigte in Norzagaray, Bulacan up to San Miguel-Junction Biak na Bato Road in San Miguel, Bulacan. It will be followed by about 30.5-kilometer access road from San Miguel-Junction Biak na Bato Road to Gapan City-Junction Fort Magsaysay Road. The third section is from Gapan City-Junction Fort Magsaysay Road to Cabanatuan City-Junction Palayan City Road and will be around 17.6 kilometers. From Cabanatuan City-Junction Palayan City Road, it will continue to traverse up until Central Luzon Link Expressway (CLLEX Ph 2) and will cover an estimated distance of 12 kilometers.

As for the projected cost of the proposal, it will be at PhP44.6 billion with about PhP3.4 billion will be funded by the government. Further details will be released soon as the current status of the project is still under evaluation.

**Figure 50. North Luzon Expressway East, Phase II Alignment**

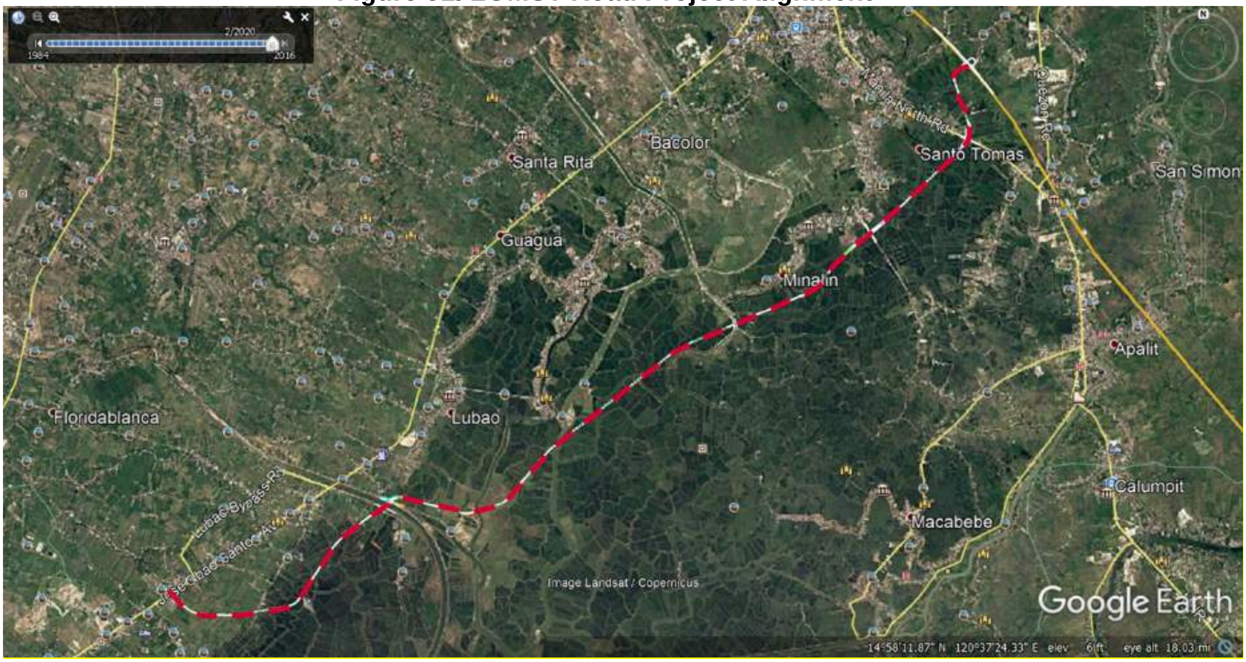



*Source: Department of Public Works and Highways*

### Lubao-Guagua-Minalin-Sto.Tomas (LGMST) Road Project

This road project intends to bypass Jose Abad Santos Avenue and connect Lubao to Sto. Tomas then link to NLEX. It will have a total estimated length of 28.83-kilometers and will cost PhP43.669-billion wherein PhP16.17-billion of which is allocated for a planned 7-kilometer viaduct. The target completion for the entire project is 2025.

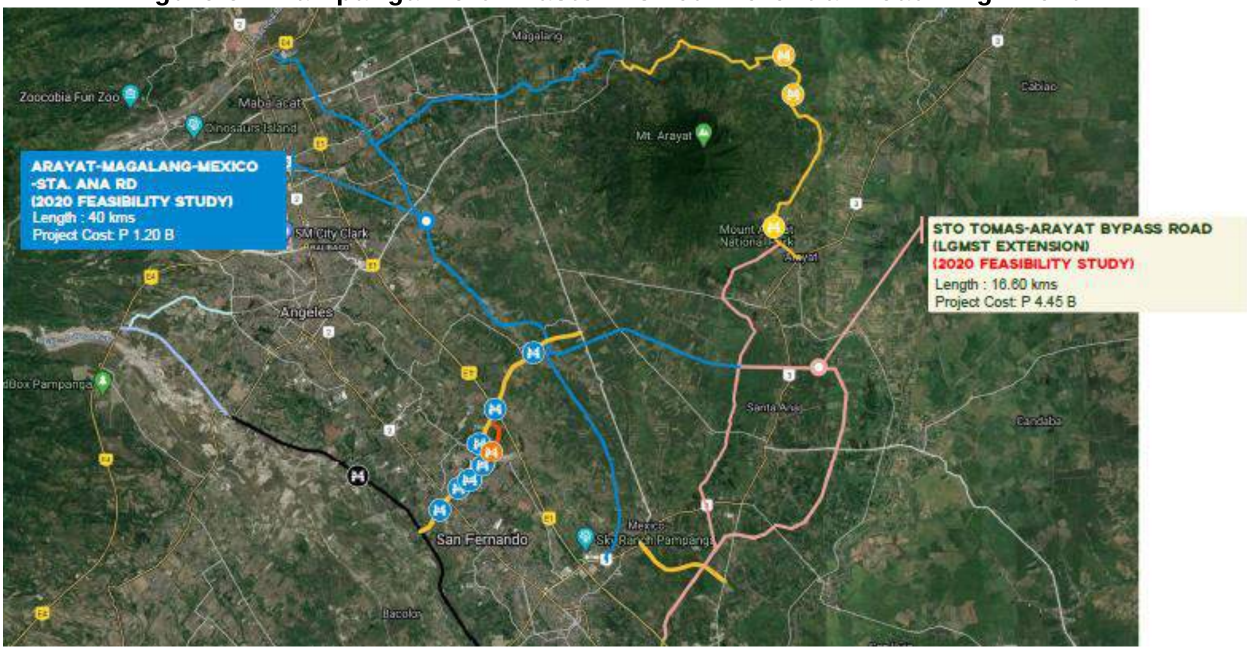
**Figure 51. LGMST Road Project Alignment**




*Source: Department of Public Works and Highways*

### Sto. Tomas-Arayat Bypass Road

**Figure 52. Pampanga North-Eastern Circumferential Road Alignment**




*Source: Department of Public Works and Highways*

This proposed road project will be an extension of the LGMST Road Project at the eastern portion of NLEX towards the Municipality of Arayat, Pampanga. It will have a total estimated length of 16.60-kilometers and would cost around PhP4.45-billion. Currently, the project is undergoing the Feasibility Study Phase.

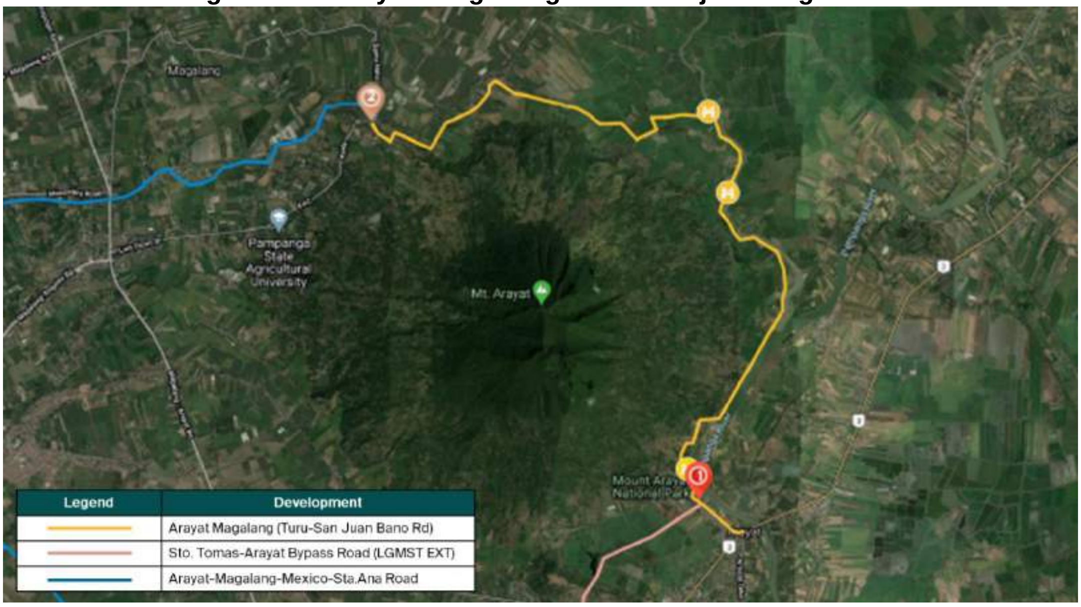
**Arayat-Magalang-Mexico-Sta. Ana Road**

Complementing the aforementioned road project, this further extends it connecting the Municipalities of Arayat to Magalang, Mexico, and Sta. Ana. Hence, providing more accessibility to the eastern portions of Pampanga by connecting them to NLEX. This road project will have a total estimated length of 40-kilometers and would cost around PhP 1.20-billion. It is also currently undergoing the Feasibility Study Phase.

**Arayat-Magalang (Turu-San Juan Bano Road)**

This road project is the northern portion of the proposed circumferential road and will be closing the loop for the eastern portions of Pampanga. Moreover, it would likely be connected to various access roads from Tarlac and Nueva Ecija. This road project would have a total estimated length of 19-kilometers and would cost around PhP589-million. It is also currently undergoing the Feasibility Study Phase together with the other circumferential road projects.

**Figure 53. Arayat-Magalang Road Project Alignment**



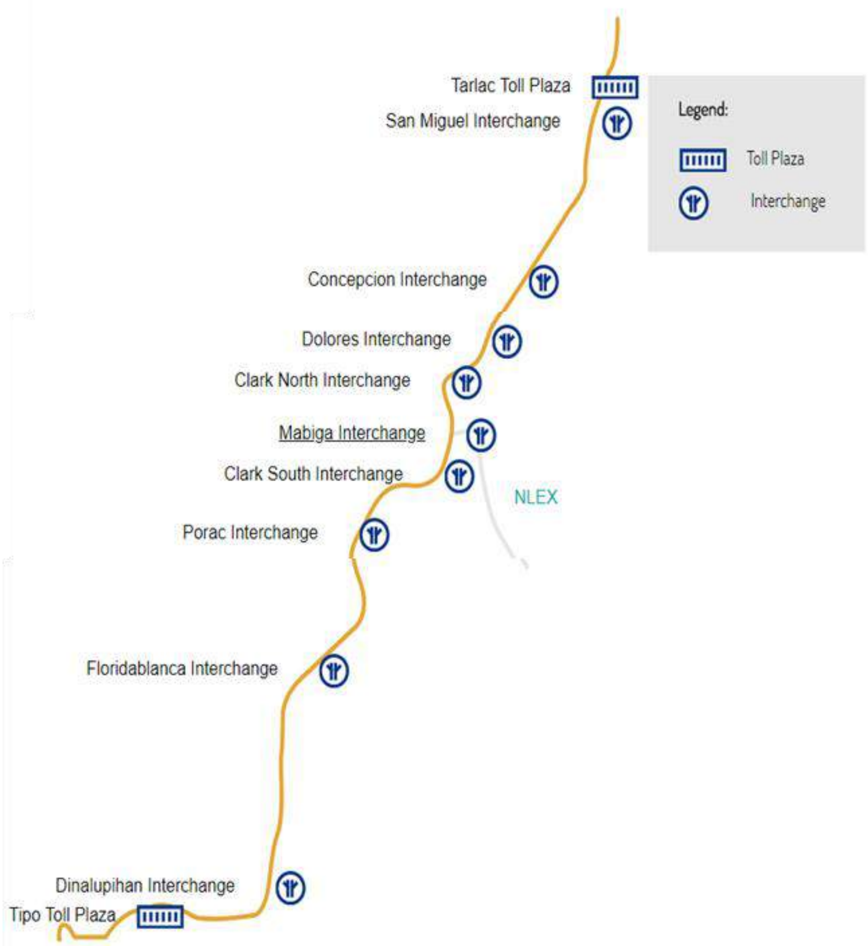

*Source: Department of Public Works and Highways*

***Subic-Clark-Tarlac Expressway (SCTEX)***

The Subic-Clark-Tarlac Expressway (SCTEX) is a 2-segment freeway consisting of 11 exits with a length of 93.77 kilometers. It is also operated by Tollways Management Corporation (TMC). Segment 1 has a length of 56.8 kilometers and starts from the Tipo Toll Plaza which exits to the Subic Freeport Expressway until the Mabiga Interchange, Mabalacat, Pampanga which links SCTEX and NLEX leading to Metro Manila. In 2015, the SCTEX-NLEX Integration Project was implemented to reduce travel time from end to end by merging the two expressways. Instead of passing by five (5) tollways when crossing over in between NLEX and SCTEX, motorists will now only pass by two (2), thus, reducing the travel time by 40 minutes.

Before reaching Mabiga Interchange, the Clark South Interchange provides access to the Clark Special Economic Zone via the Clark International Airport Gateway. Segment 2 spans at 36.97 kilometers and starts from Mabiga Interchange leading to the agricultural land of Tarlac City.

**Figure 54. Subic-Clark-Tarlac Expressway Alignment**

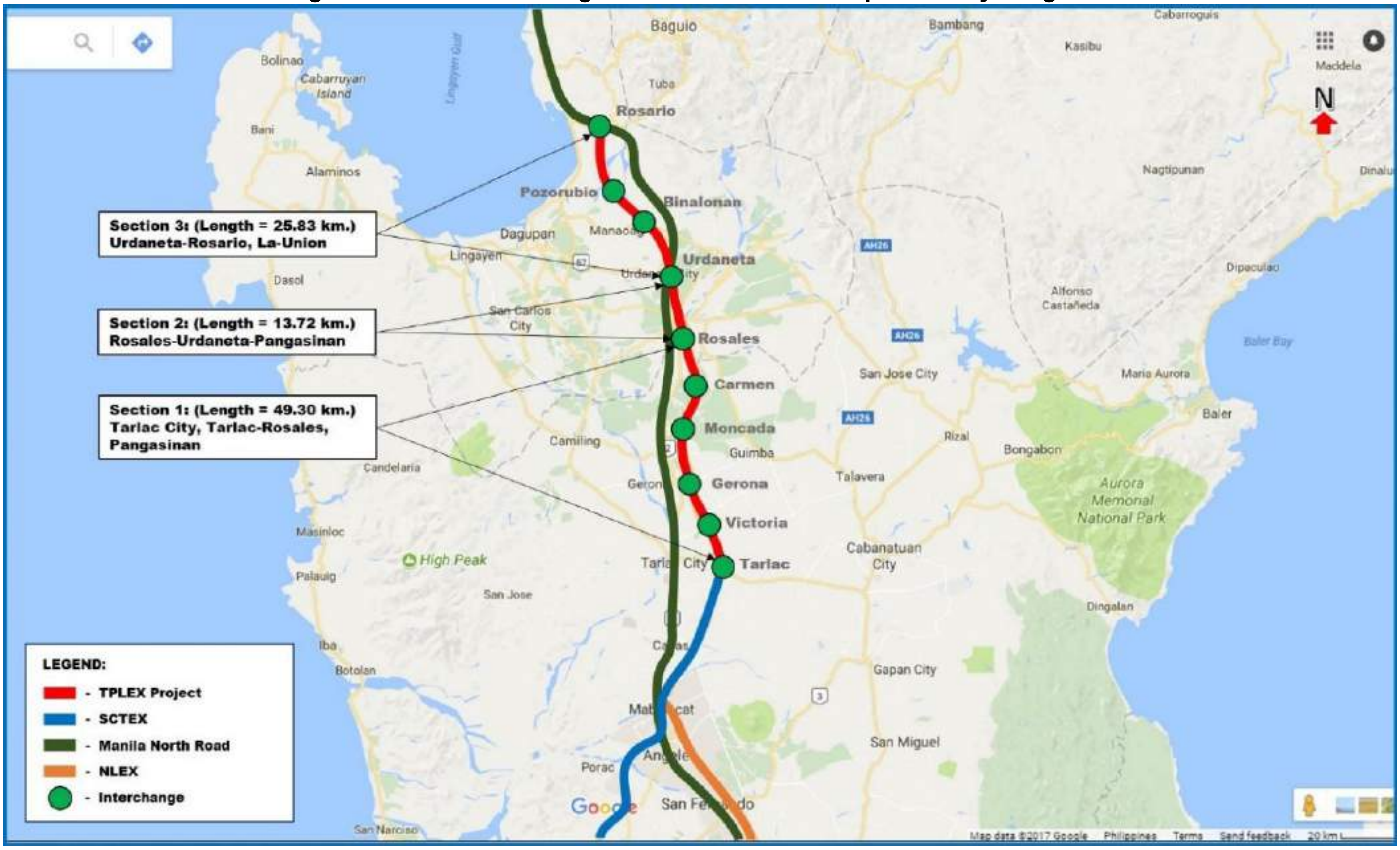



*Source: Manila North Tollways Corporation*

### *Tarlac-Pangasinan-La Union Expressway (TPLEX)*

Tarlac-Pangasinan-La Union Expressway (TPLEX) is a 3-section freeway spanning 89.31 kilometers with 4 lanes (2 lanes, both directions). Construction by San Miguel Infrastructure began in 2010. As of 15 July 2020, together with DPWH, they have formally opened the last 11-kilometer segment of TPLEX.

**Figure 55. Tarlac-Pangasinan-La Union Expressway Alignment**




*Source: Department of Public Works and Highways*

***TPLEX Extension***

TPLEX is proposed to be extended from its current endpoint in Rosario to San Juan, La Union to further decongest McArthur Highway. The extension will span 54-kilometers and will cost around PhP24 billion. Start of construction and target completion is yet to be disclosed but the project has already been endorsed by NEDA-ICC.

**Figure 56. TPLEX Extension Alignment**

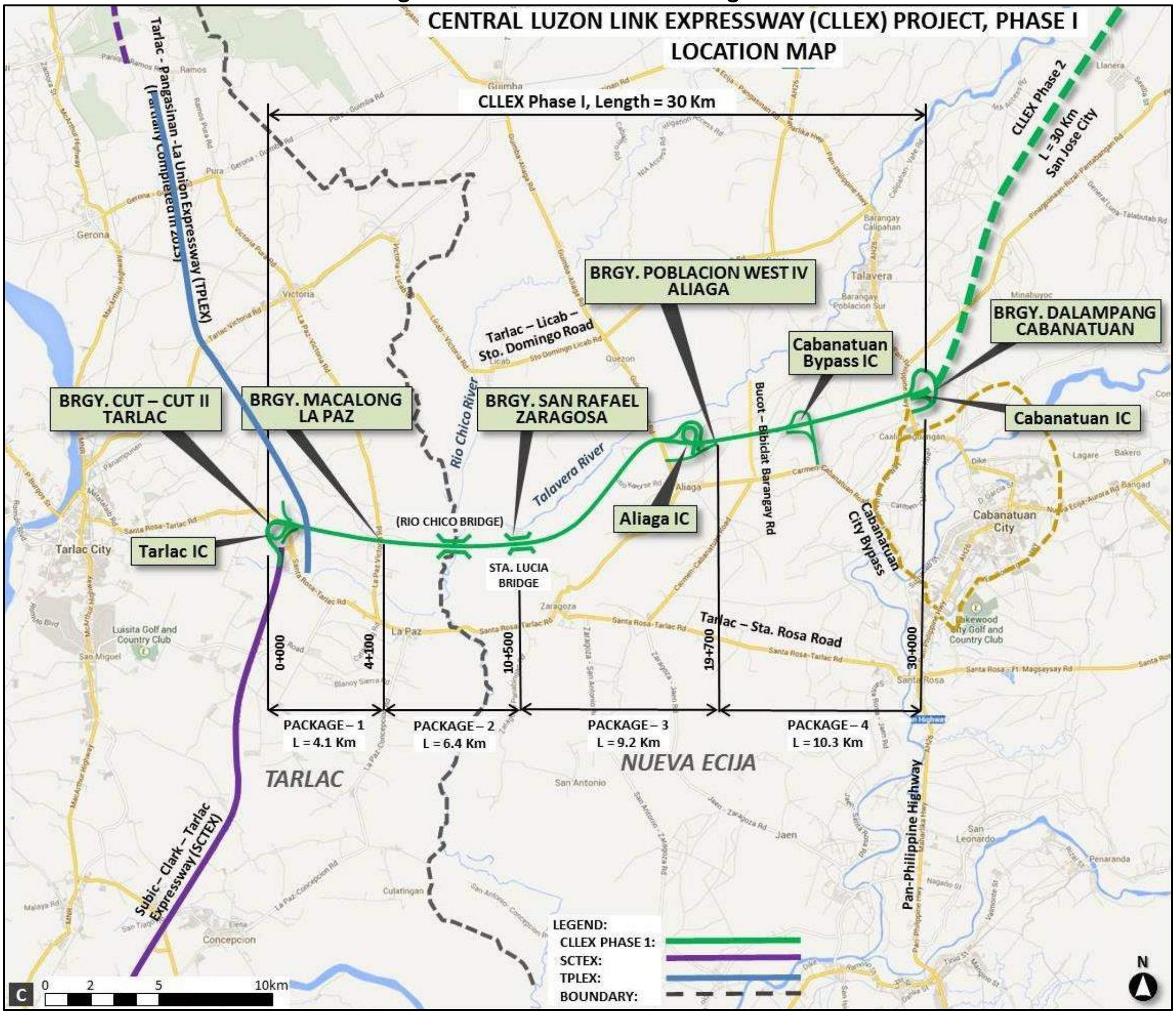

*Source: Department of Public Works and Highways*

***Central Luzon Link Expressway (CLLEX) Phase 1***

The CLLEX is the first of two phases infrastructure development that will link the province of Tarlac to the city of Cabanatuan in Nueva Ecija. The proposed project is a 30.7-kilometer thoroughfare that will have five (5) interchanges, seven (7) bridges, 38 overpass and underpass, and four (4) lanes. Moreover, it will be done in five segments, namely: Tarlac Section (4.1 kilometers); Rio Chico River Bridge, Tarlac and Nueva Ecija Section (6.4 kilometers); Aliaga, Nueva Ecija Section (9.2 kilometers); Cabanatuan Section (10.3 kilometers) and; Zaragosa Interchange together with a 4.8-kilometer access road.

The assessed cost for the CLLEX valued at around PhP14.9 billion and it will be financed through Official Development Assistance (ODA) while its operation and maintenance will be under Public Private Partnership (PPP). As of July 2021, the first 18-kilometers of Phase 1 has been accessible to the public after delays caused by the COVID-19 pandemic. This was originally set to be open by April of 2021. Overall, Phase 1 was 94% complete from the said date.

**Figure 57. CLLEX Phase 1 Alignment**



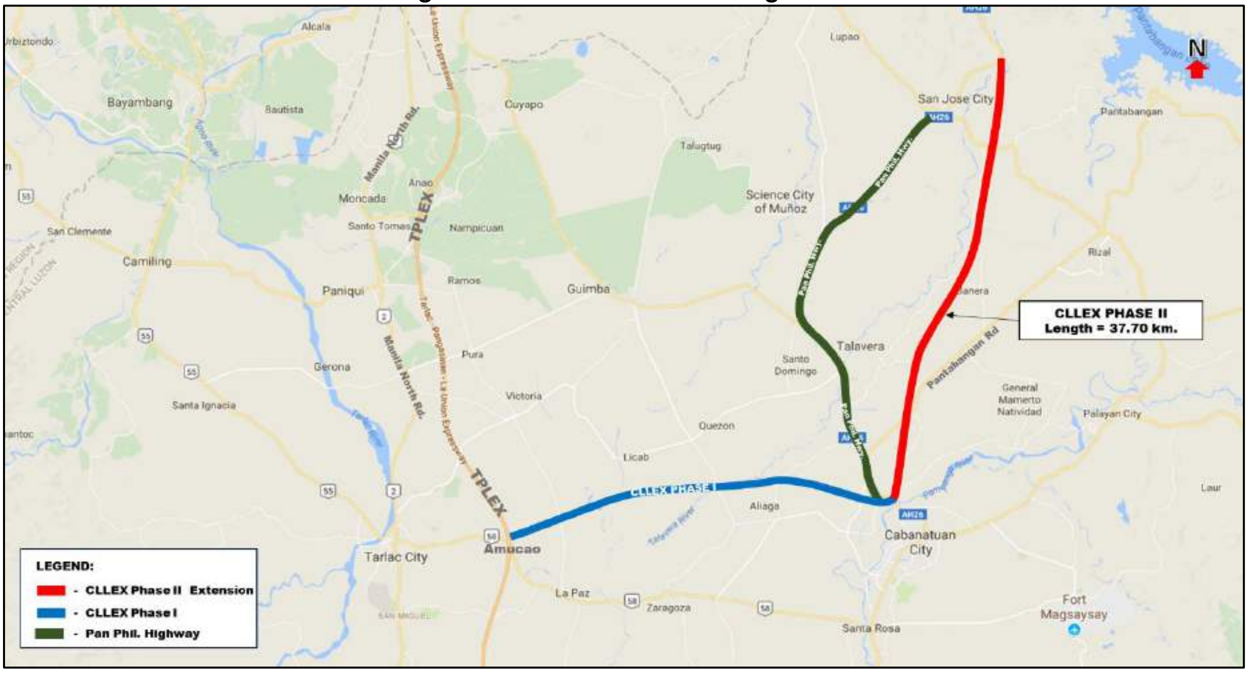

*Source: Department of Public Works and Highways*

### Central Luzon Link Expressway (CLLEX) Phase 2

This extension thoroughfare project is about 35.7 kilometers long and will serve as an alternative to Pan Philippine Highway situated along the province of Nueva Ecija and the municipality of Plaridel in Bulacan. It will be a four-lane access road that will traverse different places in Nueva Ecija such as the municipalities of Talavera and Llanera.

The initial estimated cost of the project will be at PhP12 billion. Further details will be released soon as the Contract Agreement is still pending for approval. There is still ongoing coordination with JICA relative to their initial comments on the Contract Agreement.

**Figure 58. CLLEX Phase 2 Alignment**




*Source: Department of Public Works and Highways*

<u>Airports and Railways</u>

**New Manila International Airport (Bulacan International Airport) Project**

The upcoming New Manila International Airport is a proposed project of San Miguel Corporation (SMC) that spans to more than 12,000 hectares of land area along the coastline of Bulakan, Bulacan. The proposal includes a modern airport with a design capacity of 100 million passengers per year, consisting of 4 to 6 runways and other needed developments such as expressways. The project has an indicative cost of PhP735.63-billion. As of November 2021, progress of land development activities for access channel is at 92.90%. Procurement process, detailed engineering design, Right-of-Way acquisitions, and other permitting requirements are still ongoing.

**Figure 59. New Manila International Airport**


*Source: San Miguel Corporation*

### *Clark International Airport Expansion Project*

Clark International Airport is another international gateway to the Philippines outside the National Capital Region. It is located within Clark Freeport Zone in Angeles and Mabalacat, Pampanga which can be accessed through Subic-Clark-Tarlac Expressway (SCTEX) connected to North Luzon Expressway (NLEX). This project aims to construct a new 8.2-hectare passenger terminal to serve as an alternative passageway for easing the traffic in Ninoy Aquino International Airport. It has a total land area of approximately 2,300 hectares. As of January 2021, the new passenger terminal building has officially been turned over to the Department of Transportation.

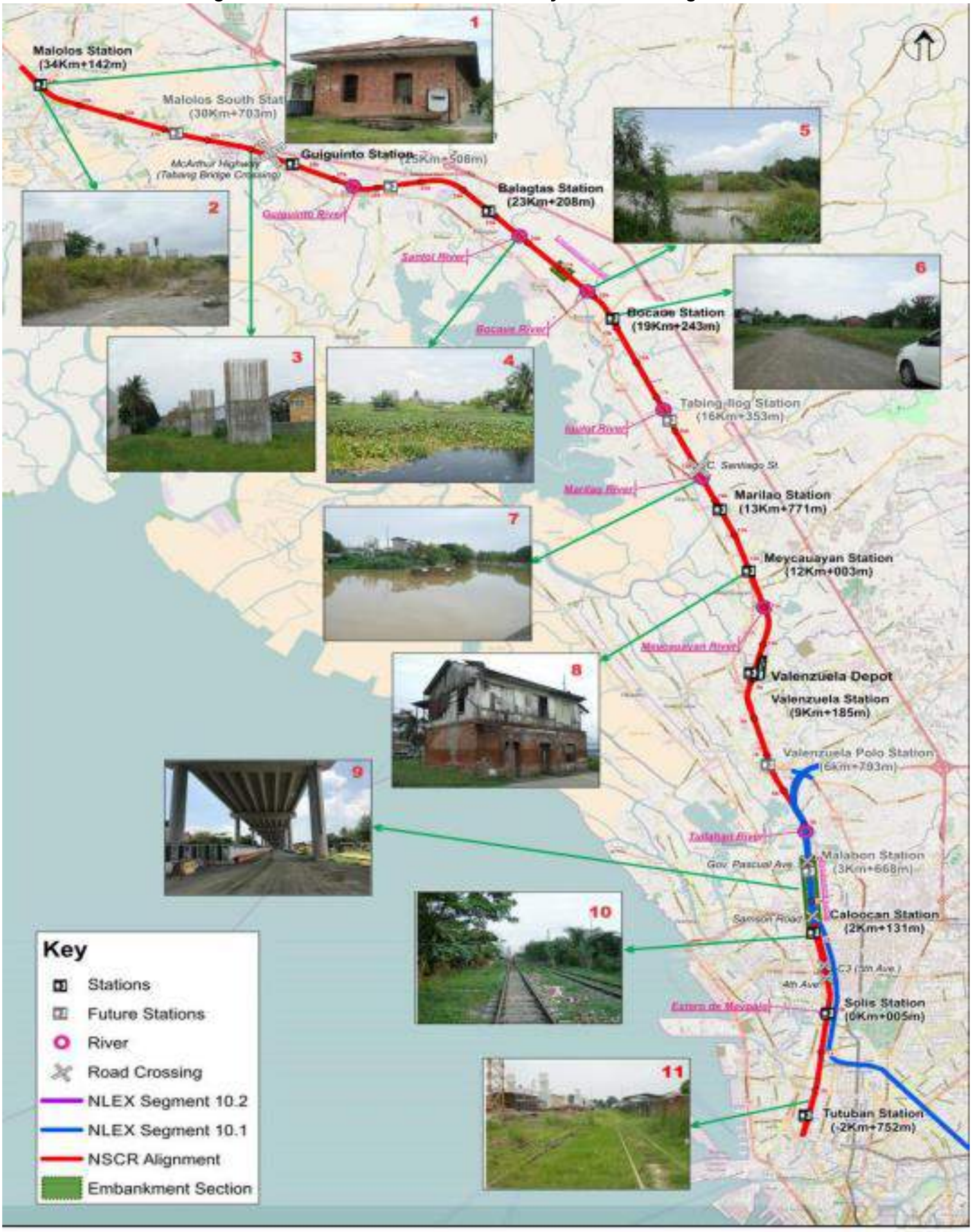
**Figure 60. New Terminal for Clark International Airport**

*Source: Bases and Conversion Development Authority*

### North Commuter Railway Project Phase 1 (Tutuban-Malolos Railway)

Phase 1 of the North line of the PNR North-South Commuter Railway aims to connect Tutuban, Manila to Malolos, Bulacan. It will span 38-kilometers with ten (10) stations: Tutuban, Solis, Caloocan, Valenzuela, Meycauayan, Marilao, Bocaue, Balagtas, Guiguinto, and Malolos. The project is expected to serve 300,000 passengers per day which will cut their travel time to 35 minutes from end to end. The railway will be supplied with 104 train cars under a joint venture between Japan Transport Engineering Company (J-TREC) and Sumitomo. Overall, estimated project cost is PhP105 billion and will be funded by ODA-Japan. Construction has begun as of February 2019. As of December 2021, Bocaue Station is at 23.18% while Balagtas Station is at 23.97%. Construction is ongoing for all stations.

**Figure 61. North Commuter Railway Phase 1 Alignment**




*Source: Department of Transportation*

**North Commuter Railway Project Phase 2 (Malolos-Clark Railway)**

Phase 2 of the North Line will extend the end of Phase 1 in Malolos, Bulacan to New Clark City adding seven (7) stations: Calumpit, Apalit, San Fernando, Angeles, Clark, Clark International Airport, and New Clark City. It will span 69-kilometers and is estimated to cost PhP211 billion funded by ODA-Japan and ADB. As of November 2021, DOTr and the NLEX Corp. has signed a memorandum of agreement (MOA) for the construction of columns for the PNR Clark project. Overall status of the project is at 32.21%.

**Figure 62. North Commuter Railway Phase 2 Alignment**

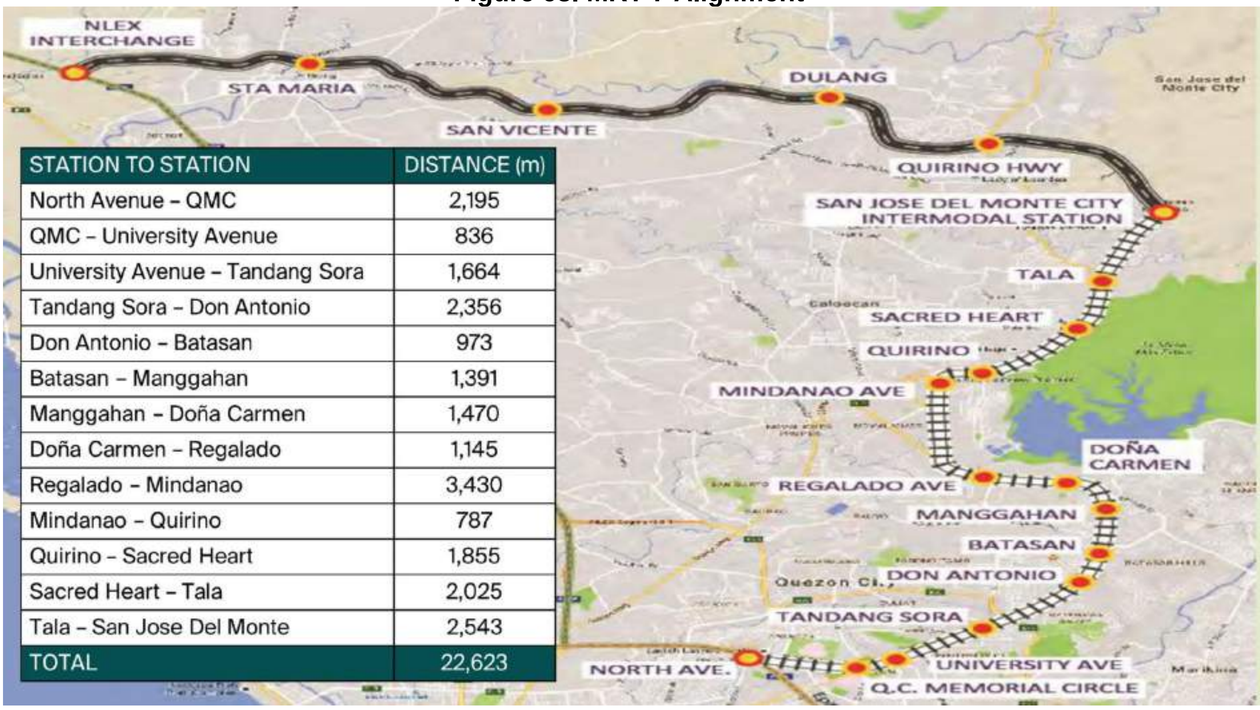

*Source: Department of Transportation*

**Metro Rail Transit 7 (MRT 7) Project**

The Metro Rail Transit 7 (MRT 7) Project is an upcoming railway and highway that will connect North Avenue in Quezon City to San Jose Del Monte City in Bulacan. The rail track component will be composed of 14 stations spanning to about 23 kilometers while the thoroughfare part will be approximately 22 kilometers. The highway portion will have Intermodal Transport Terminal (ITT) in San Jose Del Monte City, Bulacan and Bocaue Interchange of NLEX as its endpoint. It is projected that MRT 7 will cut the travel time from San Jose Del Monte to North Avenue, or vis-à-vis, from 3.5 hours to just one hour and can accommodate 350,000 commuters daily.

The valued cost for the upcoming infrastructure will be at PhP62.7 billion, funded under Build-Gradual Transfer-Operate and Maintain (BGTOM) Public Private Partnership (PPP) scheme. As of December 2021, overall progress of the project is at 62%. It is on track to begin passenger operations by end of 2022.

**Figure 63. MRT 7 Alignment**



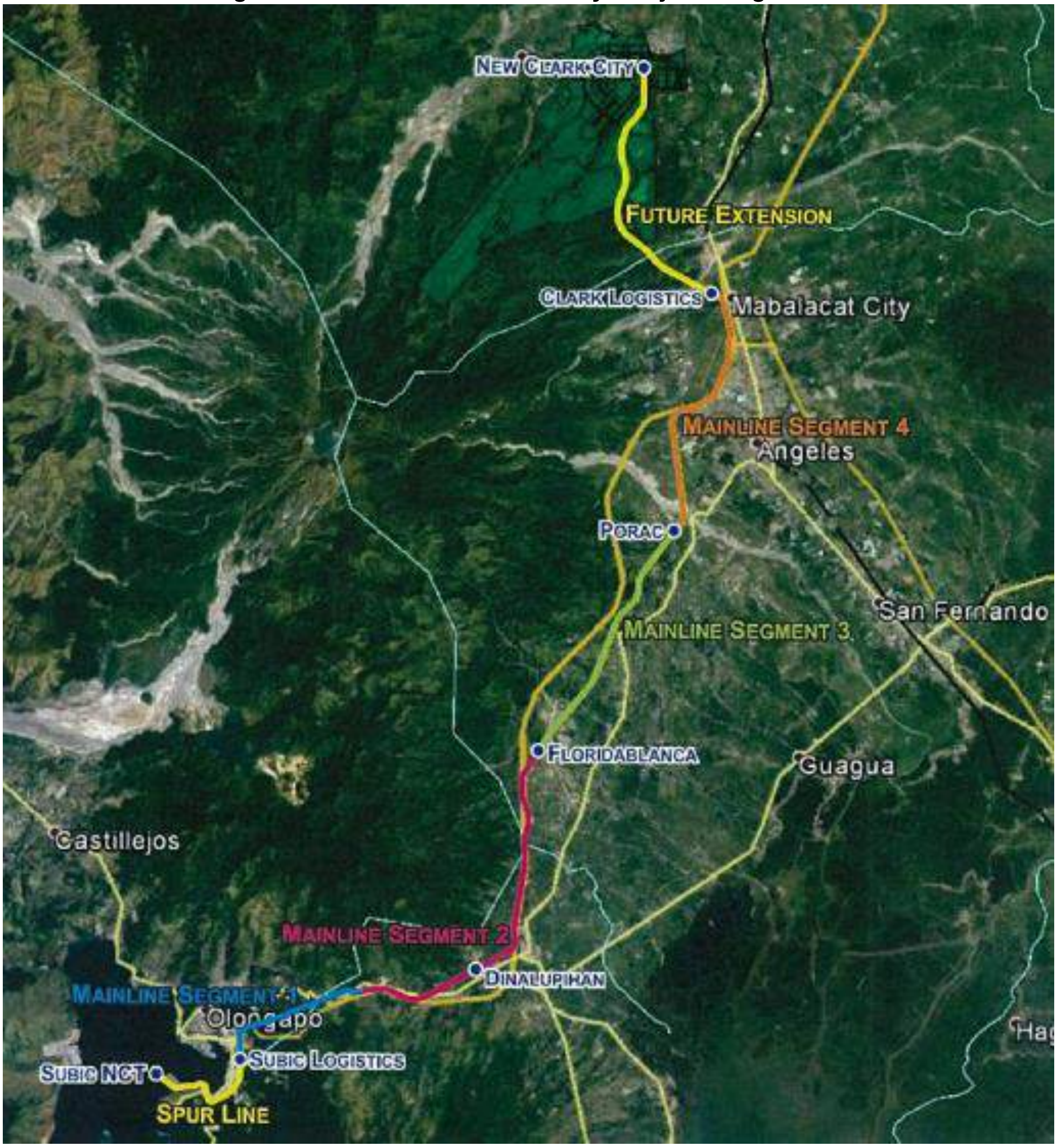

| STATION TO STATION | DISTANCE (m) |
|---|---|
| North Avenue – QMC | 2,195 |
| QMC – University Avenue | 836 |
| University Avenue – Tandang Sora | 1,664 |
| Tandang Sora – Don Antonio | 2,356 |
| Don Antonio – Batasan | 973 |
| Batasan – Manggahan | 1,391 |
| Manggahan – Doña Carmen | 1,470 |
| Doña Carmen – Regalado | 1,145 |
| Regalado – Mindanao | 3,430 |
| Mindanao – Quirino | 787 |
| Quirino – Sacred Heart | 1,855 |
| Sacred Heart – Tala | 2,025 |
| Tala – San Jose Del Monte | 2,543 |
| TOTAL | 22,623 |

*Source: Department of Transportation*

**Subic-Clark Commuter Railway**

This project is part of the North Commuter Railway Project. It aims to connect a 71.13-kilometer railway capable of freight services from the Subic Bay Freeport Zone to the Clark Freeport and Special Economic Zone. Thus, this will also be connecting the Subic Port to the Clark International Airport and other major economic hubs in Central Luzon. The project will be running parallel to SCTEX and will be divided into two (2) sections – *Mainline and Spur Line.* The Mainline will be running from the Subic Logistics Terminal across Dinalupihan (Bataan), Floridablanca (Pampanga), and Porac (Pampanga), to the Clark Logistics Terminal. The project has an estimated cost of PhP45-billion and will be funded by loans from China. Latest news about the project show that it is at project procurement stage.

**Figure 64. Subic-Clark Railway Project Alignment**

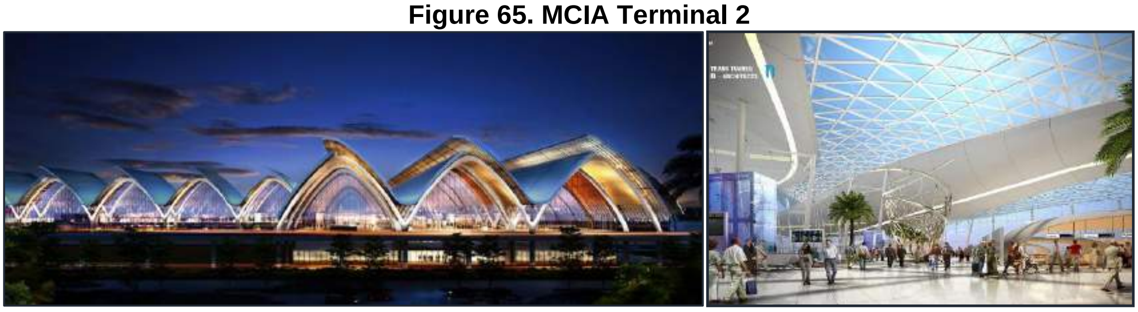



*Source: Bases Conversion and Development Authority*

## 4.6.5. Major Infrastructure Projects in Cebu

### Mactan-Cebu International Airport (MCIA) Terminal 2

**Figure 65. MCIA Terminal 2**



*Source: (1) Megawide; (2) Bases Conversion Development Authority*

MCIA Terminal 2 is regarded as the second largest and one of the busiest airports in the Philippines. It is considered a milestone as one of the flagship projects of the "Build, Build, Build!" Program. It has a total floor area of 65,000 square meters and can accommodate an additional 7.5 million annual passengers which sums to a total capacity of 12 million annual passengers for both terminals 1 and 2. In terms of design, it complements Cebu's tropical, resort-inspired design and concept.

**Mactan-Cebu International Airport (MCIA) Integrated Development Project**

Mactan-Cebu International Airport (MCIA) will soon be further rehabilitated and developed under GMR-Megawide. The Mactan-Cebu Integrated Development Project will be composed of the construction of a third terminal in the airport as well as the construction of an emergency runway and development of the second parallel and independent runway. Further details of the project will be released later as it is currently waiting for the Investment Coordination Committee (ICC) endorsement.

**Cebu-Cordova Link Expressway (CCLEX)**

This upcoming bridge is a proposed project spearheaded by Metro Pacific Investment Corp to decongest the heavy vehicular traffic in the existing two bridges connecting Cebu City to Mactan and Mandaue City to Mactan, respectively. The Cebu-Cordova Link Expressway (CCLEX) will link Cordova to Cebu City and serve as an alternative to the passengers from Mactan area. The proposed project will likely be an 8.5-kilometer bridge that has two-lane road, a viaduct at Cordova, an eight-lane toll plaza, a causeway, and the main bridge. The projected cost for the project will be at least PhP26 billion.

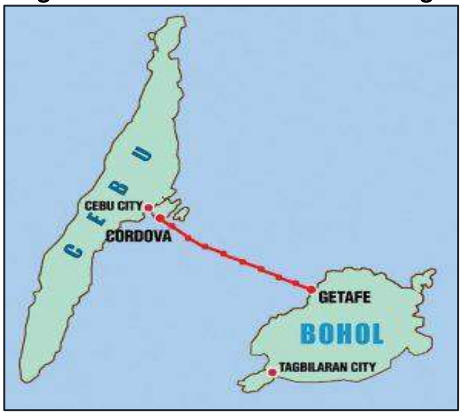
**Figure 66. Cebu-Cordova Link Expressway (CCLEX)**

*Source: Sunstar Philippines Website*

**Cebu-Bohol Link Bridge**

The Cebu-Bohol Link Bridge is a proposed project that will link Getafe in Bohol to Cordova in Cebu. It will have an initial estimated distance of 24 kilometers and will be part of the interconnectivity of provinces in the Visayas region, as per initiative of “Build, Build, Build!” agenda of Duterte administration. It is also designed to carry cables that will bring more electricity from the Cebu province to Bohol and will include a pipeline that will transport potable water from Bohol to Cebu. Further details will be released soon as it is still pending upon the National Economic Development Authority (NEDA)-ICC approval.

**Figure 67. Cebu-Bohol Link Bridge**




*Source: Sunstar Philippines Website*

**Cebu-Negros Link Bridge**

The Cebu-Negros Link bridge is a 5.5-kilometer bridge that will enhance the flow of goods and services between the 2 islands. Currently, further study for the project is still ongoing before its implementation.

**Figure 68. Cebu-Negros Link Bridge**


*Source: The OFW Times*

### New Cebu-Mactan Bridge

The fourth bridge will connect the area near the Mactan Export Processing Zone (MEPZ) in Barangay Ibo, Lapu-Lapu City to Cansaga Bay on the side of Barangay Paknaan, Mandaue City. The plan is to also connect the new bridge to the Mandaue Coastal Road which will traverse the two older bridges and coastal barangays. The new bridge has a length of 3.2 kilometers. Currently, the project is under the feasibility study stage with the Japan International Cooperation Agency (JICA).

**Figure 69. New Mactan-Cebu Bridge Alignment**


*Source: JICA Project Team*

### New Cebu International Container Port (CICP) Project

**Figure 70. Congestion in the Existing Port Area in Cebu**

*Source: Cebu Daily News*

Aimed to reduce the congestion in the existing Port Area in Cebu, a new Cebu International Container Port is set to be developed in Barangay Tayud, Consolacion. It will be built on a 25-

hectare reclaimed land and will have a 500-meter berth length that can simultaneously accommodate 2,000 TEU (twenty-foot equivalent unit) vessels. The project was set to be launched in October 2018; however, it has been delayed due to failure to secure clearances from the Philippine Reclamation Authority (PRA) and the Department of Environment and Natural Resources. Thus, with the delay, the projected start of operation of the new port has been moved from 2021 to 2022.

**Metro Cebu Expressway**

The Metro Cebu Expressway is a proposed project estimated to be 73.75 kilometers, starting from the city of Naga in the south up to Danao City in the north and it basically will traverse the slopes of the mountain ranges of Cebu province. The upcoming infrastructure project will approximately cost PhP28.1 billion and will serve as another north-south backbone thoroughfare that is anticipated to decongest the heavy traffic in the Metro Cebu area, specifically in the urban portion and the CBP. Moreover, the upcoming development will have six-lane and four-lane expressway together with tunnel and overpass components and will be segmented into three (3) parts.

**Figure 71. Metro Cebu Expressway**


*Source: Department of Public Works and Highways*

The first segment is a proposed 26.80-kilometer stretch that will cover the parts of Minglanilla and Talisay City up until the Consolacion area. The second segment will traverse the Mandaue-Consolacion boundary to Danao City and is estimated to be 29.80 kilometers long. Lastly, the third segment will include Naga City to the Minglanilla-Talisay boundary and is the shortest segment with a total distance of 17.50 kilometers.

## Cebu Bus Rapid Transit

**Figure 72. Cebu Bus Rapid Transit (BRT) Station**


*Source: build.gov.ph*

The proposed transportation system is a 23-kilometer route that will mainly traverse through the CBP and will have its endpoints at Bulacao in the southwest as well as Talamban in the northeast portion to decongest heavy vehicular traffic in the Metro Cebu area. Other details of the project will be soon be announced as the project still under study.

## Cebu Light Rail Transit (LRT) System

**Figure 73. Cebu Light Rail Transit (LRT) System**

*Source: Sunstar Philippines Website*

Another transit that is being planned to decongest the busy streets of Metro Cebu is the Light Rail Transit (LRT) System. This project is expected to link Talisay City to Carcar and Mandaue City to Danao via elevated rail track while there will be an underpass rail system in the area of Cebu City. The first phase of the LRT system will cover the Metro Cebu area and will be composed of two lines: the central line and the airport line. On the other hand, phase two of the LRT system will be subjected to further transit needs in the greater Cebu area. The proposed train project will be funded by the One Belt One Road program of the Chinese government with the aid of various Chinese corporations. Once completed, the transport channel would navigate around 70 kilometers of rail line.

# 5. RETAIL MARKET OVERVIEW

The COVID-19 Pandemic has definitely affected the industry in many different ways. Due to physical distancing and other protocols, many consumers have shifted to online avenues. However, it was evident during the last quarter of 2021 that retail activity remains bullish when restrictions have been eased. Retailers suddenly experienced spikes in foot traffic during that period. This, however, triggered sudden spikes in COVID Cases. Hence, it is vital to restore consumer confidence which may be achieved through increased vaccination rates and pursue herd immunity. Thus, the retail market remains bullish in the long run once the pandemic has tapered off. The following segment will provide a glimpse of how the retail market is currently performing.

In general, retail developments will be classified depending on their gross leasable area. As seen on the table below, Super Regional Malls have the largest gross leasable area (GLA) with more than 100,000 square meters, while Neighborhood Malls are the smallest type with less than 25,000 square meters of GLA. Vista Mall developments within the market study are typically categorized as Neighborhood to District Malls. On average, their malls offer around 26,000 square meters of leasable space.

**Table 8. Mall Classification**

| Type of Mall | Gross Leasable Area (GLA) |
|---|---|
| Super Regional Mall | More than 100,000 sqm |
| Regional Mall | 50,000 to 99,999 sqm |
| District Mall | 25,000 to 49,999 sqm |
| Neighborhood Mall | Less than 25,000 sqm |

*Source: Santos Knight Frank, Inc.*

Lease rates discussed during the study are regularly fixed base rents. Operators normally do not disclose their variable terms as it is most subject to negotiation. Below are the typical variable terms witnessed within the trade areas.

**Table 9. Variable Lease Terms**

| | |
|---|---|
| Typical Lease Term | 2 Years (Non-Food); 3 Years (Food) |
| CUSA | PhP100 – PhP200 / sqm / month |
| Central AC (if applicable) | PhP115 – PhP125 / sqm / month |
| Percentage of Sales | 5% |
| Escalation Rate | 10% |
| Marketing Fee | PhP1,500 – PhP2,500 / month |

*Source: Santos Knight Frank, Inc.*

## 5.1. Las Piñas

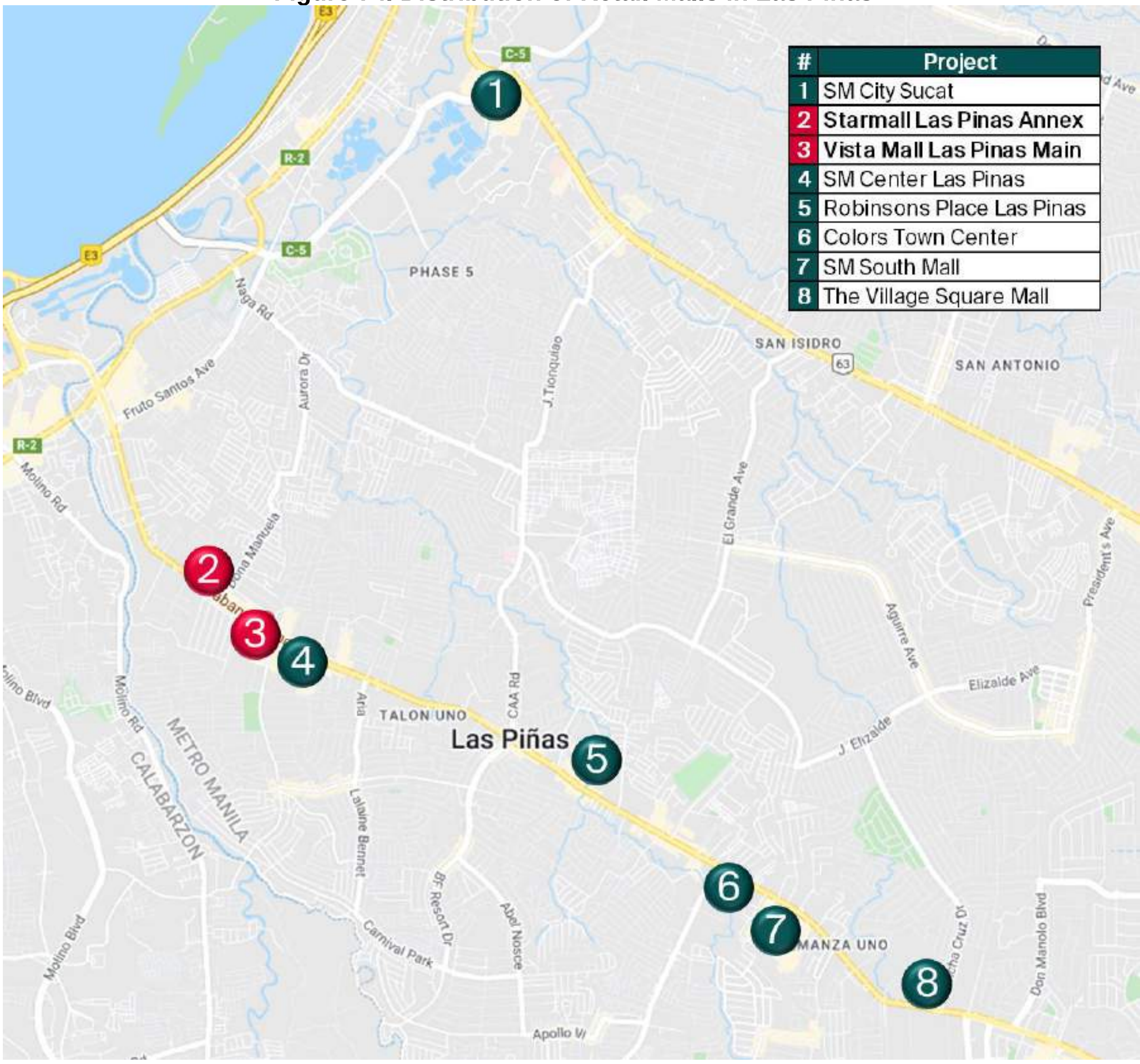
Over the recent years, several retail developments have been emerging in Las Piñas thereby displaying its potential for growth. Most of the developments in the city are concentrated along the Alabang-Zapote Road, the artery that connects the city to Alabang CBD on one end, and to Bacoor City, Cavite on the other.

As developable land in the heart of the Metro has become limited, it is inevitable that land development will reach the Metro's fringes and beyond. This trend has already been anticipated by the country's largest land developers and in fact have bolstered up their investments in the area so as to secure as much of the real estate market early on. SM has expanded their SM South Mall and has put in office towers to complement their retail-space-leasing business. Robinsons Land, on the other hand, have joined with another known land developer, DMCI Homes to construct residential towers that will have access to their nearby existing mall.

### 5.1.1. Supply

Currently, there are eight (8) retail establishments that has been observed in Las Piñas. These projects are mostly located along the stretch of Alabang-Zapote Road which may also be considered as the center of business activity in the city wherein shopping malls and commercial establishments are prevalent. There are two (2) Vista Malls present within the trade area – Starmall Las Piñas - Annex and Vista Las Piñas Main. Both are also located along Alabang-Zapote Road but they are situated at the western most portion of the trade area leading towards the Muntinlupa-Cavite Expressway (MCX).

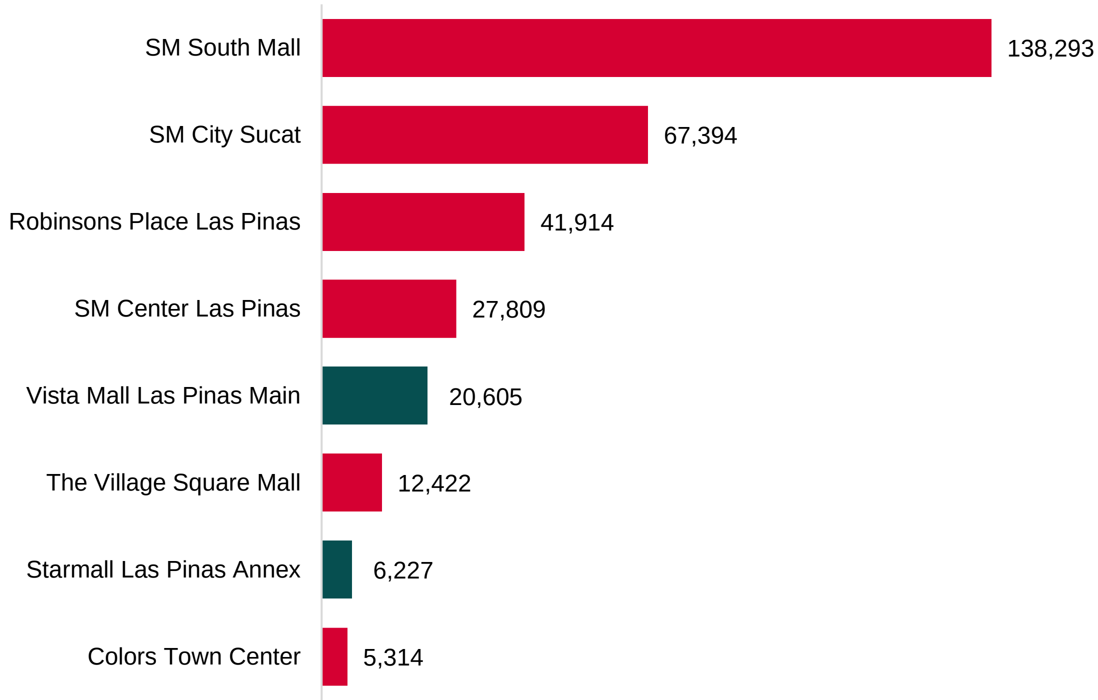
**Figure 74. Distribution of Retail Malls in Las Piñas**




*Source: Santos Knight Frank, Inc.*

Within the trade area, the largest supply came from SM South Mall with a total of 138,293 square meters of leasable space. It is the only Super Regional Mall in the trade area which covers 43% of the supplied leasable space. Consecutively, the 2nd largest mall in the area is SM City Sucat which has floated 67,394 square meters of leasable space which equates to 21% of the market supply. Similarly, it is also the sole Regional Mall within in the vicinity. These massive malls are situated almost on the boundaries of the trade area. SM South Mall is in the perimeter of the Alabang CBD while SM City Sucat is at the northern section of the area towards Sucat, Parañaque.

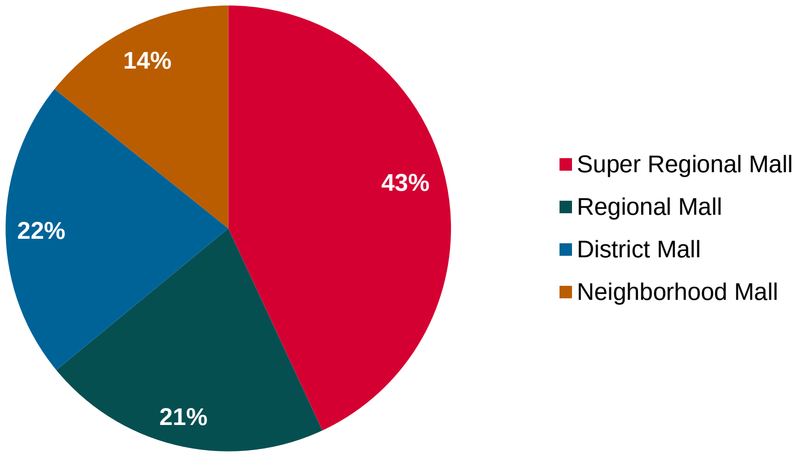
**Figure 75. Supply of Retail Malls in Las Piñas***




** in square meters of leasable space*
*Source: Santos Knight Frank, Inc.*

There are four (4) Neighborhood Malls identified in the trade area – Vista Mall Las Piñas Main, The Village Square Mall, Starmall Las Piñas - Annex, and Colors Town Center. Together, their leasable space sums up to 45,767 square meters (14% Supply Share). Vista Mall Las Piñas Main contributes 21,805 square meters while Starmall Las Piñas - Annex supplied 6,226 square meters. Both these Vista Malls are the earliest established retail malls within the trade area. They were launched in 1982 and 1979, respectively. As the newer and more spacious mall among the two, Vista Mall Las Piñas Main also includes an office component which essentially contributes retail traffic for the mall.

**Figure 76. Supply Share by Mall Classification in Las Piñas**




*Source: Santos Knight Frank, Inc.*

### 5.1.2. Lease Rates

Having no CBD, locating within Las Piñas is advantageous in terms of rent prices. When compared to CBDs of Metro Manila where lease rates reach up to PhP2,000 per square meter per month, Las Piñas rates are much more affordable averaging at PhP1,150 per square meter per month. Lease rates in Las Piñas ranges from PhP350 to PhP1,850 per square meter per month. This varies on the vicinity, classification, quality, and foot-traffic of the mall establishment being offered in the market.

**Table 10. Lease Rates of Retail Malls in Las Piñas**

| Project | Lease Rate (PhP/sqm/month) |
|---|---|
| SM South Mall | 1,000 - 1,850 |
| SM City Sucat | 900 - 1,400 |
| SM Center Las Piñas | 850 - 1,150 |
| The Village Square Mall | 800 - 1,200 |
| Robinsons Place Las Piñas | 600 - 1,200 |
| Colors Town Center | 600 - 1,200 |
| **Vista Mall Las Piñas Main** | **452.17** |
| **Starmall Las Piñas – Annex** | **350.68** |

*Source: Santos Knight Frank, Inc.*

Starmall Las Piñas - Annex and Vista Mall Las Piñas Main offer the lowest lease rates within the trade area. Their rates are PhP350 and PhP452 per square meter per month, respectively. The primary factor for this is their significant distance to Alabang CBD and Sucat, Parañaque which offer higher foot traffic. Moreover, the acquisition value of their lots is significantly lower than the current property values in the market which can proportionately affect their lease rates.

### 5.1.3. Demand

In general, retail demand has been affected amidst the pandemic and changing quarantine protocols in the metropolis. Despite this, the overall occupancy rate for the identified malls in the trade area was recorded at 96%, indicating a sign of stability for the commercial and retail market. SM Center Las Piñas recorded the highest occupancy rate of about 99.05%. This was followed by SM South Mall and SM City Sucat with an occupancy rate of 98.14% and 97.01% respectively.

Starmall Las Piñas - Annex and Vista Mall Las Piñas had a very good showing in this trade area of highly occupied malls with an occupancy rate of 91.49% and 88.81% respectively.

Colors Town Center exhibited the lowest occupancy rate with 45.80%. It still has 2,880 square meters of available space out of the 5,314 square meters that it floated in the market. Among the identified malls, it is the most recent addition to the trade area. It is a Neighborhood Mall constructed by a local developer – Kyleson Inc. The retail mall only started operations in 2020.

**Figure 77. Occupancy Rates of Retail Malls in Las Piñas**

| Project | Estimated Available Space (sqm) | Occupancy Rate |
|---|---|---|
| SM Center Las Piñas | 263.90 | 99.05% |
| SM South Mall | 2,598.64 | 98.14% |
| SM City Sucat | 2,018.39 | 97.01% |
| The Village Square Mall | 642.13 | 94.83% |
| Robinsons Place Las Piñas | 2,196.82 | 94.76% |
| **Starmall Las Piñas - Annex** | **530.00** | **91.49%** |
| **Vista Mall Las Piñas Main** | **2,305.70** | **88.81%** |
| Colors Town Center | 2,880.06 | 45.80% |

*Source: Santos Knight Frank, Inc.*

## 5.2. Cavite

The steady increase in horizontal and vertical residential developments in Cavite is seen to be one of the significant factors of retail growth in the area. As population of residents are rising in the province, the retail industry is concurrently growing with various retail players entering and expanding in the South, setting their footprint in municipalities and cities in Cavite. In addition, notable road infrastructure and investment projects within the area contribute on the growth of their retail sector, showing more opportunities for commercial and retail venture in the area.

Small-scale and large-scale mall developers and supermarket operators are prevalent in Cavite that cater to different consumer preferences and needs. Moreover, each of the established malls differ from their classification, location, etc. Supermarkets are also identified either as stand-alone or located inside retail malls.

### 5.2.1. Lower Cavite

#### 5.2.1.1. Supply

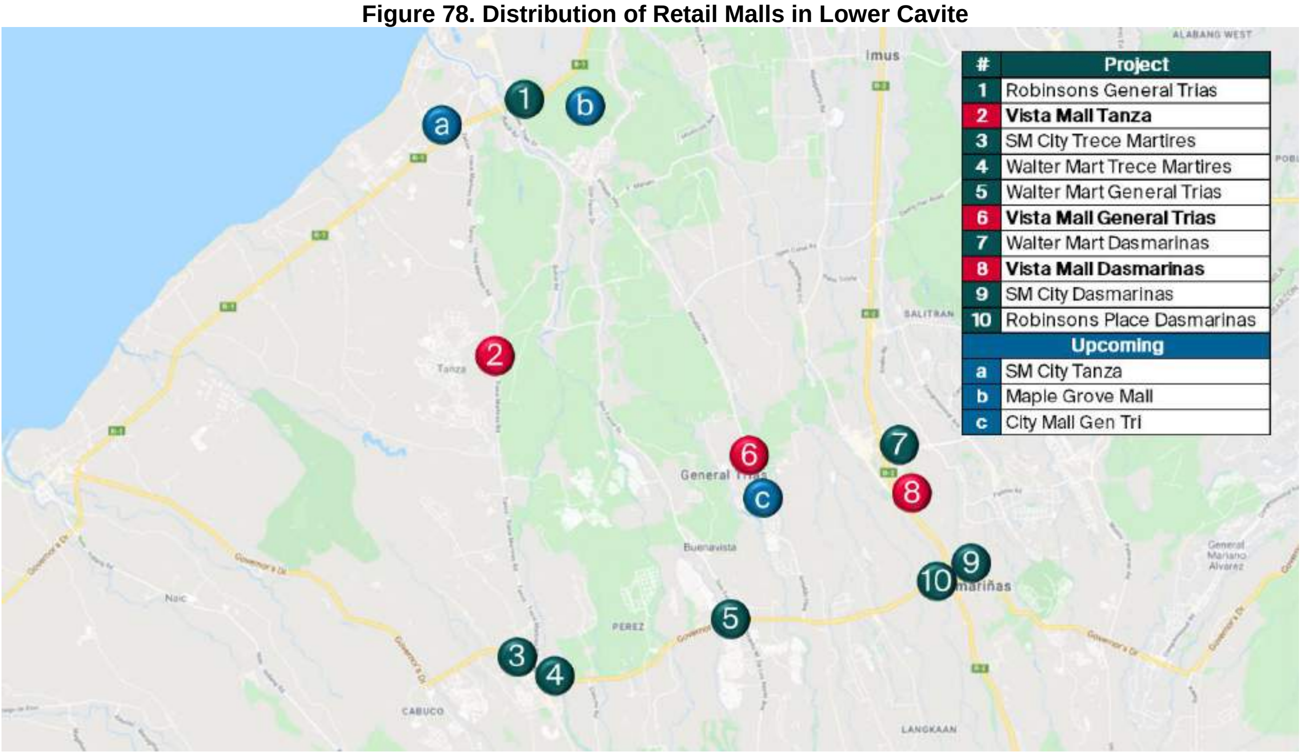
Within the trade area, a total of ten (10) mall developments has been identified. From Metro Manila, Antero Soriano Highway and Aguinaldo Highway are the primary road networks to Lower Cavite. Only Robinsons General Trias is located along Antero Soriano Highway while

Walter Mart Dasmariñas, Vista Mall Dasmariñas, SM City Dasmariñas and Robinsons Dasmariñas can be found at the southern portions of Emilio Aguinaldo Highway.

From East to West, Governor's Drive is the primary access road connecting the localities to the South Luzon Expressway (SLEX). Along this road network, Robinsons Dasmariñas and SM City Dasmariñas are again present. Additionally, Walter Mart General Trias and Trece Martires, and SM City Trece Martires can be found further west.

Vista Mall Tanza is the sole retail mall in Tanza located along Tanza – Trece Martires Road. Comparably, Vista Mall General Trias is also the sole retail establishment along Arnaldo Highway which connects the northern and southern portions of General Trias. However, it is worth noting new competitors – SM Tanza and City Mall Gen Tri are set to be established within the said areas.

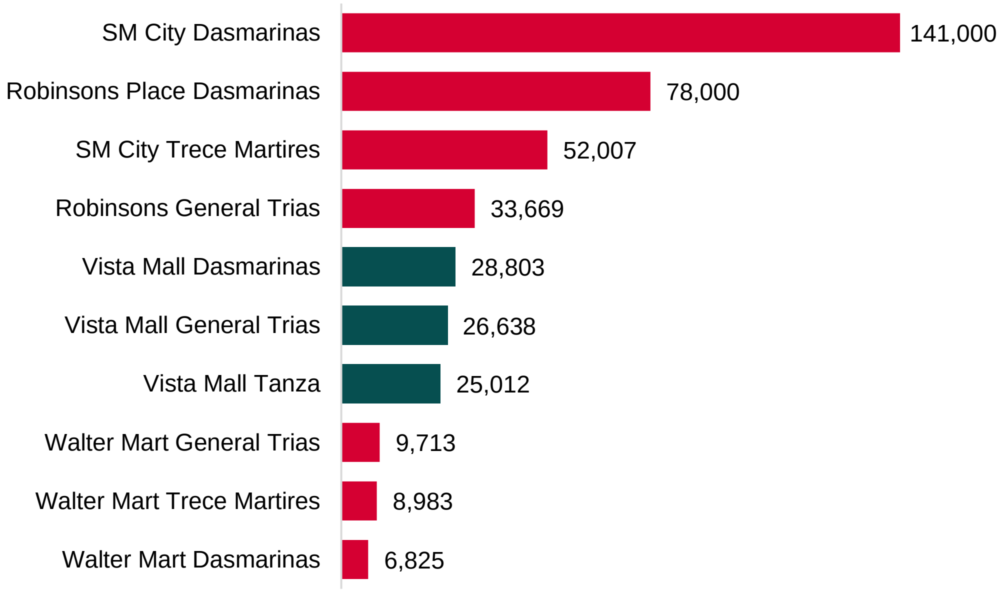
**Figure 78. Distribution of Retail Malls in Lower Cavite**




*Source: Santos Knight Frank, Inc.*

SM City Dasmariñas as the top developer in supply having 141,100 square meters of leasable space. This is followed by Robinsons Place Dasmariñas and SM City Trece Martires with an estimated gross leasable area of 78,000 square meters and 52,007 square meters, respectively. Overall, retail space offered in the area is at 410,938 square meters. In the pool of malls, Vista Malls are positioned in the middle in terms of supply. They offer leasable spaces ranging from 25,000 to 28,000 square meters. These are significantly larger compared to Walter Mart Malls in the area which range between 6,000 to 9,000 square meters.

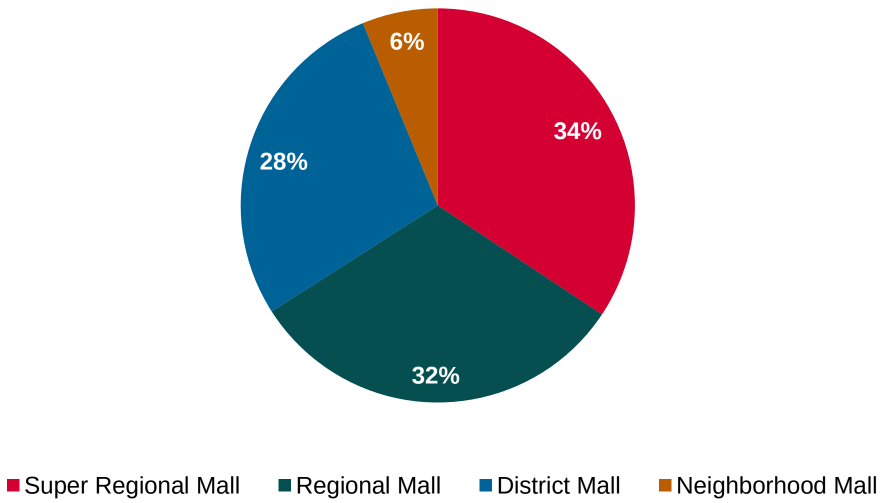
**Figure 79. Supply of Retail Malls in Lower Cavite***




** In square meters of leasable space*
*Source: Santos Knight Frank, Inc.*

By mall classification, most retail supply is contributed by Super-Regional Malls with 34% share as dominated by SM City Dasmariñas being the sole mall in the said segment. Regional Malls and District Malls follow with 32% and 28% shares. Each have floated around 130,000 square meters and 114,400 square meters of leasable area, respectively. Neighborhood malls are at the last spot with 6% share in supply or only 25,500 square meters of leasable space. All three (3) Vista Malls in Lower Cavite are classified as District Malls because each have floated more than 25,000 square meters.

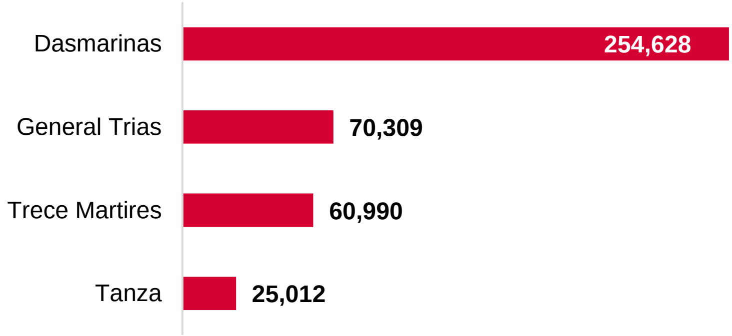
**Figure 80. Supply Share by Mall Classification in Lower Cavite**




*Source: Santos Knight Frank, Inc.*

In terms of location, majority of the identified supply are located in Dasmariñas City with gross leasable area of about 254,700 square meters (62%). A bulk of this supply can be found in the Regional to Super-Regional Malls in the area. General Trias and Trece Martires come second and third with each city having 70,300 (17%) and 60,900 (15%) square meters of leasable space. On the other hand, the municipality of Tanza got the least supply share of retail space in trade area with a GLA of 25,000 square meters (6%) of leasable area. In the coming years, retail supply in Tanza is expected to grow as SM Tanza is expected to float around 27,000 square meters of leasable space to the market. Furthermore, General Trias is also expecting a boost in supply as City Mall General Trias and Maple Grove Mall, however, details on the size of their injection to the market is yet to be disclosed.

**Figure 81. Supply by Locality in Lower Cavite***




** in square meters of leasable space*
*Source: Santos Knight Frank, Inc.*

### 5.2.1.2. Lease Rates

For the identified malls in the area, monthly lease rates range from PhP450 to PhP1,500 per square meter per month. Variation is primarily dependent on the classification, location, and branding of the retail establishment. SM City Dasmariñas, Robinsons Place Dasmariñas, and SM Trece Martires offer the highest lease rates ranging between PhP1,000 to PhP1,500 per square meter per month. As Regional to Super-Regional Malls, they are able to command higher rates as they enjoy higher foot traffic compared to the competing smaller malls.

**Table 11. Lease Rate per Retail Mall in Lower Cavite**

| Project | Lease Rate (PhP/sqm/month) |
|---|---|
| SM City Dasmariñas | 1,000 - 1,500 |
| Robinsons Place Dasmariñas | 1,000 - 1,500 |
| SM City Trece Martires | 1,000 - 1,500 |
| Robinsons General Trias | 800 - 1,200 |
| Walter Mart General Trias | 750 - 950 |
| Walter Mart Dasmariñas | 650 - 850 |
| Walter Mart Trece Martires | 450 - 650 |
| **Vista Mall General Trias** | **267.91** |
| **Vista Mall Tanza** | **256.84** |
| **Vista Mall Dasmariñas** | **214.52** |

*Source: Santos Knight Frank, Inc.*

Vista Malls in Lower Cavite offer the lowest lease rates in the trade area. Their rates range between PhP214 to PhP267 per square meter per month. The location of these malls is the primary factor to their low lease rates. Surrounding them are typically residential communities that are still under early development. Hence, their primary markets are still yet to grow.

In terms of locality, indicative lease rates range from Php256 to PhP1,189 per square meter per month. Trece Martires and Dasmariñas command the highest lease rates with indicative lease rates of PhP1,189 and PhP1,119 per square meter per month, respectively.

**Table 12. Lease Rate per Locality in Lower Cavite**

| Locality | Indicative Lease Rate (PhP/sqm/month) |
|---|---|
| Trece Martires | 1,189.54 |
| Dasmariñas | 1,119.47 |
| General Trias | 698.90 |
| Tanza | 256.84 |

*Source: Santos Knight Frank, Inc.*

### 5.2.1.3. Demand

Amid COVID-19 pandemic, demand for retail space in the trade area is generally high and is coping up in the current health situation. Overall, occupancy rate for the identified malls recorded an 96%, indicating strong and sustained commercial and retail activities in Cavite, particularly on the four (4) localities that have been scanned.

**Table 13. Occupancy Rate Per Project in Lower Cavite**

| Project | Estimated Available Space (sqm) | Occupancy Rate |
|---|---|---|
| Walter Mart Dasmariñas | - | 100.00% |
| Walter Mart General Trias | 40.20 | 99.59% |
| Robinsons Place Dasmariñas | 367.52 | 99.53% |
| Robinsons General Trias | 447.50 | 98.67% |
| Walter Mart Trece Martires | 160.00 | 98.22% |
| SM City Dasmariñas | 3,254.63 | 97.69% |
| SM City Trece Martires | 2,257.14 | 95.66% |
| **Vista Mall General Trias** | **2,954.15** | **88.91%** |
| **Vista Mall Tanza** | **3.231.68** | **87.08%** |
| **Vista Mall Dasmariñas** | **5,932.95** | **79.40%** |

*Source: Santos Knight Frank, Inc.*

Waltermart Dasmariñas, one of the neighborhood malls in the area, already has full occupancy as per recent market scan. It is the smallest mall within the trade area with only around 6,800 square meters of leasable space. Waltermart General Trias and Robinsons Place Dasmariñas recorded the second and third highest occupancies with only about 40 square meters (99%) and 368 square meters (99%) of remaining vacancies.

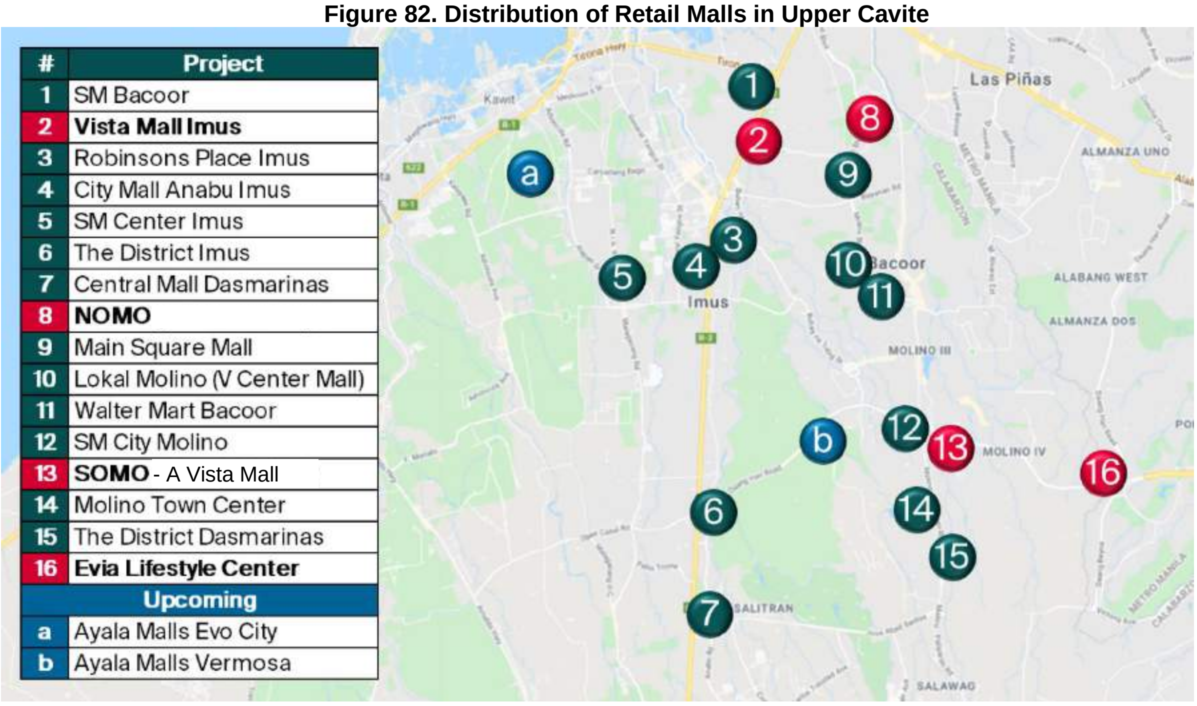
Among the Vista Malls within the trade area, Vista Mall Dasmariñas has the lowest occupancy with only 79.40%. They still currently have around 5,900 square meters of vacancy out of around 28,800 square meters that they have opened to the market. It is also the most recently launched Vista Mall which was in 2019, a few months prior to the pandemic. Vista Mall General Trias and Vista Mall Tanza have an 88,91% and 87.08% occupancy, respectively.

## 5.2.2. Upper Cavite

### 5.2.2.1. Supply

The Upper Cavite segment includes three (3) localities – Bacoor City, Imus City, and portions of Dasmariñas City. Majority of the observed retail activity persist along two (2) major road networks that are parallel to each other – along Aguinaldo Highway, and Molino Boulevard to Molino-Paliparan Road. Along these stretches, there are 16 identified retail establishments. Vista Malls that are located in the area are Vista Mall Imus, NOMO, SOMO - A Vista Mall, and Evia Lifestyle Center.

**Figure 82. Distribution of Retail Malls in Upper Cavite**



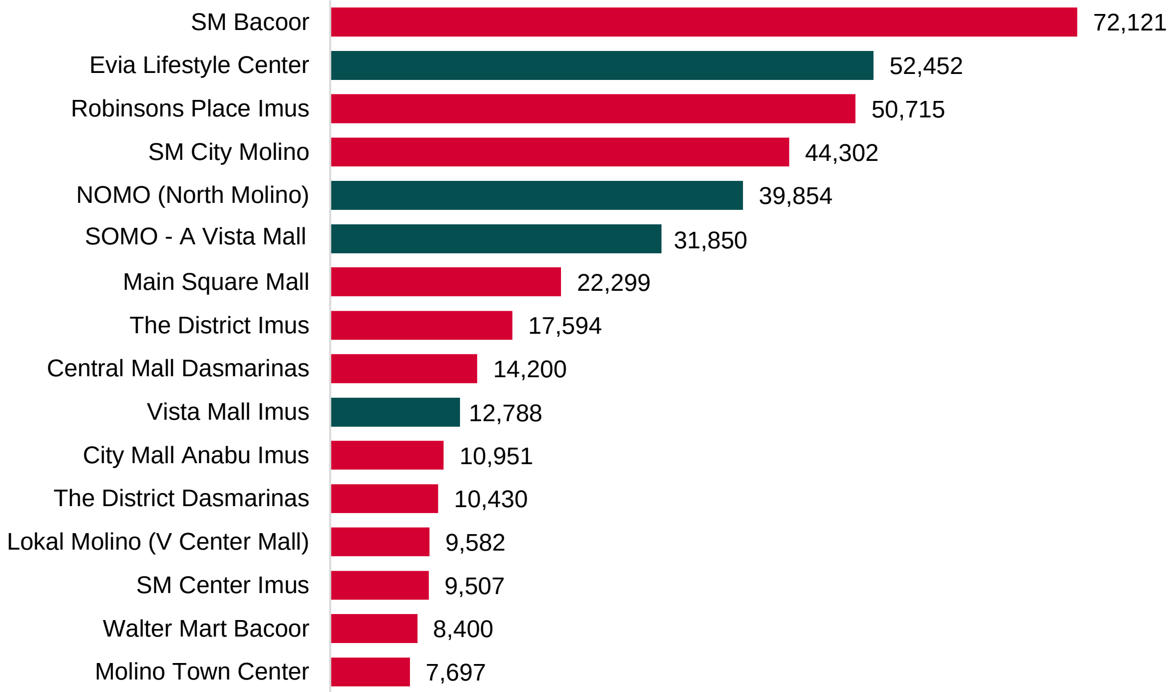

*Source: Santos Knight Frank, Inc.*

The overall retail supply in Upper Cavite is quite abundant due to the numerous establishments covered by the scope of the market area. In total, Upper Cavite has a market size of around 414,500 square meters of leasable area. It is dominated by three (3) Regional Malls – SM Bacoor, Evia Lifestyle Center, and Robinsons Place Imus. They each have opened around 50,700 to 72,100 square meters of leasable area. Together, they supply around 175,288 square meters of leasable area which is 42% of the market. These massive malls may be considered central points of retail activity in the area since they are able to accommodate the widest variety of tenants.

The supply share of Vista Malls in the area is 136,700 (32%) square meters. Evia Lifestyle Center is the largest contributor to this with around 52,400 square meters of leasable area. It is also located at quite a prime location since it is located at the gateway between Cavite, Muntinlupa, and MCX which leads to the South Luzon Expressway (SLEX).

The most recent additions to the market supply are NOMO, Molino Town Center, and Walter Mart Bacoor. These projects have been launched yearly from 2019 to 2021 despite the ongoing COVID-19 Pandemic. In terms of expected additional supply, Ayala Malls Vermosa is set to develop a regional mall on a 13-hectare property in Imus, Cavite. However, timeline for the development is yet to be announced.

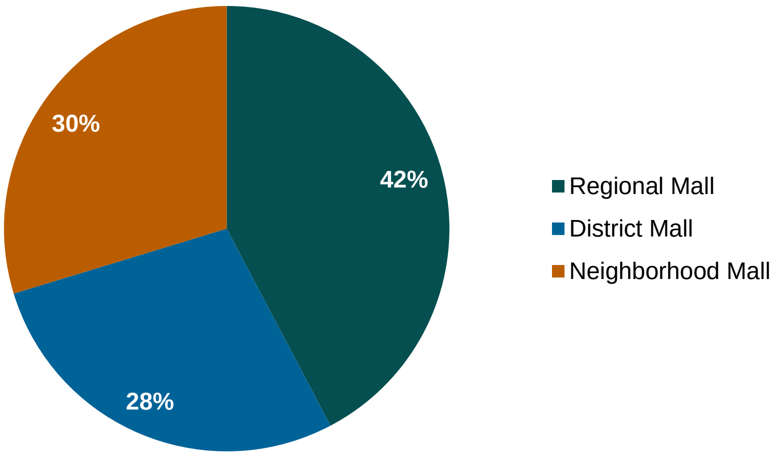
**Figure 83. Supply of Retail Malls in Upper Cavite***




* *in square meters of leasable space*
*Source: Santos Knight Frank, Inc.*

The trade area has a significantly wide coverage predominantly consisting of horizontal residential communities. Ten (10) Neighborhood Malls have been identified in the area to cater to the immediate needs of the said communities. Vista Land Imus is the sole Neighborhood Mall in its portfolio for Upper Cavite. It only has around 12,509 square meters of leasable area.

**Figure 84. Supply Share by Mall Classification in Upper Cavite**




*Source: Santos Knight Frank, Inc.*

#### 5.2.2.2. Lease Rates

For the identified malls in Upper Cavite, the current indicative lease rate ranges from PhP250 to PhP1,300 per square meter per month. This is attributed to the current market condition in which some developers are vying to offer more flexible terms but still depending on the accessibility and location of the retail establishments. Central Mall Dasmariñas and SM Bacoor exhibited the highest lease rates in the trades area, ranging from PhP800 to PhP1,300 per square meter per month.

Other than that, Neighborhood Malls in the trade area offer much lower lease rates compared to the Regional Malls. These mall establishments are below PhP 800 per square meter per month, such as the Main Square Mall, WalterMart Bacoor, City Mall Anabu Imus, Lokal Molino (V Center Mall), and Molino Town Center.

Moreover, mall establishments in the trade area that was developed by Vista Land exhibited the lowest lease rates, ranging from PhP250 to PhP450 per square meter per month. This is mainly attributed to the location of these malls which are surrounded by residential communities that are still under development. On average, monthly indicative lease rate for malls within trade area is at PhP691 per square meter per month.

**Table 14. Lease Rates of Retail Malls in Upper Cavite**

| Project | Lease Rates (PhP/sqm/month) |
|---|---|
| SM Bacoor | 800 - 1,300 |
| Central Mall Dasmariñas | 800 - 1,300 |
| The District Imus | 800 - 1,200 |
| The District Dasmariñas | 800 - 1,200 |
| Robinsons Place Imus | 800 - 1,100 |
| SM City Molino | 550 - 1,050 |
| SM Center Imus | 700 - 900 |
| Molino Town Center | 300 - 800 |
| Lokal Molino (V Center Mall) | 400 - 600 |
| Walter Mart Bacoor | 400 - 600 |
| City Mall Anabu Imus | 400 - 550 |
| **Evia Lifestyle Center** | **456.41** |
| Main Square Mall | 300 - 500 |
| **SOMO - A Vista Mall** | **354.49** |
| **Vista Mall Imus** | **306.68** |
| **NOMO** | **249.11** |

*Source: Santos Knight Frank, Inc.*

#### 5.2.2.3. Demand

Currently, the demand for retail space in Upper Cavite exhibited a gradual sign of recovery as the overall occupancy rates recorded almost 85% amidst the pandemic and changing quarantine protocols. Vista Mall had the highest occupancy rate 100% though it is one of the smaller malls in the trade area with only 12,788 square meters of leasable space. The larger malls in the trade area also registered high occupancy rates with SM City Molino at 98.92%, followed by Robinsons Place Imus and SM City Bacoor, with occupancy rates of 97.46% and

96.79% respectively. SOMO - A Vista Mall, with a 90.48% occupancy rate, had a good showing considering that it is a relatively new development within the highly competitive trade area.

Among the Vista Malls in the trade area, NOMO recorded the lowest occupancy rate at 67.12%. NOMO has opened over 39,000 square meters of retail space and was only recently launched which contributes to its low occupancy rate.

**Table 15. Occupancy Rates of Retail Malls in Upper Cavite**

| Project | Estimated Available Space (sqm) | Occupancy Rate |
|---|---|---|
| **Vista Mall Imus** | **-** | **100.00%** |
| SM City Molino | 479.22 | 98.92% |
| Robinsons Place Imus | 1,289.48 | 97.46% |
| SM Bacoor | 2,314.08 | 96.79% |
| SM Center Imus | 310.58 | 96.73% |
| Lokal Molino (V Center Mall) | 330.48 | 96.55% |
| Central Mall Dasmariñas | 638.98 | 95.50% |
| **SOMO - A Vista Mall** | **3,032.12** | **90.48%** |
| City Mall Anabu Imus | 1,042.17 | 90.48% |
| Walter Mart Bacoor | 1,180.89 | 85.94% |
| The District Imus | 2,908.55 | 83.47% |
| The District Dasmariñas | 1,734.37 | 83.37% |
| **Evia Lifestyle Center** | **12,225.58** | **76.69%** |
| **NOMO** | **13,105.66** | **67.12%** |
| Molino Town Center | 3,883.17 | 49.55% |
| Main Square Mall | 13,032.04 | 41.56% |

*Source: Santos Knight Frank, Inc.*

## 5.3. Rizal

Rizal has been one of the top choices of migration outside Metro Manila primarily due to the affordable land values reflected by the abundance of space in the province and also its proximity to the Metro. The increased residential developments within the province have also steered the market for retail activity in the area. The improving infrastructure and accessibility of the province will pave the way to further bolster business activity in the area.

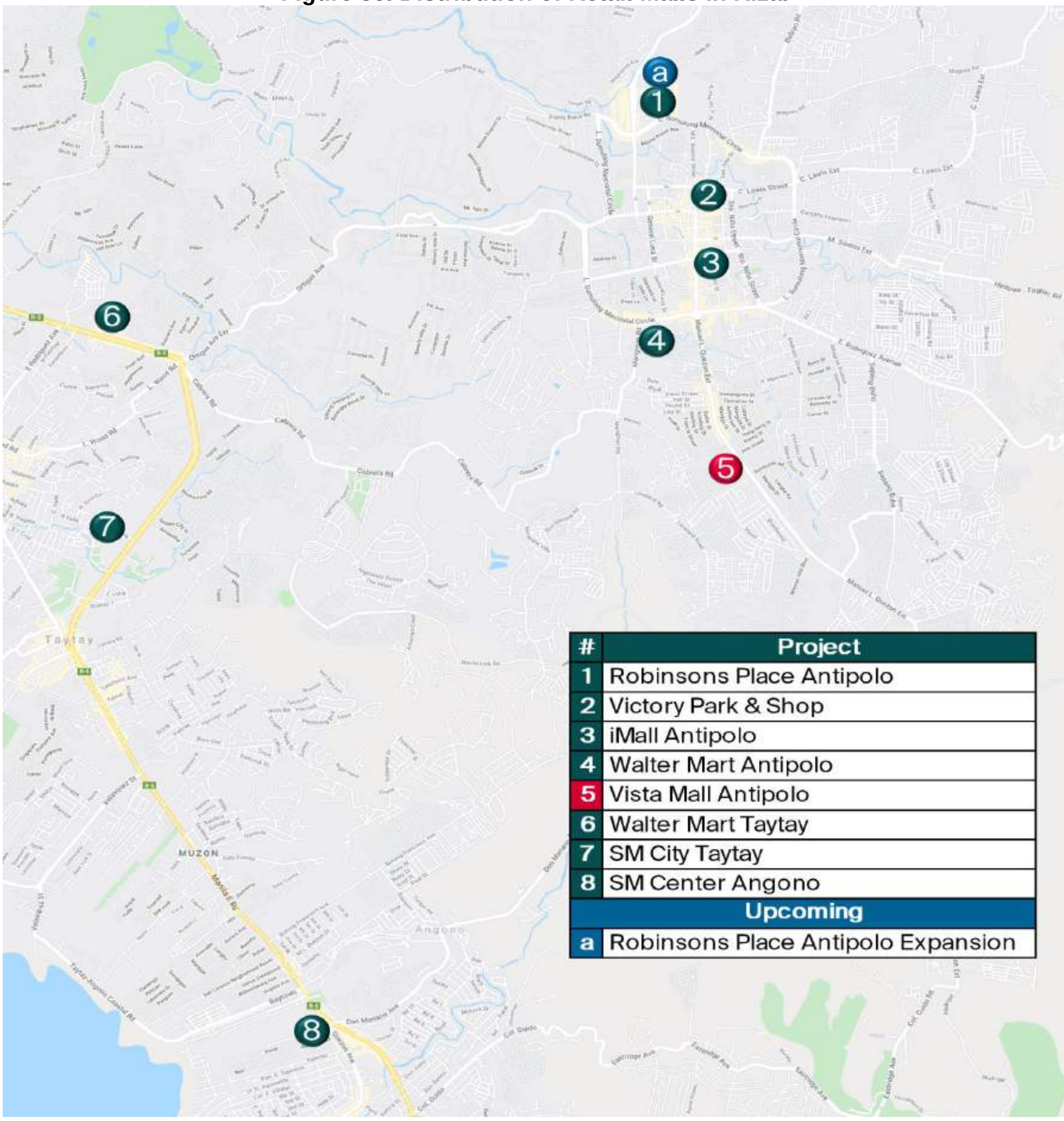
### 5.3.1. Supply

The trade area was defined by a 5-kilometer radius from Vista Mall Antipolo. Using this method, the trade area identified in Rizal encompasses three (3) localities – Antipolo, Taytay, and Angono. Within these localities, there are eight (8) determined retail malls. Five (5) of which were in Antipolo. The major traffic route within Antipolo goes along L. Sumulong Memorial Circle. Along this thorough, Robinsons Antipolo and Walter Mart Antipolo are present. Central to this area, along inner road networks, we can find two (2) of the local malls of Antipolo – iMall Antipolo and Victory Park and Shop.

There is only (1) Vista Mall identified within this area. It is located along Manuel L. Quezon Extension, a secondary road in Antipolo leading towards Binangonan and Angono. It is primarily surrounded by sprawling residential communities on the outskirts of the Antipolo city center.

Outside of Antipolo, we have identified three (3) more retail malls located in Taytay and Angono. WalterMart Taytay is located along Ortigas Extension which is the primary road network connecting Rizal to Metro Manila. Heading towards the east, SM Taytay and SM Angono can be found along the National Highway – Manila East Road.

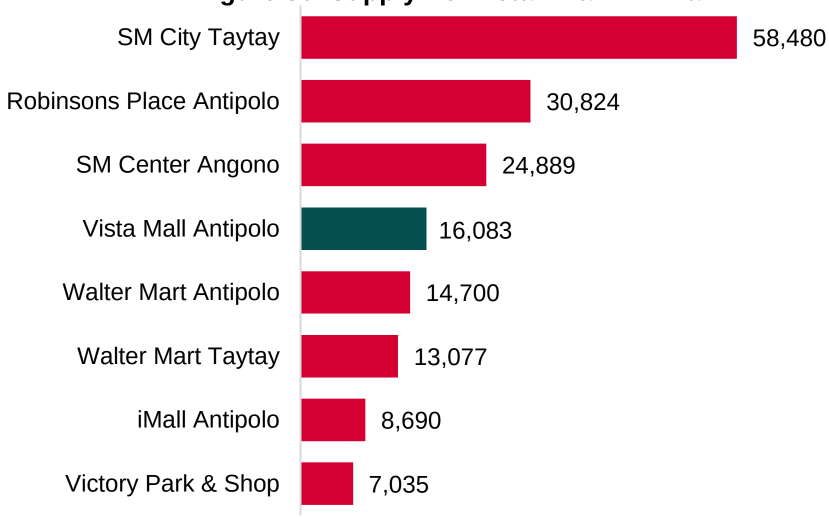
**Figure 85. Distribution of Retail Malls in Rizal**




*Source: Santos Knight Frank, Inc.*

Based on the estimated gross leasable area, SM City Taytay is the largest retail mall within the identified area with around 58,400 square meters. This is followed by Robinsons Antipolo which is significantly smaller around 30,800 square meters of leasable area. The disparity between the supply of competitors is around 50%.

**Figure 86. Supply Per Retail Mall in Rizal***

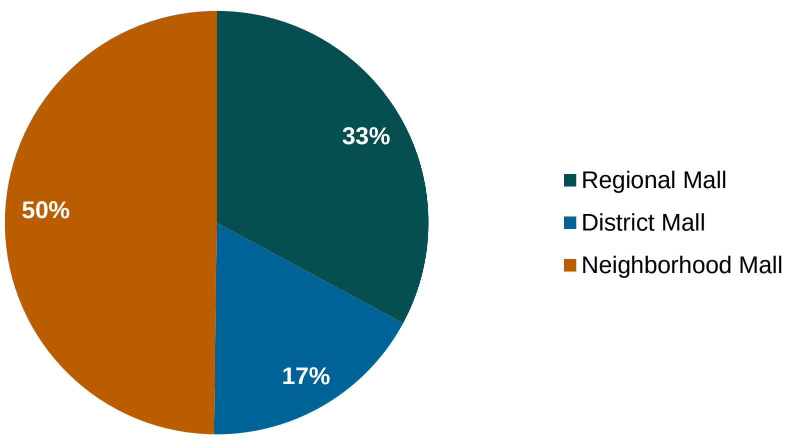



** in square meters of leasable space*
*Source: Santos Knight Frank, Inc.*

The overall supply within the trade area is at 177,878 square meters of leasable space. SM City Taytay is the sole Regional Mall because its GLA is more than 50,000 square meters while Robinsons Place Antipolo is also the singular District Mall within the trade area because it exceeds 25,000 square meters of leasable space. Their floated supply cover 33% and 17% of the market, respectively. However, it is also worth noting that Robinsons Antipolo is currently expanding its portfolio by an estimated 12,300 square meters. Its 3-storey expansion is eyed to start operations by 2022.

Neighborhood malls are sized smaller than 25,000 square meters. They cover 50% of the market supply. There are four (4) malls under this classification – SM City Angono, Vista Mall Antipolo, Walter Mart Antipolo, Walter Mart Taytay, iMall Antipolo and Victory Park & Shop. Together, their respective leasable space floated in the market add up to around 88,500 square meters. Among the neighborhood malls, Vista Mall Antipolo is 2nd in terms of market supply with 20,184 square meters of leasable space.

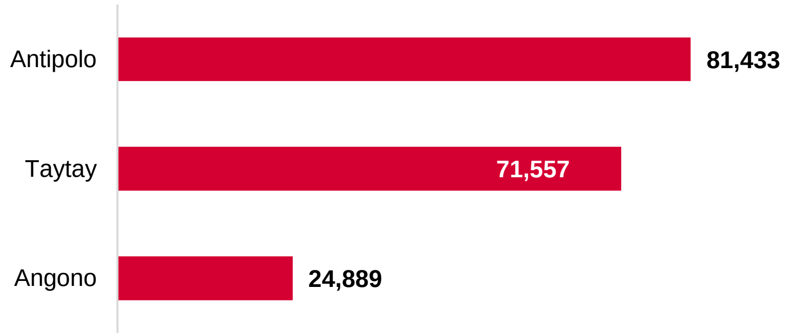
**Figure 87. Supply Share by Mall Classification in Rizal**




*Source: Santos Knight Frank, Inc.*

In terms of location, Antipolo City has the largest market share within the trade area. 46% (81,433 square meters) of the leasable area is from Antipolo due to the cumulative supply floated by the numerous neighborhood malls within the vicinity. Taytay closely comes in 2nd covering 40% of the market supply with around 71,500 square meters of leasable space. This is primarily due to the presence of a Regional Mall. It is also the closest locality to Metro Manila heading towards Ortigas which contributes to the bullishness of market activity in the area.

**Figure 88. Supply Share Per Locality in Rizal***




** in square meters of leasable space*
*Source: Santos Knight Frank, Inc.*

### 5.3.2. Lease Rates

Indicative lease rates within the trade area range between PhP388 to PhP1,450 per square meter per month. Location and accessibility primarily affect the market activity between malls which then helps drive prices.

SM City Taytay has the highest indicative lease rates ranging from PhP1,000 to PhP1,450 per square meter. It is the oldest retail mall within the trade area having established itself since 2007. It is also able to command higher prices due to it being the sole regional mall within the area. It is home to mostly prime/national locators. Furthermore, there is also an office building within its compound to additionally simulate foot traffic. On the other hand, Vista Mall Antipolo has the lowest lease rate within the locality.

**Table 16. Lease Rate Per Mall in Rizal**

| Project | Lease Rate (PhP/sqm/month) |
|---|---|
| SM City Taytay | 1,000 - 1,450 |
| Robinsons Place Antipolo | 800 - 1,000 |
| iMall Antipolo | 650 - 1,000 |
| Walter Mart Antipolo | 600 - 900 |
| SM Center Angono | 550 - 1,150 |
| Walter Mart Taytay | 500 - 700 |
| Victory Park & Shop | 500 - 700 |
| Vista Mall Antipolo | **388**.25 |

*Source: Santos Knight Frank, Inc.*

Per locality, Indicative Lease Rates range from Php700 to PhP1,100 per square meter per month. Angono turns out to have the highest lease rate with PhP1,100 per square meter. SM City Angono is the sole player in the said locality. Taytay's weighted average lease rates were pulled down to PhP850 per square meter due to the presence of neighborhood malls within the area. Lastly, Antipolo has the lowest weighted average lease rate with around PhP712 per square meter.

**Table 17. Lease Rate Per Locality in Rizal**

| Locality | Indicative Lease Rate (PhP/sqm/month) |
|---|---|
| Angono | 1,110.78 |
| Taytay | 850.00 |
| Antipolo | 712.16 |

*Source: Santos Knight Frank, Inc.*

### 5.3.3. Demand

Rizal has exhibited a generally high overall occupancy of 95%. There may also be also a tendency that this has been understated as some retail malls have converted their available spaces to storage spaces for their existing tenants. Vista Mall Antipolo currently has the lowest occupancy rate among the identified malls. This may probably be due to the accessibility of the mall. Among its competitors, it is the only mall located along a secondary road wherein its primary market is limited to the residential community surrounding it. Immediate competitors such as iMall Antipolo and Victory Park & Shop are located in more visible locations at the center of Antipolo. They are more proximate to primary destinations in Antipolo such as the Cathedral, City Hall and the Antipolo public market.

**Table 18. Occupancy Rates of Retail Malls in Antipolo**

| Project | Estimated Available Space (sqm) | Occupancy Rate |
|---|---|---|
| Walter Mart Taytay | 36.86 | 99.72% |
| SM City Taytay | 335.24 | 99.43% |
| Robinsons Place Antipolo | 376.23 | 98.78% |
| Walter Mart Antipolo | 481.13 | 96.73% |
| SM Center Angono | 980.65 | 96.06% |
| iMall Antipolo | 686.68 | 92.10% |
| Victory Park & Shop | 709.85 | 89.91% |
| **Vista Mall Antipolo** | **1,958.91** | **87.82%** |

*Source: Santos Knight Frank, Inc.*

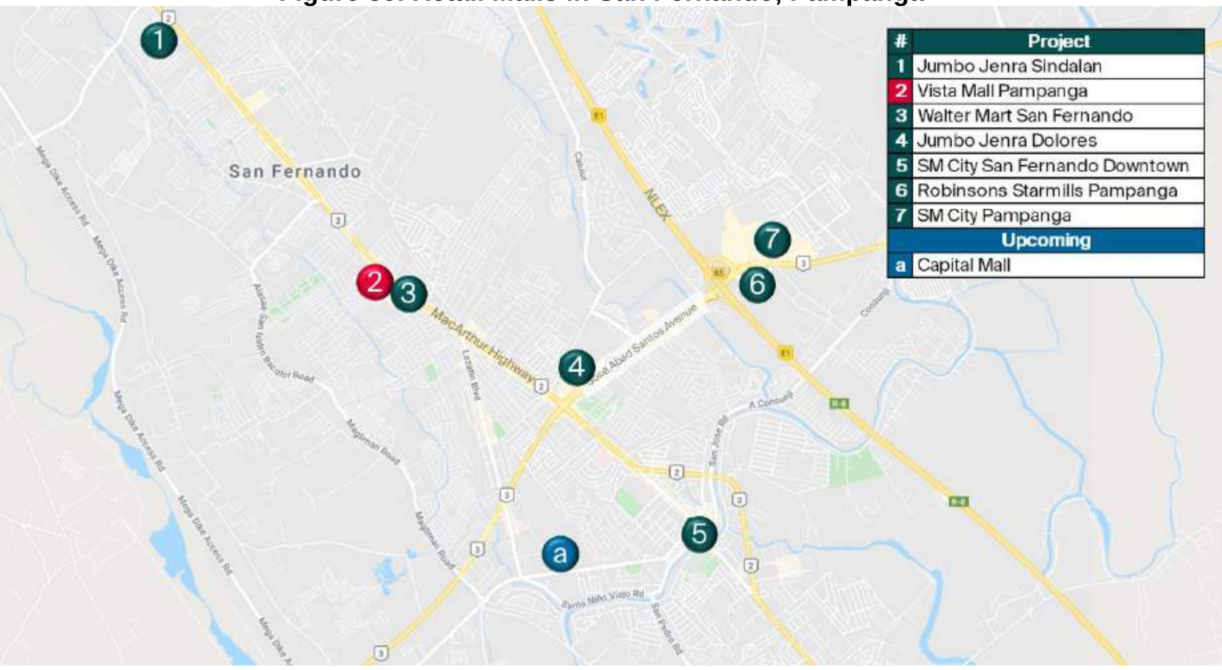
## 5.4. Pampanga

San Fernando, Pampanga is known as the city capital of Pampanga and the regional center of Central Luzon. The trade area is known as an industrial city, mainly focused in the production of agricultural goods such as rice and sugar. High industrial activity in the area became a significant growth driver that led to the expansion of developments in Northern Luzon. Coupled with improving infrastructure developments that amplified connectivity between Northern Luzon and Metro Manila, San Fernando City became one of the ideal destinations in Pampanga aside from Clark Freeport Economic Zone.

### 5.4.1. Supply

San Fernando, Pampanga is traversed by two (2) major highways – the McArthur Highway (National Road) and the North Luzon Expressway (NLEX). Business activity is primarily visible in the former as the latter is a controlled-access highway. Another notable point in the area is the junction between Jose Abad Santos Avenue and the said highways. There are seven (7) identified retail malls scattered within these key business areas. Among which, there is only one (1) Vista Mall in the area – Vista Mall Pampanga.

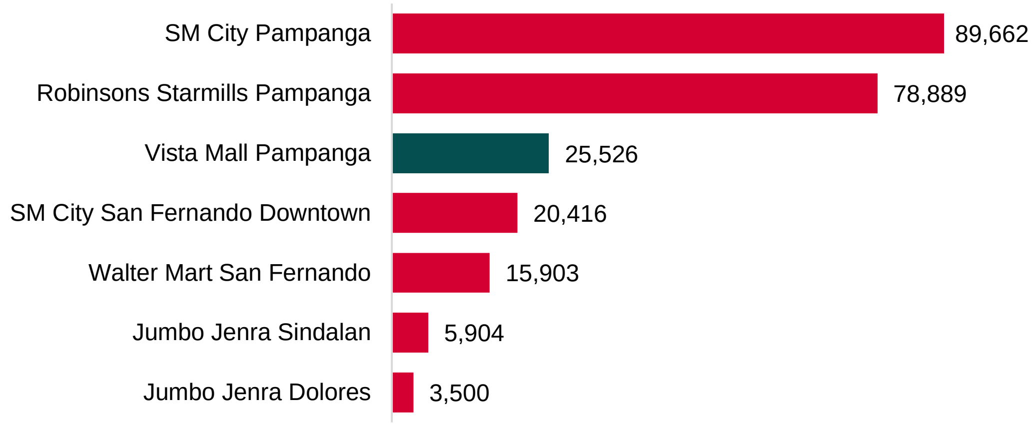
**Figure 89. Retail Malls in San Fernando, Pampanga**




*Source: Santos Knight Frank, Inc.*

In total, the trade area is observed to have around 239,700 square meters of leasable area. The trade area is predominated by SM City Pampanga and Robinsons Starmills Pampanga, with a combined GLA of over 168,500 square meters. Both are located quite prime locations at east side of the San Fernando Interchange of NLEX. Both malls are the first establishments clearly visible from traffic entering San Fernando from NLEX. Moreover, retail malls such as Vista Mall Pampanga, SM City San Fernando Downtown, and Walter Mart San Fernando, were observed to be comparatively smaller as they are closer to dense residential communities.

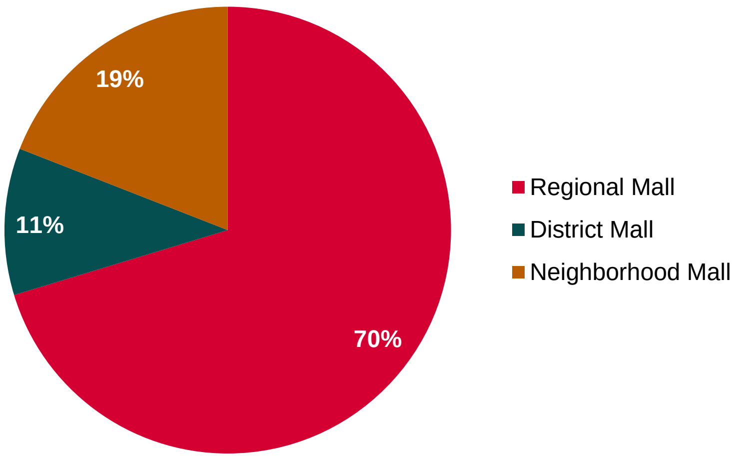
**Figure 90. Supply of Retail Malls in San Fernando, Pampanga***




** in square meters of leasable space*
*Source: Santos Knight Frank, Inc., Vista Land & Lifescapes, Inc.*

The trade area is observed to be dominated by Regional Malls which primarily comprised of SM City Pampanga and Robinsons Starmills. Regional Malls have a wider catchment area as they can cater markets from different localities. Both SM City Pampanga and Robinsons Starmills can cater to the retail market of both San Fernando and Mexico, Pampanga due to its location and wider variety of goods offered.

**Figure 91. Retail Market Share per Retail Type**




*Source: Santos Knight Frank, Inc.*

The trade area is also comprised of 19% Neighborhood Malls and 11% of District Malls based on the total retail GLA. SM City San Fernando Downtown, Walter Mart San Fernando Jumbo Jenra Malls were identified as Neighborhood Malls which are positioned along main thoroughfares closer to densely populated residential areas. Meanwhile, Vista Mall Pampanga is considered as the locality's only District Mall, with a wider market reach than Neighborhood Malls.

### 5.4.2. Lease Rates

Indicative headline monthly lease rates for the identified malls in the trade area range from PhP250 to PhP1,100 per square meter per month. Retail lease rates in the trade area vary greatly due to the classification of malls, location, market activity, and branding associated with the retail development.

Regional Malls such as Robinsons Starmills and SM City Pampanga commanded the retail lease rates in the trade area as both regional malls generate significantly larger foot traffic due to larger market reach. Meanwhile, District and Neighborhood Malls posted lower lease rates due to being closer to residential neighborhoods that generate targeted retail activity focusing on the nearby communities.

**Table 19. Indicative Lease Rates per Mall in San Fernando, Pampanga**

| Project | Lease Rate (PhP/sqm/month) |
|---|---|
| SM City Pampanga | 800 - 1,450 |
| Robinsons Starmills Pampanga | 800 - 1,100 |
| SM City San Fernando Downtown | 700 - 1,000 |
| Jumbo Jenra Dolores | 450 - 650 |
| Walter Mart San Fernando | 400 - 600 |
| **Vista Mall Pampanga** | **304.12** |
| Jumbo Jenra Sindalan | 250 - 350 |

*Source: Santos Knight Frank, Inc., Vista Land & Lifescapes, Inc.*

### 5.4.3. Demand

Overall occupancy rate in San Fernando, Pampanga is at 96%. Generally, retail malls in San Fernando showed signs of resiliency evident through its health occupancy rate. All malls within the trade area have recorded more than 90% occupancy including Vista Mall Pampanga which is at 92.61% occupancy.

**Table 20. Occupancy Rates in San Fernando, Pampanga**

| Project | Estimated Available Space (sqm) | Occupancy Rate |
|---|---|---|
| Jumbo Jenra Sindalan | 104.49 | 98.23% |
| SM City Pampanga | 1,956.98 | 97.82% |
| SM City San Fernando Downtown | 682.01 | 96.66% |
| Robinsons Starmills Pampanga | 2,867.59 | 96.37% |
| Jumbo Jenra Dolores | 135.00 | 96.14% |
| **Vista Mall Pampanga** | **1,886.45** | **92.61%** |
| Walter Mart San Fernando | 1,307.53 | 91.78% |

*Source: Santos Knight Frank, Inc., Vista Land & Lifescapes, Inc.*

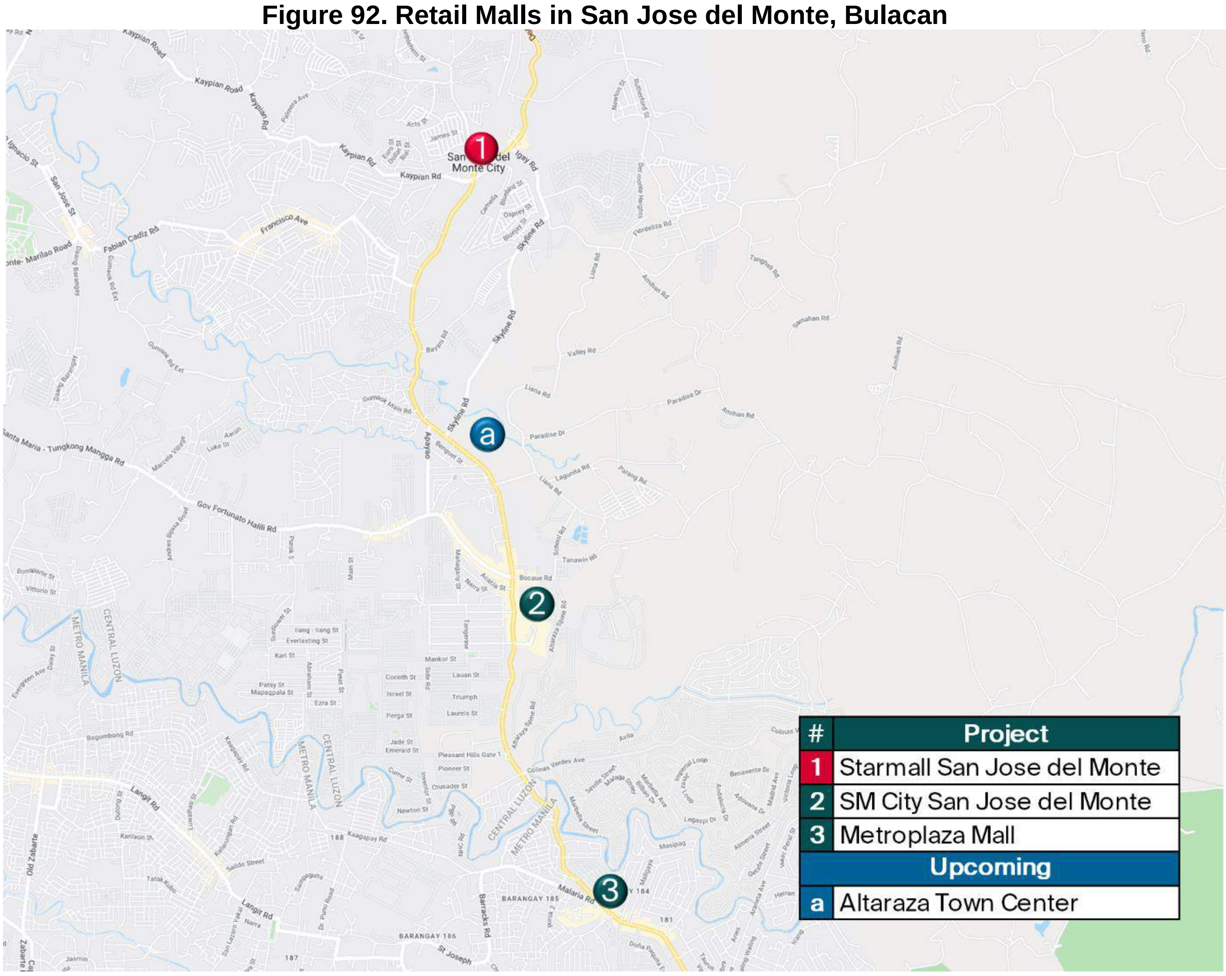
## 5.5. Bulacan

San Jose del Monte City is a first-class city, which is considered as the largest locality in Bulacan. San Jose Del Monte was recently declared as a highly-urbanized city due to increased business activity in the area that is mainly focused on the production of agricultural products that is essential in the food security of Northern Luzon. San Jose Del Monte is also considered as one of the growing premier destinations in Northern Luzon, with developments in the area mainly focused on residential enclaves and commercial developments. High concentration of business activity in the city were observed among its major growth areas such as Tungkong Mangga, Muzon, and Sapang Palay.

### 5.5.1. Supply

The retail market in San Jose Del Monte is defined within the 5-kilometer radius of Vista Land's flagship development in the area – Starmall San Jose del Monte. As observed, the retail market of the locality is predominated by three (3) retail developments along Quirino Highway, consisting of Starmall San Jose del Monte, SM City San Jose del Monte, and Metroplaza Mall. Positive outlook on the local retail market is seen as major developers in the country is seen to set foot in the trade area.

**Figure 92. Retail Malls in San Jose del Monte, Bulacan**

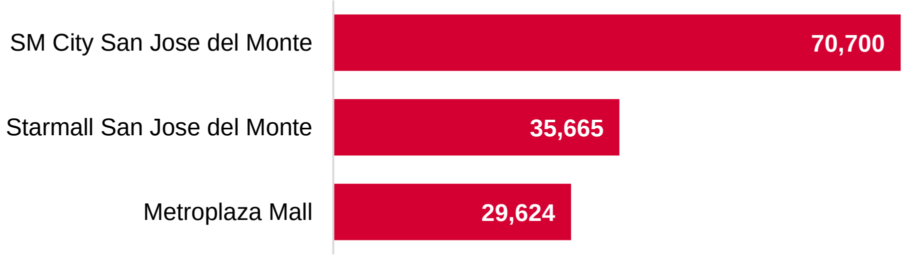



*Source: Santos Knight Frank, Inc.*

The trade area consists of 135,990 square meter of retail GLA across three (3) retail developments. SM City San Jose del Monte comprise the majority of the trade area's GLA at 70,700 square meters, tagging as the only Regional Mall in the area. Meanwhile, District Malls in the area comprise of Starmall San Jose del Monte and Metroplaza Mall with each having a retail GLA of 35,665 square meters and 29,600 square meters, respectively.

Additionally, Ayala Land Inc. is set to boost retail activity through its Altaraza community which is also situated along Quirino Highway. The mixed-use development will include Altaraza Town Center as its retail component. Furthermore, it will also introduce commercial and residential lots to the market.

**Figure 93. Supply of Retail Malls in San Jose del Monte, Bulacan***




** in square meters of leasable space*
*Source: Santos Knight Frank, Inc., Vista Land & Lifescapes, Inc.*

### 5.5.2. Lease Rates

Indicative monthly retail lease rates in the trade area range from PhP 300 to PhP 900 per square meter per month. The weight of lease rates in the trade area is driven by its location and market activity. SM City San Jose del Monte commanded the higher lease rates at PhP500 to PhP 900 per square meter per month as it is located in the downtown area of San Jose del Monte wherein high commercial activity is observed – resulting in higher generation of foot traffic. Meanwhile, retail lease rates of Starmall San Jose del Monte are recorded comparatively lower at PhP 577.64 per square meter per month, as the development is positioned in the suburban neighborhoods of the trade area. Metroplaza Mall, on the other hand, is positioned at the lower end of the lease spectrum with rates ranging between PhP300 to PhP500 per square meter.

**Table 21. Indicative Lease Rates Per Mall in San Jose Del Monte, Bulacan**

| Project | Lease Rate (PhP/sqm/month) |
|---|---|
| SM City San Jose del Monte | 500 - 900 |
| Starmall San Jose del Monte | 577.64 |
| Metroplaza Mall | 300 - 500 |

*Source: Santos Knight Frank, Inc., Vista Land & Lifescapes, Inc.*

### 5.5.3. Demand

Occupancy rates within the trade area remained healthy with only three major malls comprising the supply of leasable space. Metroplaza Mall had the highest occupancy rate at 97.93%. SM City San Jose Del Monte had the next highest occupancy rate at 96.10% though having a leasable area larger than the two other malls combined. Starmall San Jose Del Monte had the lowest occupancy rate in the trade area with 88.11%.

**Table 22. Occupancy Rates in San Jose Del Monte, Bulacan**

| Project | Estimated Available Space (sqm) | Occupancy Rate |
|---|---|---|
| Metroplaza Mall | 612.02 | 97.93% |
| SM City San Jose del Monte | 2,756.38 | 96.10% |
| **Starmall San Jose del Monte** | **4,240.57** | **88.11%** |

*Source: Santos Knight Frank, Inc., Vista Land & Lifescapes, Inc.*

### 5.6. Cebu

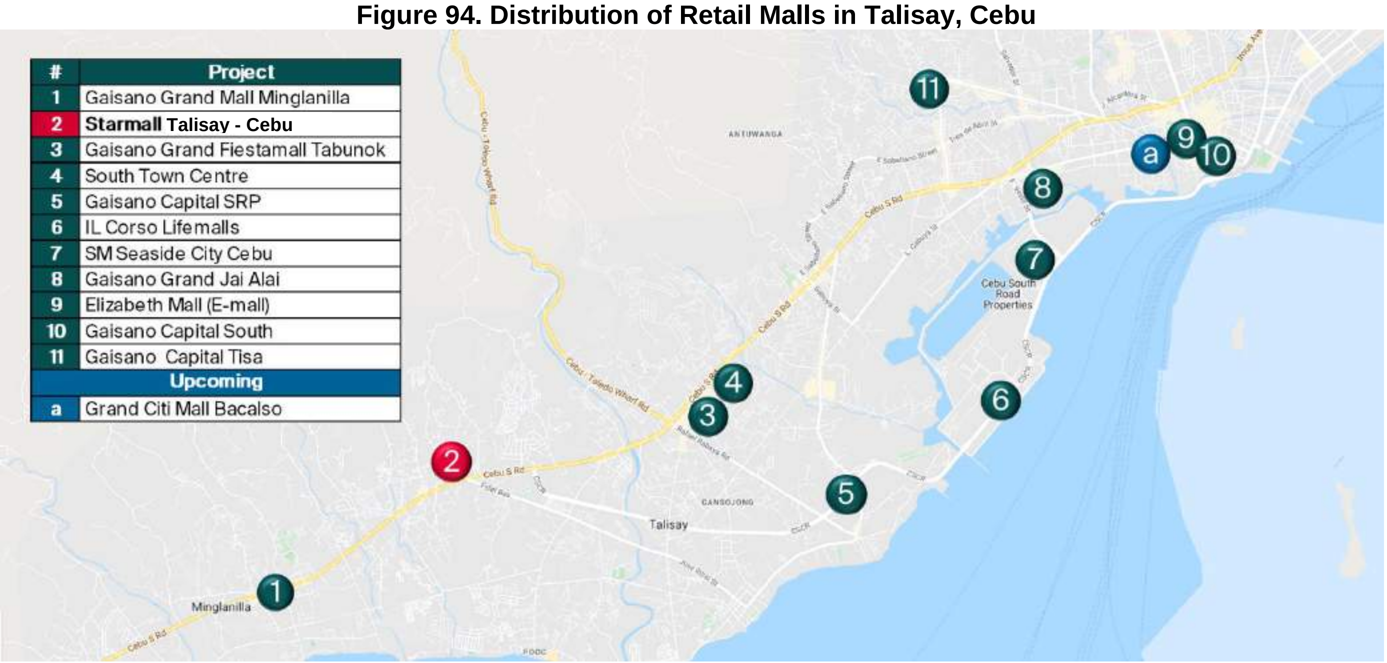
Even prior to the pandemic, aside from the traditional regional malls that were established in Cebu's skyline, developers have also been inclined in offering community and neighborhood malls to cater to the immediate needs of the residents. This has further bolstered the retail footprint of the various local developers such as Vista Land and Gaisano. Although, retail giants have continued the convention as they have recently introduced major shopping malls in the city such as SM Seaside City. These varying mall formats were also well-accommodated by the market.

#### 5.6.1. Supply

Starmall Talisay - Cebu is located at the junction between two (2) major highways – Cebu South Coastal Road (CSCR) and Cebu South Road (CSR). From here, the trade area was again defined by a 5 to 10-kilometer radius. Overall, there are 11 identified retail malls covered within the scope of the study.

Southward, Gaisano Grand Mall Minglanilla is the only retail mall identified close to the subject property. It is also along CSR. Majority of the competitors are situated north towards South Road Properties (SRP) and Cebu City. In Talisay, there are four (4) retail malls – Starmall Talisay - Cebu, Gaisano Grand Fiestamall Tabunok, South Town Centre, and Gaisano Capital SRP. Meanwhile, the remaining identified competitors are already considered part of Cebu City.

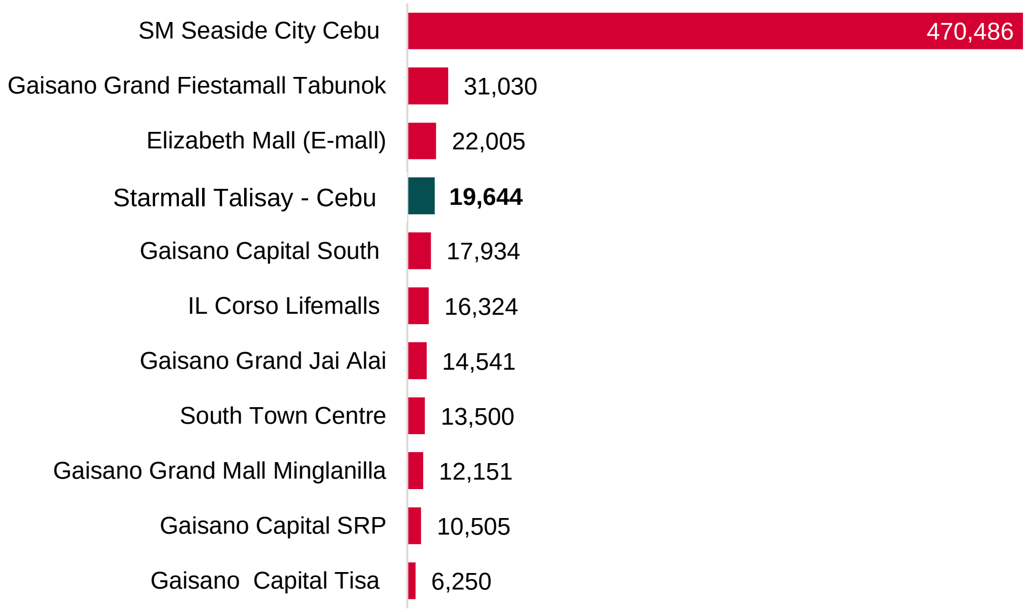
**Figure 94. Distribution of Retail Malls in Talisay, Cebu**




*Source: Santos Knight Frank, Inc.*

In terms of gross leasable area, it is clear that SM Seaside City Cebu is dominant. It has floated over 470,400 square meters of leasable area. With the massive space that it offers, it has been classified as a Super Regional Mall which requires only at least 100,000 square meters. For comparison, the remaining retail malls in the trade area are only sized between 6,250 to 31,000 square meters. Starmall Talisay - Cebu comes in $4^{th}$ with a GLA of 19,644 square meters.

**Figure 95. Supply Per Retail Mall in Talisay, Cebu***

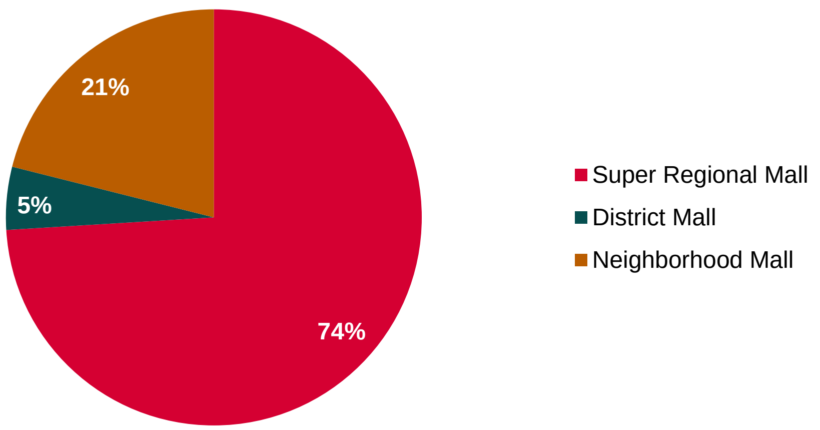



** in square meters of leasable space*
*Source: Santos Knight Frank, Inc.*

All the other malls aside from SM Seaside and Gaisano Grand Fiesta Mall (District Mall) are classified as neighborhood malls. Cumulatively, they've floated over 133,900 (21%) square meters scattered across the trade area. Neighborhood malls are sized smaller than 25,000 square meters. Typically, they only include necessary tenants that cater to the basic needs of the surrounding neighborhood.

In terms of size, Starmall Talisay - Cebu is one of the larger neighborhood mall concepts within the area. All other competing neighborhood malls are sized 17,900 square meters and smaller. Its competitors within the immediate vicinity – Gaisano Grand Mall Minglanilla and South Town Centre offer only 12,100 to 13,500 square meters, respectively.

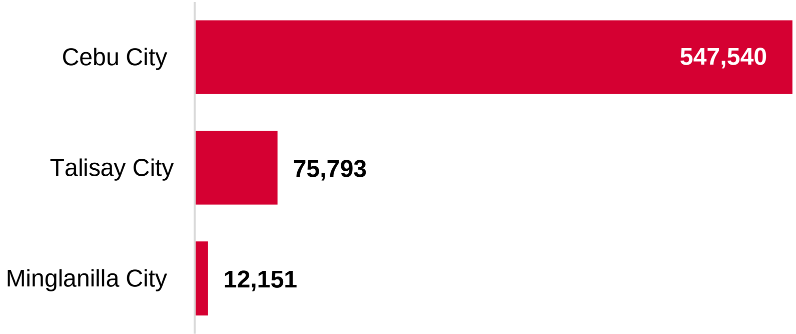
**Figure 96. Supply Share by Mall Classification in Talisay, Cebu**




*Source: Santos Knight Frank, Inc.*

As earlier mentioned, the supply injected by SM Seaside has a massive impact on the disparity of supply between localities. This is also not surprising since there is more business activity in locations closer to the Central Business Districts. Talisay City and Minglanilla may be considered fringes of Metro Cebu.

**Figure 97. Supply Share Per Locality in Cebu***




**  in square meters of leasable space*
*Source: Santos Knight Frank, Inc.*

### 5.6.2. Lease Rates

Indicative lease rates within the trade area range between PhP314 to PhP1,700 per square meter per month. IL Corso Lifemalls offer price ranges from PhP550 to PhP800 per square meter per month while SM Seaside City Cebu peaks at around PhP1,700 per square meter per month. This is understandable considering the business activity and upcoming developments within the South Road Property vicinity.

Starmall Talisay - Cebu currently offers the lowest lease rates within the trade area. In its immediate vicinity, Gaisano Grand Mall Minglanilla, Fiestamall Tabunok, and Gaisano Capital SRP have recorded lease rates ranging between PhP500 – PhP600 per square meter per month. Meanwhile South Town Centre's lease rates peaked at PhP700 per square meter per month.

**Table 23. Lease Rate Per Mall in Cebu**

| Project | Lease Rate (PhP/sqm/month) |
|---|---|
| SM Seaside City Cebu | 1,100 - 1,700 |
| IL Corso Lifemalls | 550 - 800 |
| Gaisano Capital South | 600 - 700 |
| Elizabeth Mall (E-mall) | 600 - 700 |
| South Town Centre | 500 - 700 |
| Gaisano Grand Fiestamall Tabunok | 500 - 600 |
| Gaisano Grand Mall Minglanilla | 500 - 600 |
| Gaisano Grand Jai Alai | 500 - 600 |
| Gaisano Capital SRP | 500 - 600 |
| Gaisano Capital Tisa | 500 - 600 |
| **Starmall Talisay - Cebu** | **314.16** |

*Source: Santos Knight Frank, Inc.*

### 5.6.3. Demand

Overall occupancy rate within the trade area is 94.72%. Though this implies healthy retail demand in a general sense, there are still some establishments that have exhibited low occupancy rates ranging between 63% to 79%. Some of these malls were identified to have certain floors closed due to lack in foot traffic.

Starmall Talisay - Cebu performed well among its counterparts in the Talisay market with a 91.80% occupancy rate. It outperformed Gaisano Capital South's 63.77% occupancy rate, which is the closest in terms of size but smaller within the trade area. It's othe competitors – Gaisano Grand Minglanilla, Fiestamall Tabunok, and South Town Center also exhibited high occupancy rates ranging between 91% to 99%.

**Table 24. Occupancy Rates in Cebu**

| Project | Estimated Available Space (sqm) | Occupancy Rate |
|---|---|---|
| Gaisano Capital Tisa | 31.25 | 99.50% |
| Gaisano Grand Fiestamall Tabunok | 160.00 | 99.48% |
| South Town Centre | 72.00 | 99.47% |
| SM Seaside City Cebu | 7,378.31 | 98.43% |
| **Starmall Talisay - Cebu** | **1,610.81** | **91.80%** |
| Gaisano Grand Mall Minglanilla | 1,054.34 | 91.32% |
| Elizabeth Mall (E-mall) | 4,586.57 | 79.16% |
| Gaisano Grand Jai Alai | 4,301.36 | 70.42% |
| IL Corso Lifemalls | 5,567.84 | 65.89% |
| Gaisano Capital SRP | 3,757.31 | 64.23% |
| Gaisano Capital South | 6,497.27 | 63.77% |

*Source: Santos Knight Frank, Inc.*

## 5.7. Upcoming Retail Supply

Prior to the pandemic, retail activity has been one of the main drivers of the growing Philippine economy. People flock to malls on most of their spare time whether to purchase, dine, or even just look around. Hence, developers have been bullish on the outlook for the retail industry until the pandemic occurred wherein a series of lockdowns have occurred, business activity has been hampered, and retail vacancies have shot up. Currently, the industry is slowly trying to recovery as consumers regain confidence due to continuous vaccination efforts aiming to achieve herd immunity against COVID-19 within the localities.

Developers have been conservative on the retail market throughout the pandemic. There were no new announcements of retail mall launches. The upcoming retail supply that are listed below are pre-pandemic estimates that were previously published. These may even be overstated as target launch dates may have been pushed back or some projects may have to be revisited altogether. In contrast, some are already finalizing construction and are set to open hopefully synchronized with the recovery of the retail industry.

**Table 25. List of Upcoming Retail Projects**

| Establishment | Location | Target Launch | Est. GLA (In sqm) | # Of floors | Classification |
|---|---|---|---|---|---|
| SM City Tanza | Lower Cavite | Sep-22 | 27,017 | 2 | **District Mall** |
| City Mall Gen Tri | Lower Cavite | - | 7,000 – 10,000 | | **Neighborhood Mall** |
| Maple Grove Mall | Lower Cavite | - | 14,400 | 2 | **Neighborhood Mall** |
| Ayala Malls Evo City | Upper Cavite | - | TBA | - | **-** |
| Ayala Malls Vermosa | Upper Cavite | - | 187,200.00 | 4 | **Super Regional Mall** |
| Robinsons Antipolo Expansion | Rizal | May-22 | 12,330 | 3 | **Expansion** |
| Altaraza Town Center | Bulacan | - | 33,480.00 | 3 | **District Mall** |
| Capital Mall | Pampanga | 2022 | 19,800 | 3 | **Neighborhood Mall** |
| Grand City Mall Bacalso | Cebu | 2022 | 9,240.00 | 2 | **Neighborhood Mall** |

*Source: Santos Knight Frank, Inc.*

### 5.8. COVID-19 Effect on Retail Market

The retail market has grown in different regions of the Philippines as supported by the expansion of shopping malls, commercial strips, supermarkets, and convenience stores. The rise in purchasing power of Filipino families, carried primarily by remittances from overseas Filipino workers, was seen as one of the main drivers for the expansion of the retail sector. Therefore, business engaged in retail trade have grown their companies, introduced innovative products and services and changed the dynamics of shopping experience.

In recent years, the expansion and decentralization of retail magnates was witnessed. Existing shopping malls revamped and upgraded their facilities while expanding their gross floor areas via construction of annex buildings. The growth in Metro Manila retail led some mall operators to disperse their respective brands in the countryside by building new shopping centers and commercial establishments in the provinces. However, with the onset of the COVID-19 pandemic, some of the businesses were forced to minimize their operations or worse shut down their whole operations.

Several modes of rental concessions were applied by various mall operators to help alleviate the effect of the pandemic towards their tenants. During first tight lockdown, rents were waived as the typical tenant was not allowed to operate during the specific period. As the market slowly opened, mall operators started charging their tenants. However, given the unprecedented case of the pandemic, most of these lessors were forced to make adjustments on their original business model.

Though variable/performance-based rent was already being practiced pre-pandemic, this was applied even more during the onset of COVID-19. It was during the pandemic that this mode of concession was more widely practiced and applied, especially to tenants who were on a fixed rent agreement. The significantly reduced foot traffic which resulted into limited or no transactions for most of the mall tenants pushed landlords to offer this concession to retain their tenants. These adjusted values were not likely stipulated on the originally signed contracts, more so for tenants on a fixed rate contract. Values of the monthly rent were contingent on the monthly sales and revenues of the tenants, while the fixed rent component was either temporarily discounted or waived in certain instances.

**Table 26. Rental Concessions for Retail Tenants**

| Tenant Type | Retail Lease Concessions during COVID-19 |
|---|---|
| Food & Beverage | Rents based on percentage of sales; Minimal Fixed Rent |
| Retail Stores | Rents based on percentage of sales; Minimal Fixed Rent |
| Services | 30 – 50% Discount on Fixed Rate |
| Unallowed Businesses | Rents waived |

*Source: Santos Knight Frank, Inc.*

Some retail tenants continued to operate steadily during the onset of the COVID-19 pandemic. In particular, retailers offering essential goods have been crucial when lockdowns were implemented. Supermarkets and pharmacies served as avenues where the local populace can avail of their basic needs amid the limited mobility. And with the heightened restriction in inter-city travelling, neighborhood malls with supermarket and pharmacy anchors were proven to be beneficial to the community as these were easily accessible for residents in an identified locality.

Over time, lifestyle adjustments to the pandemic and widespread vaccination rollout were carried out. Mall patronage started slowly picking up together with the sales of tenants that were able to operate. Concessions were most likely reduced and became more on a case-to-case basis as some tenants recovered more quickly as compared to others.

Heightened domestic consumer activity is still expected to rebound. Owing to the consumption habits of the local populace, along with the fondness to mall-going, foot traffic volumes of various retail establishments are expected to heighten as the threat of COVID-19 wanes. This bullishness is being shared by several developers as they eye to construct more retail projects in the coming years. Simultaneous with this, the low retail rental rates in the country as compared to other Asian countries will keep on driving the retail investments from abroad.

### 5.9. Retail Outlook

Mall-going has long been imbued in the lifestyle of the Filipinos. Instead of acting solely as commercial buildings, these retail projects have been considered as community centers, housing varying tenant types. It has evolved over time from being a purely entertainment and leisure destination to a “one-stop-shop” covering health, education and government services among others.

Further, these air-conditioned establishments have become a refuge of the local populace from the tropical climate of the country. Thus, the number of retail projects have been growing alongside the dynamic consumption activity. This solid growth, however, has experienced a massive headwind in the form of the COVID-19 Pandemic.

Smaller retail formats are expected to further expand as the general population is inclined to have their needs well within reach. Smaller formats shall also benefit from the limited space requirements of prospective tenants, brought about by the presence of online platforms and deliveries. These same formats may also stand to benefit from some office occupiers who may apply the “hub and spoke” model for some of their potential office sites if a substantial number of their employees reside in the nearby communities.

Emphasis on health, wellness and sanitation will be more emphasized in the mall operations as awareness on these have been heightened and more widely practiced because of the pandemic. For the existing malls, this may be instituted through the addition and installation of new equipment or retrofitting of some of its features. This may be a bit more challenging as the existing structure may not be readily capable of incorporating these changes without major alterations.

For the new builds, changes in design and the use of new materials, equipment and technology will be the direction to take to address this new concern. This will more than likely be easier to incorporate and achieve since this will aleady be considered in the planning stages prior to construction. Efficiencies can be tested and determined which will be to the benefit of the landlord, the tenants but more importantly to the mall patrons.

Performance-based/variable rents may still persist as the overall market practice within the next two years. This allows for a lot of flexibility for both landlord and tenants to be productive as the pandemic subsides and the way of living transitions into a new state of normalcy. Once the overall situation stabilizes, market recovery will become more evident and, mall operations shall again be driven by the local dynamic consumption activity. Ultimately, retail landlords can revert back to their pre-pandemic rental levels and the new lease contracts can be drafted in a way that certain contingencies be in place in cases of situations similar to the pandemic would occur.

# 6. OFFICE MARKET OVERVIEW

## 6.1. Bonifacio Global City, Taguig

Bonifacio Global City is the leading premier financial and lifestyle district in Metro Manila. Developments spurred in the business district following the sale of the former military base to the country's major developers, turning it into one of the major master planned developments in the country.

Bonifacio Global City is recognized as the largest office market in Metro Manila which is situated in the northern part of Taguig City and in the borders of Makati City in the southern part. Incorporating many global best practices, Bonifacio Global City is considered as the country's most valuable and profitable development in the property market. Currently, it holds multiple resource-efficient office developments, luxury hotels, and recreational areas, local and multinational companies as tenants, as well as premier shopping centers that serve high-end fashion and brands. The creation of a large, high-density, mixed-use community is a major achievement for Fort Bonifacio which until recently had a limited number of large-scale development projects.

Numerous developers have set foot in Bonifacio Global City to have their fair share of development footprint within the business district. Ayala Land, holding the most stake in Fort Bonifacio established the Bonifacio Global City which comprises the largest estate in the area. Meanwhile, Megaworld has established its development footprint in the area by forming townships near Bonifacio Global City such as Uptown Bonifacio, McKinley Hill, and McKinley West. Federal Land also penetrated the market by forming Veritown Fort that houses premier residential and luxury hotels in the area. Bonifacio Global City is also home to Vista Land's flagship office development – VistaHub BGC, a home to the top outsourcing companies in the world.

### 6.1.1. Office Building Classifications

Office spaces have always been classified by grade to summarize the characteristics upon which its office building location, amenities, and infrastructure are described. Below is an office classification criterion that has been adopted by the Moscow Research Forum in coordination with its participants such as property advisory and consultancy firms.

Class A and Prime buildings are often the most sought-after office spaces. Both have similar criteria, however, Prime Buildings typically have more amenities and added certifications such as LEED and WELL. Moreover, Prime Buildings are likely more accessible because they can only be found in CBDs such as BGC, Makati, and Ortigas while Class A Buildings can be present in less central locations. Buildings under both these classifications are typically brand new or if not, have gone through some redevelopment process.

On the other hand, Class B buildings are secondary when it comes to their location, maintenance, and facilities. Most of these buildings are still located within the major business districts which is why this is still a preference of many companies. More cost-effective rents and higher supply and availability while still retaining a relatively prestigious address. Some of the major companies may opt to take up space in Class B buildings as this allows them to be the sole occupant of the building.

**Table 27. Office Building Criteria**

| Must | Optional | Recommended |
|---|---|---|
| **Class A and Prime** | **Class B+** | **Class B-** |
| 1. BUILDING ENGINEERING SYSTEMS | | |
| 1.1. Building Management System (BMS) | | |
| | | |
| 1.2. Heating, Ventilation, and Air-Conditioning (HVAC) | | |
| HVAC system that provides all-the- year-round cooling, heating and humidity control within individual premises. | HVAC system that provides cooling, heating and humidity control. | Heating, Ventilation and Air Conditioning systems. |
| | | |
| 1.3. HVAC capacities | | |
| Capacity to provide 24-hour and all-the-year-round cooling in server rooms. Temperature in office areas: 22 C0 ± 1 C0. Fresh air supply: 60 m3 per hour per 10 m2 of office rentable space, according to planned occupancy. | | |
| | | |
| 1.4. Modern fire security system | | |
| which includes fire detection, fire alarm and fire suppression. | | |
| | | |
| 1.5. Elevators | | |
| Modern high-quality speed elevators from major international brands. | Modern elevators for 4-storey buildings and higher. | |
| | | |
| 1.6. Maximum waiting time of elevators | | |
| No longer than 30 seconds. | | |
| | | |
| 1.7. Power supply | | |
| Two independent sources of power supply with automatic change-over or diesel generator power supply system as emergency backup (power supply should be a minimum 70 VA of the one-time electric load per 1 m2 effective office space), UPS for emergency systems. | | |
| | | |
| 1.8. Security system | | |
| Modern security and access control systems: CCTV at all entrance points, around the building, at parking areas, electronic card access, 24-hour security personnel. | Modern security and access control systems: CCTV at all entrance points, around the building, at parking areas, electronic card access, 24-hour security personnel. | CCTV at all entrance points, 24-hour security personnel. Access control. |
| | | |

| | | |
|---|---|---|
| 2. BUILDING STRUCTURE | | |
| 2.1. Clear ceiling height: min 2.7 m and over | | |
| 2.2. Layout | | |
| Open floor plates, efficient layout, supporting columns. Regular column grid: not less than 6×6. | Open floor plates, efficient layout, supporting columns. Regular column grid: not less than 6×6. | Open floor plates for the whole or more than 50% of office rentable area, efficient layout. |
| 2.3. Floor depth | | |
| Floor depth: not more than 20 m from window to window. Not more than 10 m from window to floor plate core and 12 m for buildings with non-regular forms and atriums. | | |
| 2.4. Loss factor | | |
| Building loss factor: not exceeding 12%. Areas are calculated according to BOMA standards. | | |
| 2.5. Load bearing capacity: not less than 400 kg/m2 | | |
| 2.6. Fit-out of common areas and facade finishing | | |
| High quality materials used in fit-out of common areas and facade finishing. | Quality materials used in fit-out of common areas and facade finishing. | |
| 2.7. Raised floors | | |
| Building is designed for full value raised floor installation. | Possibility to install raised floors. | |
| 2.8. Lighting & window grid | | |
| Modern high-quality windows providing sufficient natural lighting. | | |
| 3. LOCATION | | |
| 3.1. Location | | |
| Good building location, an absence of nearby objects that can have a negative impact on a building's image (e.g. functioning industrial buildings, dumps, etc.). | | |
| 3.2. Transport access | | |
| Location within not more than 15-minute walks from the nearest metro station or an adequately organized shuttle-bus service (waiting time of about 5–15 minutes during morning and evening peak traffic periods). | | |

| | | |
|---|---|---|
| 4. PARKING | | |
| 4.1. Parking type | | |
| Underground parking or covered multilevel parking. Surface guest parking. | Organized guarded parking. | |
| | | |
| 4.2. Parking ratio | | |
| - Within the Garden Ring: not less than 1 space per 100 m2 of leasable area (1/100). | | |
| | | |
| Between the Garden Ring and the Third Ring Road: not less than 1/80; | Between the Third Ring Road and MKAD: not less than 1/60; | Outside MKAD: 1/30–1/40 or more. |
| | | |
| 5. OWNERSHIP | | |
| 5.1. Single ownership (the building is not sold by floors or blocks to different owners)1 | | |
| | | |
| 6. PROPERTY MANAGEMENT & SERVICES FOR OCCUPIERS | | |
| 6.1. Property management | | |
| Professional property management company with not less than 5 buildings under management (not less than 5,000 m2 each) or with relevant international experience. | Property management company. | Organized property management. |
| | | |
| 6.2. Telecom providers | | |
| No exclusive telecom provider. Potential possibility to use services of two or more independent telecom providers. | | |
| | | |
| 6.3. Lobby | | |
| Efficiently organized reception area appropriate to building size, providing convenient access to the building. Well organized waiting zone. | | |
| | | |
| 6.4. Amenities | | |

| | | |
|---|---|---|
| Professionally organized staff cafeteria adequate to building size and population. At least two more amenities in the building (ATM, newsstand, dry-cleaning, shops, etc.). Infrastructure nearby should be considered. | Staff cafeteria and other amenities in the building (ATM, newsstand, dry- cleaning, shops, etc.). Infrastructure nearby should be considered. | |
| | | |
| 7. CERTIFICATION | | |
| 7.1. Certification according to one or more international environmental assessment methods for buildings (e.g. BREEAM or LEED) | | |
| | | |

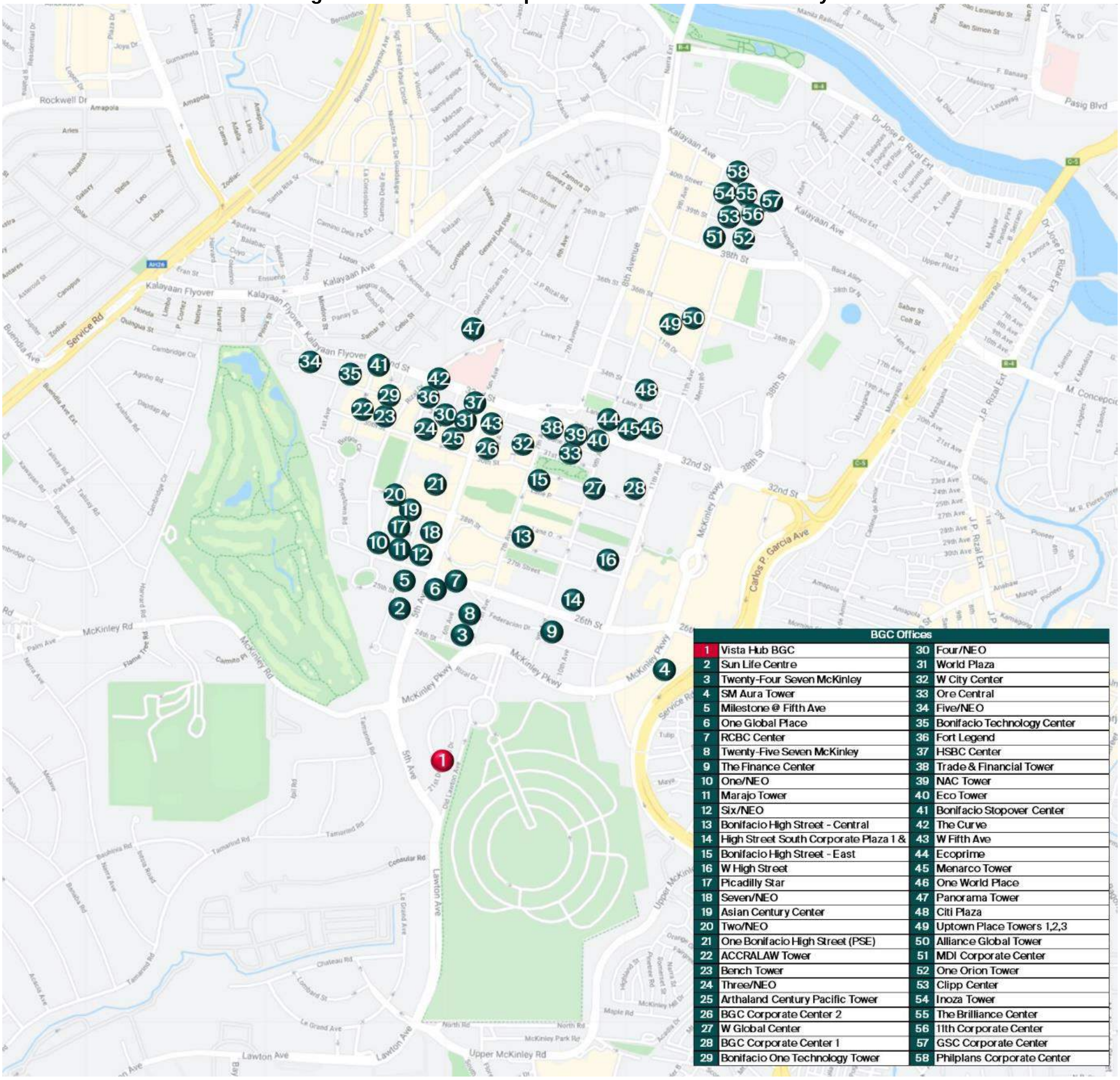
*Source: Moscow Research Forum*

### 6.1.2. BGC Office Supply

The trade area was defined by the 5-kilometer radius from the client's site – VistaHub BGC, located at 21st Drive at the southern portion of the trade area. Bonifacio Global City is the major commercial and lifestyle district in Metro Manila and in line with this, the trade area consists of 58 office developments which is considered as the largest in Metro Manila. There are 10 Prime Office Buildings identified within the trade area while the remaining 48 buildings are classified Grade A including VistaHub BGC.

Major office players and boutique developers were able to set foot in the country's premier business district. High concentration of office developments was observed in the central portion of the trade area, particularly along 32nd Street, which serves as the main thoroughfare of BGC and Bonifacio High Street – the main retail district of the trade area.

**Figure 98. Office Developments in Bonifacio Global City**



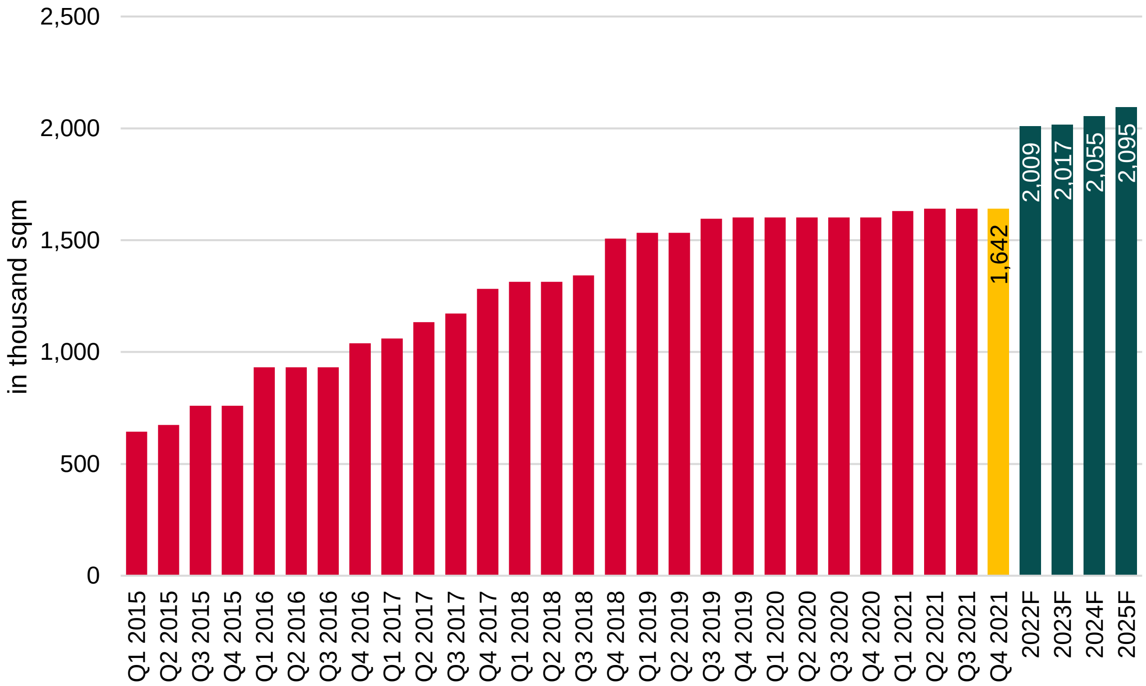

*Source: Santos Knight Frank Compass*

The BGC office market consists of 1.64 million square meters of office space – the most in Metro Manila. Consistent growth was observed in the trade area as investments poured in the country that resulted in the rise of the IT-BPO industry. Massive influx of office developments was observed from 2016 to 2018 due to upbeat economic growth that led to positive investor sentiments in the country. Developments were fast-tracked as the trade area rose to become a premier business district in the country, driven by high demand from local and multinational companies as they consider BGC as their primary business address.

The rapid growth of developments was halted on the onset of the global pandemic in 2020, resulting to the stagnation in the growth of the local office market. Market optimism was observed in 2021 due to the creation of vaccines and a more controlled pandemic situation in the country, causing the market to gradually reopen. With this, BGC office market grew further by 40,700 square meters by year end of 2021.

The office market of BGC is seen to grow further in the coming years as property developers remain bullish in its expansion as they capitalize the reopening of the global economy. BGC office market is seen to grow to 2 million square meters by year end of 2022, given that the economy continues to reopen depending on the pandemic situation in the country.

**Figure 99. BGC Historical Office Supply and Forecast**




*Source: Santos Knight Frank, Inc.*

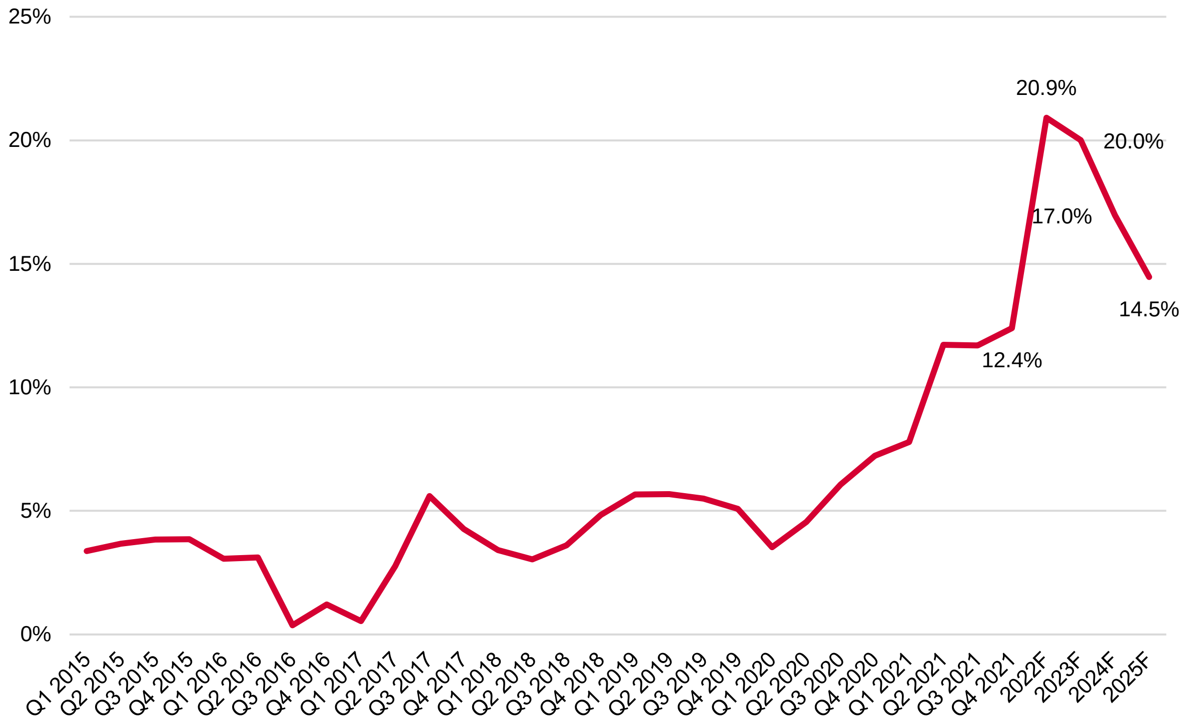
### 6.1.3. BGC Office Demand

Historically, the BGC office market has shown upbeat demand statistics as it recorded average vacancy rate of 3.6% from 2015 to 2019. Office spaces were quickly absorbed by the market due to pent-up demand driven by traditional and IT-BPO occupiers. Positive office demand momentum was sustained during the pre-pandemic periods due to lower cost of labor, lower rents in comparison to Asian neighbors, and highly-skilled workforce. BGC also became highly marketable as an ideal business destination as the district offers more modern and state-of-the-art office buildings.

Office demand in BGC gradually slowed down in 2020 as the global pandemic resulted in the decentralization of workplace. Companies opted for hybrid and remote work arrangements to ensure business continuity and employee safety. The average office vacancy rates in BGC from 2020 to 2021 went up to 8.1%. BGC office market closed the year 2021 with a vacancy rate of 12.4% as several occupiers reconsider their space requirements amidst the pandemic situation in the country. Despite the growth of office vacancy and decline in office net absorption, BGC still holds the lowest vacancy rates in Metro Manila, compared to its neighbors with average vacancy rates of 23%. Low vacancy levels in BGC compared to its peers was also derived from its internal regulations that prohibits the operation of POGO companies which safeguarded the district from the adverse effects of RA 11590 that led to the exit of the majority of POGO companies in the country.

The office demand outlook for BGC remains dependent on the pandemic situation of the country. Office vacancies were seen to grow further in the short term, driven by the influx of office supply once the offices in the local pipeline are completed. However, positive demand prospects in BGC were seen in the medium to long term as office occupiers will slowly implement return-to-work initiatives, given the pandemic situation in the country further improve.

**Figure 100. BGC Historical Office Vacancy and Forecast**




*Source: Santos Knight Frank, Inc.*

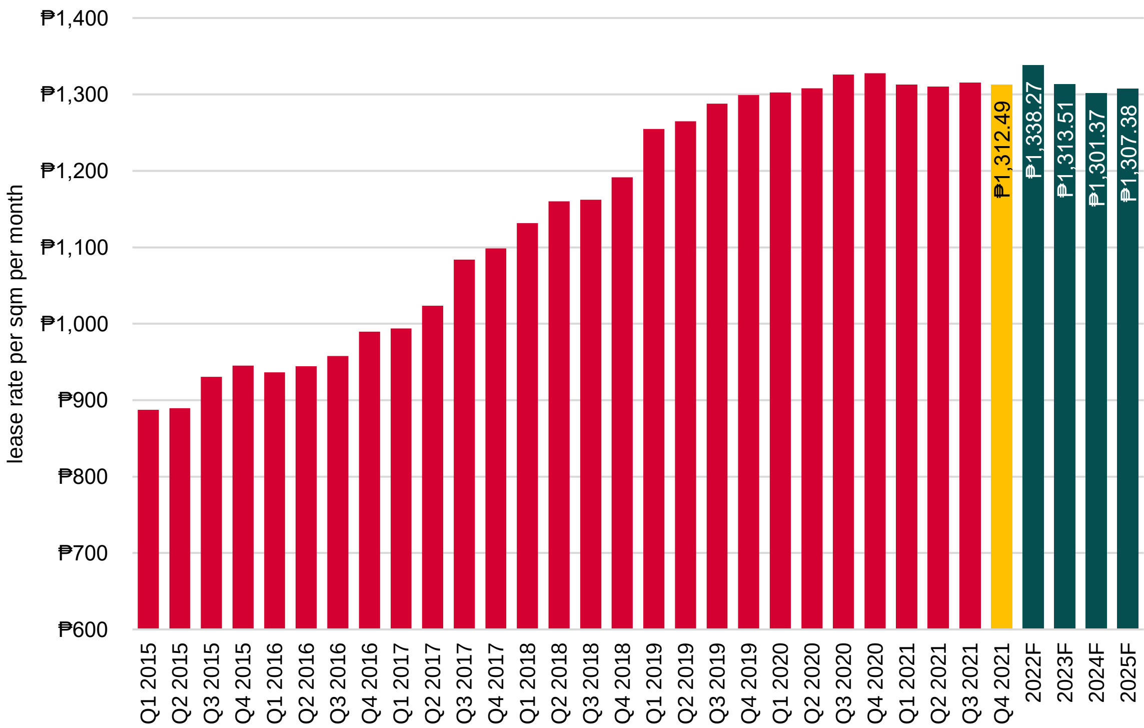
### 6.1.4. BGC Office Lease Rates

BGC is considered as one the most valuable office markets in the country. The positive demand momentum in the area during the pre-pandemic periods pushed the average office lease rates at par with Makati. Average lease rates in BGC from 2015 to 2019 was recorded at PhP1,071.7 per square meter per month. The modern master planned estate of BGC combined with state-of-the-art office spaces offered by each office development, developers and landlords were able to command higher lease rates in comparison to other business districts.

Minimal movements were seen in the BGC office market on the onset of the global pandemic. Amidst the market downturn, BGC remained resilient as office lease rates in the area was still pushed to PhP1,312.5 per square meter per month by year end 2021. However, the growth of lease rates slowed down in the area as locators reconsidered their space requirements as many have backed out over the year.

Office lease rates in BGC is still seen to grow further in the short term which will be driven by the influx of newer developments in the pipeline. However, tight competition among various office developments may stabilize and ease the average lease rates in the area as landlords and developers vie for potential locators.

**Figure 101. BGC Historical Office Lease Rates and Forecast**




*Source: Santos Knight Frank, Inc.*

### 6.2. BGC Upcoming Office Supply

The easing of quarantine restrictions during the last quarter of 2021 has allowed some of the country's industries to start recovering from their impeded operations in the previous quarter. Notably, private and public construction projects were already allowed to resume their operations by strictly observing the health and safety guidelines. Approximately 551,000 square meters of office spaces are scheduled to be completed in BGC within the next five (5) years, in which 204,660 sqm from this are expected to become operational by end of the year.

**Table 28. List of Upcoming Office Projects in BGC**

| Project Name | Grade | GLA | Completion | | Certification |
|---|---|---|---|---|---|
| | | | Period | Year | |
| **Worldwide Plaza** | Prime | 70,000.00 | Q1 | 2022 | LEED |
| **International Finance Center** | A | 69,200.00 | Q3 | 2022 | LEED |
| **Two McWest** | A | 54,482.48 | Q3 | 2023 | None |
| **Park Triangle Towers** | A | 38,875.00 | Q1 | 2022 | LEED |
| **Park Triangle Corporate Plaza** | A | 42,873.65 | Q1 | 2022 | LEED |
| **Park Triangle Corporate Center** | A | 39,234.00 | Q1 | 2022 | LEED |
| **World Commerce Place** | A | 134,662.52 | Q1 | 2022 | LEED |
| **Bench City Center** | A | 40,532.33 | Q4 | 2025 | None |
| **Sennett Corporate Center** | A | 11,245.74 | Q2 | 2022 | None |
| **Pioneer House BGC** | A | 37,591.87 | Q4 | 2024 | LEED |
| **MJ Tower** | A | 8,321.29 | Q4 | 2023 | LEED |

*Source: Santos Knight Frank, Inc.*

### 6.3. Cavite – Alabang Office Market

Bacoor, Cavite is a first-class city in the province of Cavite and is considered as one of the most progressive in the area. Geographically, the city of Bacoor is the second largest in Cavite and also the nearest to Metro Manila, bordering the cities of Las Piñas and Muntinlupa.

The city of Bacoor progressed over the years as it served as a catch basin of development spillovers from Metro Manila. The innate accessibility of the city to the nation's economic center and relatively lower property values driven its progression throughout the years. The gentrification of Bacoor resulted in the conversion of agricultural farmlands into suburban communities and commercial developments.

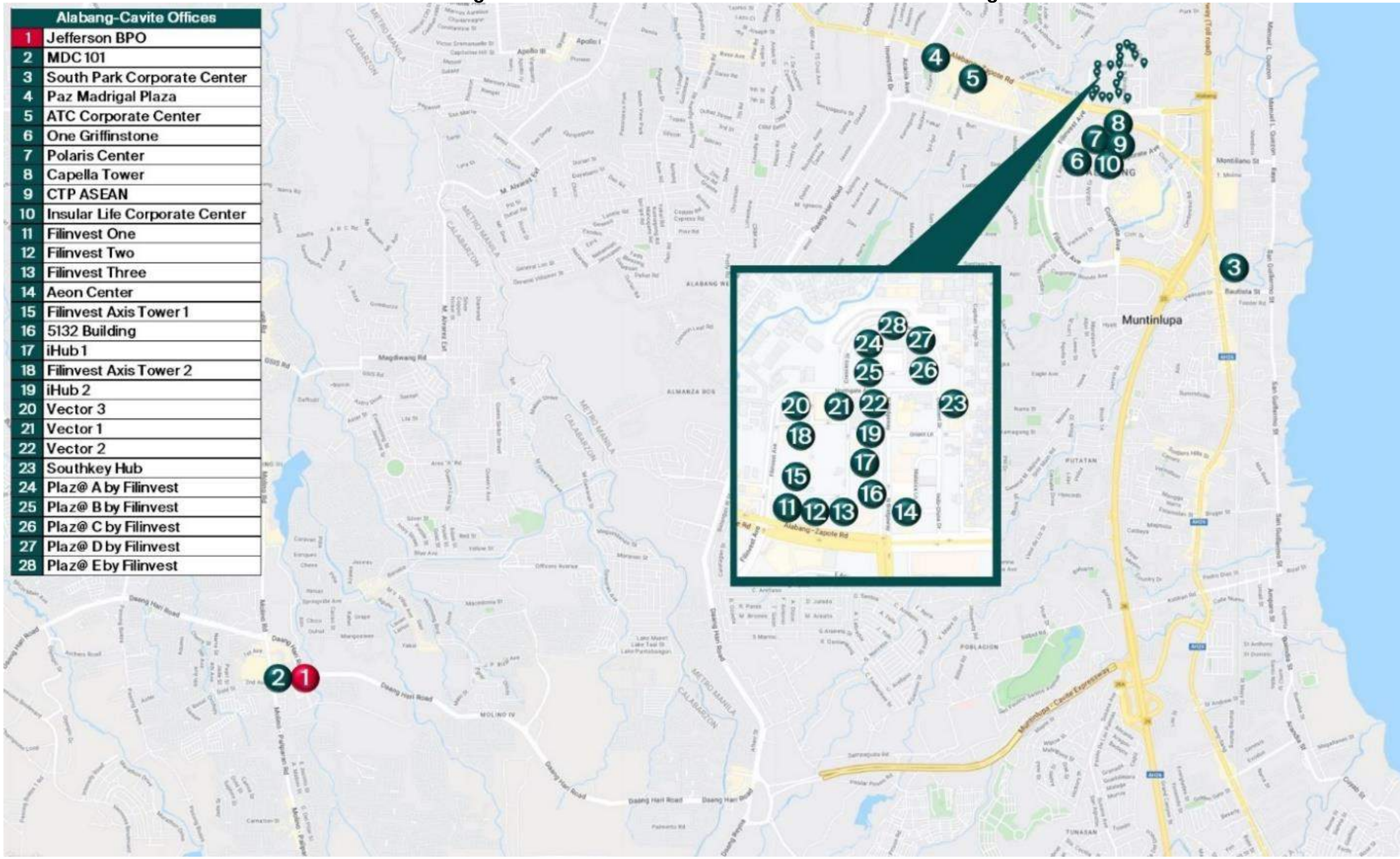
Alabang is the primary business district at the south of Metro Manila. This business district is a barangay in Muntinlupa which was once a farming district turned into a major commercial center. Developments of high-end large-scale commercial projects changed the landscape of the district which currently houses premier residential estates, large-scale malls, and office buildings catered towards IT-BPO companies.

Filinvest is the major property developer holding the most stake in Alabang through the creation of Filinvest Spectrum business district and the IT-BPO hub Northgate Cyberzone. On the other hand, Ayala Land established its own Ayala Alabang district at the west of Filinvest City that covers Madrigal Business Park, Alabang Town Center, and its own residential estate called Ayala Alabang Village.

#### 6.3.1. Cavite – Alabang Office Supply

In the case of Cavite-Alabang office market, the trade area was originally defined within the 5-kilometer radius of VistaHub Molino. As observed, the office market in Cavite only consists of two (2) developments namely MDC 101 by Masaito Development Corporation and VistaHub Molino by Vista Land. With the lack of commercial developments in Bacoor as the area is predominantly a suburban area, the trade area was pushed further to Alabang which is considered as the nearest business district from VistaHub Molino. Upon observation, there are 26 office developments in Alabang, highly concentrated in the Northgate Cyberzone and Filinvest City.

**Figure 102. Distribution of Offices in Cavite and Alabang**



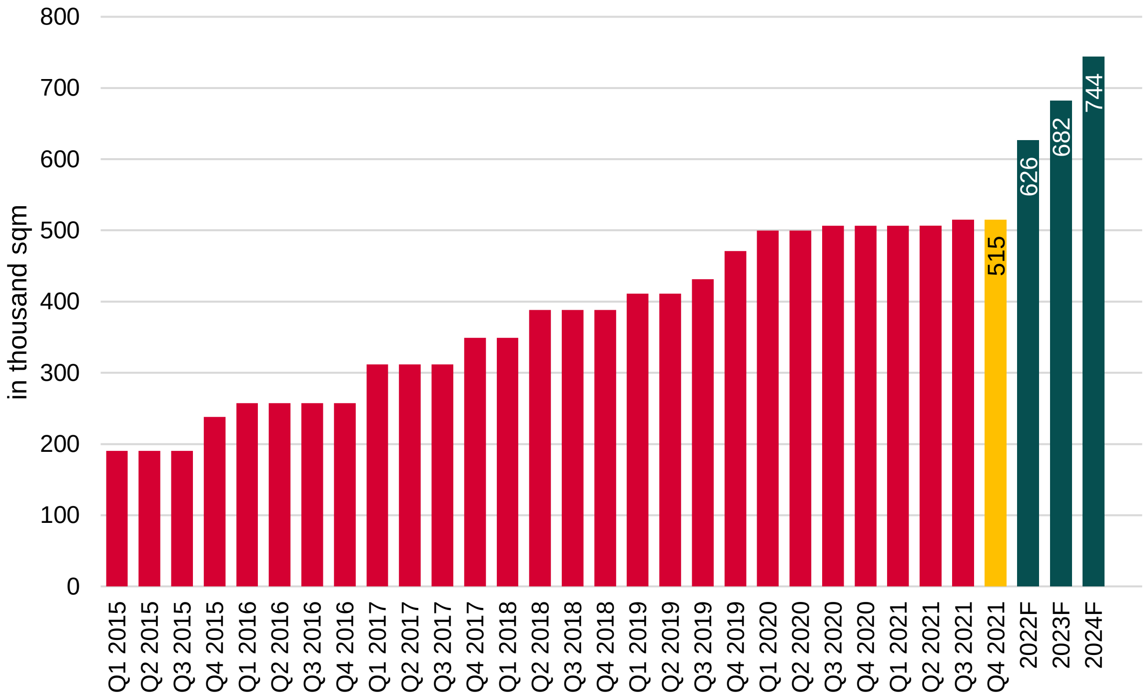

*Source: Santos Knight Frank, Inc.*

Bacoor is an emerging city in southern Luzon. With developments mainly composed of residential properties, Bacoor is also a hub for retail and commercial developments with high concentration along Molino Road. The development of VistaHub Molino is considered as the pioneer office development in Bacoor as part of Vista Land's commercial complex development, Vista Mall Daang Hari or SOMO - A Vista Mall. As of 2021, there are 28,700 square meters of office space in the trade area of Bacoor, consisting of two (2) office developments.

Alabang business district is the major business hub in the south of Metro Manila. The trade area is composed of 486,000 square meters which are highly concentrated within Northgate Cyberzone, Alabang-Zapote Road corridor, and Filinvest City. Alabang holds the major stake in the trade area due to being the pioneer developer in Alabang. Currently, Alabang is seen as an emerging business district in Metro Manila, which is seen to grow further in the coming years driven by the accessibility improvements to the business district.

The combined office supply of Bacoor and Cavite office market stands at 515,000 square meters. It is observed to be the least in Metro Manila as both areas are predominantly focused on residential and retail developments. The on-going initiative of the National Government to improve infrastructure developments to Southern Luzon is seen to propel the office supply in both trade areas to as much as 744,000 square meters by 2024.

**Figure 103. Historical Office Supply in Alabang**




*Source: Santos Knight Frank, Inc.*

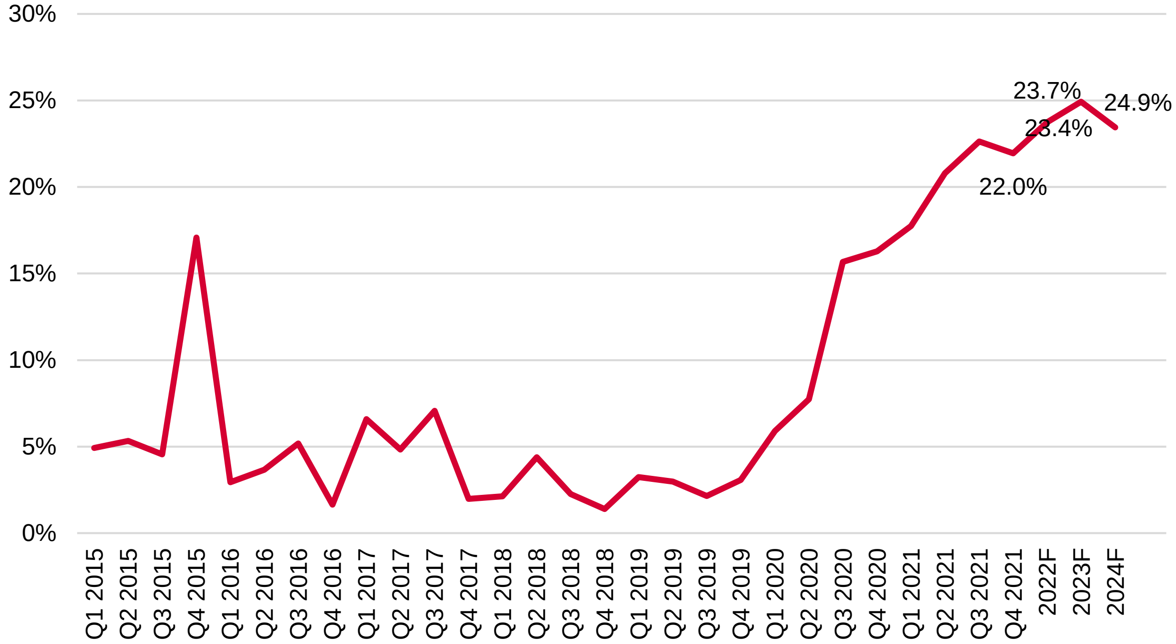
### 6.3.2. Cavite-Alabang Office Demand

The Bacoor office market rose to the market in 2020 which quickly faced headwinds due to the onset of the global pandemic that resulted in high office vacancy rates. However, office spaces in the trade area were quickly absorbed as the market reopened later in 2020. Office spaces in Bacoor were quickly absorbed by IT-BPO companies which significantly took up the majority of office spaces for both VistaHub Molino and MDC 101. Currently, VistaHub Molino enjoys full occupancy as it was completely occupied by IT-BPO company, Teleperformance. Meanwhile, MDC 101 is currently at 50% occupancy as half of the office inventory of the said building was occupied by an IT-BPO company as well.

Alabang office market showcased fairly upbeat office demand statistics from 2015 to 2019 at an average of 4.7%. Office locators capitalized the relatively lower and competitive lease rates in the area which driven its vacancy rates at low levels. The adverse effects of the global pandemic in 2020 significantly increased the vacancy levels in Alabang at an average of 16.1% from 2020 to 2021 due to the decentralization of the workplace that enabled companies to impose hybrid and remote work arrangements. By yearend of 2021, vacancy levels in Alabang were recorded at 20.32%, driven by the continued lease cancellations from potential and existing locators.

Overall office demand in Bacoor-Alabang area stands at 22% vacancy rate as of yearend 2021. Vacancy rates are seen to propel further in the coming years driven by the potential completion of offices in the pipeline in the coming years. Vacancies were seen to surge further by as much as 25% but are seen to ease in the long term as long the pandemic situation in the country improves.

**Figure 104. Cavite-Alabang Historical Office Vacancy Rates and Forecast**



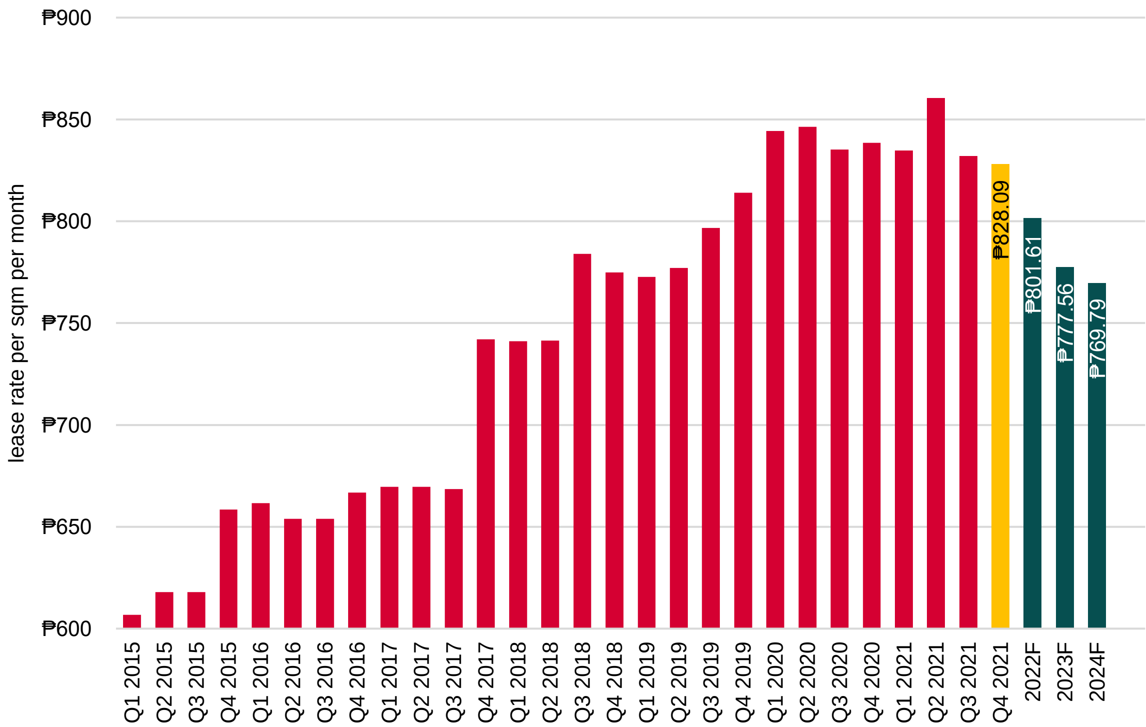

*Source: Santos Knight Frank, Inc.*

### 6.3.3. Cavite-Alabang Office Lease Rates

Office lease rates in Bacoor is recorded at PhP646.30 per square meter per month which is significantly lower in comparison to Alabang. Lease rate levels in Bacoor is fared lower due to the lack of significant office developments in the area, in comparison to other prime business districts.

Meanwhile, office lease rates in Alabang averaged at PhP704.50 per square meter per month during the pre-pandemic periods of 2015 to 2019. Office rents in Alabang is considered as one of the lowest in Metro Manila. Lower lease rates in Alabang were due to its far proximity to other prime areas of Metro Manila. In addition, this is also a way for office developers and landlords to market their office assets as the primary choice of most potential locators are Makati, BGC, and Ortigas.

**Figure 105. Cavite-Alabang Historical Office Lease Rates and Forecast**




*Source: Santos Knight Frank, Inc.*

Minimal downward movements in office rents were observed in Alabang due to the abundance of available office spaces in the area, pushed by the remote work arrangements of most companies during the pandemic. However, average office rents in Alabang averaged higher at PhP840 per square meter per month as rental values of some offices vacated by long-term tenants were updated to current values.

The overall average office lease rates in Bacoor-Alabang were recorded at PhP828.10 per square meter per month as of yearend 2021. Office rents in the trade area are seen to ease further in the coming years due to the wide availability of office spaces, caused by new additions in the overall supply. The easing of rents was seen as a way for office landlords to market their properties towards prospective tenants.

### 6.3.4. Cavite-Alabang Upcoming Office Supply

In succeeding years, office activity within Cavite-Alabang is seen to pick up with its upcoming developments due to the improvement in the accessibility and connectivity from the completed and ongoing infrastructure projects. Several property players are still keen on pushing through with their office developments in the pipeline. At present, more than 228,300 sqm of upcoming office supply is anticipated to become operational within next five (5) years. This figure might further be augmented as investment appetite recovers from the pandemic.

**Table 29. List of Upcoming Office Projects in Cavite-Alabang**

| Project Name | Grade | GLA | Completion | | Certification |
|---|---|---|---|---|---|
| | | | Period | Year | |
| **Filinvest Axis Tower** | A | 39,340.45 | Q3 | 2022 | LEED |
| **Filinvest Axis Tower 4** | A | 39,340.45 | Q2 | 2022 | LEED |
| **Bloc 50 Tower 1** | A | 39,600.00 | Q4 | 2023 | None |
| **Bloc 50 Tower 2** | A | 61,875.00 | Q1 | 2022 | None |
| **Frabelle South Tower** | A | 27,367.73 | Q2 | 2022 | LEED |
| **One Atrium Tower** | A | 39,234.00 | Q2 | 2022 | LEED |
| **1210 Accacia** | A | 5,351.81 | Q2 | 2022 | LEED |

*Source: Santos Knight Frank, Inc.*

## 6.4. COVID-19 Effect on Office Market

The office market has been severely affected during the start of the COVID-19 pandemic. With the implementation of quarantine protocols, occupiers were forced to do Work from Home arrangements which have led to the underutilization of their offices. Landlords quickly pivoted to retain most of their tenants by offering rental abatements during the lockdown period.

However, months into the pandemic, pre-terminations and non-renewals were exhibited across the different office buildings. Landlords were pressured to offer more concessions to existing and prospective locators. Apart from driving down their rents, non-escalating contracts were even transacted. Furthermore, new tenants were offered longer rent-free periods as office landlords strived to curb their rising vacancies.

The adverse effect of pandemic still expected to dominate up until the business climate officially recovers. The fast-growing vacancy levels will continue to outweigh the current office stocks in the pipeline but once the accessible medical solution has been produced the demand for office spaces will remain an eye for potential tenants, most especially in business districts like Fort Bonifacio, which already has an established competent business environment compared to other expanding business areas.

The COVID-19 pandemic will result in some fundamental changes that will lead to some adjustment on how office spaces will be designed and operated. As the threat of the virus looms over the workplace, property owners and locators are tasked to enhance and innovate their office spaces that will fit the new normal scheme and will also improve the overall safety of their tenants and employees.

Due to government restrictions, companies were forced to implement work-from-home (WFH) and skeletal workforce schemes as part of their Business Continuity Plan (BCP). This is to ensure the safety of its employees and to secure the company's assets while continuing business operations. The global health crisis has also become an experiment to test if WFH set up is just as effective as working in the office. It is possible that WFH may continue even after the threat of COVID-19 has been eradicated.

The behavioral effect of the pandemic will force changes in the workplace environment. First, workplace density will become smaller. The events have shown that areas with a high density of people are more prone to the virus spreading rapidly. Limiting the number of people in the workplace on any day will be the standard. To do this, companies should implement a flexible work model wherein a smaller percentage of employees will be working onsite while the rest will be working remotely. Rotational schedules may be put in place to allow each employee to have access to the workplace when needed. Moreover, with lessened workplace density, the space allocation per employee will increase as workstations will be set further apart to maintain proper social distancing. Companies will be prioritizing the health and well-being of the employees and this will result into workplaces providing remote/solo-oriented type of work space as well as creating facilities that encourage responsible collaboration in the workplace.

After months of working from home arrangement, majority of the occupiers are expecting a healthy and free-environment once the business restrictions further ease and stabilize again. For some businesses in the property sector, an indoor environmental quality (IEQ) should be a priority for every office space. IEQ refers to the quality of a working, living, or learning environment in relation to the health and well-being of people. Clean indoor air, thermal comfort, good illuminance including daylighting, acoustics, non-toxic materials, and ergonomic furniture are some of the factors that influence IEQ and, therefore, our health.

Other health and wellness-related office trends that are expected to emerge are as follows:

| | |
|---|---|
| **"Green" and "WELL" buildings are now a "must-have" from previously "nice-to-have" and will gain competitive advantage against non-green buildings.** | - Upgrade in taking employee health and safety will be taken seriously and shall be top priority |
| | - Green and WELL buildings offer better air circulation for overall air quality through state-of-the-art air filtration and ventilation systems that have the capability to safeguard their tenants against airborne particles and microbes |
| | - Requirement for LEED and WELL buildings will arise |
| **High-quality professional Property Management (PM) and Facilities Management (FM) are now a "must-have" from previously "nice-to-have".** | - Professional PM and FM services will be more utilized as there will be a greater emphasis on sanitation protocols as a preventive measure of COVID-19. |
| | - Aside from that, LGU/IATF guidelines requires a lower density in office spaces. It is anticipated that it will continue to become a long-term requirement as most occupiers are keen in maintaining the health and safety guidelines to mitigate the spread of virus in workplace. Providing sanitizers in corridors, conference areas, elevators, stairways and areas where workers pass and practice physical distancing of 1-meter radius space between workers is necessary. |

| | |
|---|---|
| **Greater utilization of technology to protect occupiers from the health crisis.** | - Modern technology will be utilized as a means to mitigate the threats of COVID-19. The use of Artificial Intelligence (AI), drones, and sensors will be used to track new virus cases in a certain location, cleaning, and further sanitation. |
| **Demand for office space will increase for certain industries that cannot adapt to the work-from-home scheme due to social distancing mandate and slow internet connectivity.** | - Businesses who opt to let 100% of their workforce go back to the office will need to expand their office space in compliance to physical distancing measures. As for the BPO industry, 58% of their staff operated work from home or paid by hotels during ECQ while 15% of their staffs are in a skeletal workforce in the office. |
| | - During lockdowns, it was observed that working from home is not a viable long-term option for certain industries like, call centers and BPOs. According to the data 47,000 employees in the country, which is also about 14% of the workforce have been experiencing an unreliable internet connections and unstable electricity supplies. Besides, working in the office provides better internet bandwidth and better conducive work environment like air-conditioning and the internet connection is more protected plus the online environment is more secured. |
| **Co-working spaces can be repurposed into flexible workspaces.** | - Reconfiguration of co-working spaces into flexible workspaces to cater to potential tenants looking for immediate office spaces. |
| | - Retrofitting of office spaces to address increased concerns for sanitation and hygiene |

In terms of the occupier groups, the tightened regulations concerning the operations of POGOs have been detrimental to the operations of office buildings, especially those located in the Bay Area. A bright prospect, however, would be the possible lifting of the PEZA moratorium that was imposed during this political administration. If the newer building that used to cater POGOs are allowed to be PEZA certified, numerous office locators may be swayed to relocate in these buildings from more expensive areas such as Makati CBD and Fort Bonifacio as they vie to minimize costs. Hence, this might also contribute to the expected heightened vacancies on both business districts.

However, it should still be noted that apart from BPOs, Corporate HQs particularly flock the office market of Makati CBD and Fort Bonifacio. In fact, in BGC, vacancy rates in Prime Offices are more stable as the tenants in the building are less likely cost-sensitive outsourcing firms. As such, despite the possibility of escalating vacancies in the business district, higher-quality office buildings are expected to be less sensitive towards the said market trend.

### 6.5. Office Outlook

CBDs would still experience space surplus due to the mass exodus of tenants experienced on the onset of the pandemic. Yet, there are still several buildings that have operated steadily and have retained their occupiers despite the pandemic. This client retention will serve as a boon especially as the market is expected to exhibit a cutthroat competition among those projects that have substantial vacant spaces. Buildings priced at lower rates shall also benefit from tenants that are doing cost-cutting measures to recover from the pandemic.

The remote work setup would also be an advantage to offices in the provinces as companies might be inclined to set up remote office that can service their employees. Apart from setting up satellite offices, additional sites in the provinces can be beneficial for business continuity protocols of various tenants. Dispersing their operations across different areas can be one medium in future-proofing their business model, especially after experiencing the onslaught of the COVID-19 pandemic.

Features that will promote and safe guard the health and wellness of its occupants will become the standard of future office building developments. This has become one of the criteria adopted by a number of office occupiers in selecting the office that they intend to occupy. The pandemic has raised the level of awareness and concern for the health and wellness of each individual. This has resulted in a change of lifestyle and habits wherein people have become more conscious about sanitation, personal hygiene and ways to improve environmental quality. Some of the older buildings will have to undergo some retro fitting to be able to address these concerns and remain competitive in the market.

# 7. PORTFOLIO ANALYSIS

## 7.1. Retail Assets

### 7.1.1. Vista Mall Las Piñas and Starmall Las Piñas - Annex

#### 7.1.1.1. Property Description

Vista Mall Las Piñas is comprised of 4-storey of retail, food service and entertainment outlets, with approximately 1,000 square meters of office space located on the second floor. This development was established 1979 and was most recently renovated in 2011. It is located along Pamplona Dos, concentrated within Alabang-Zapote Road.

#### 7.1.1.2. Vicinity Profile

| Point of Interest | Classification | Distance (Km) |
|---|---|---|
| Philamlife Village | Residential | 0 |
| SM Center Las Piñas | Retail | 0.3 |
| Parama Residences | Residential | 0.5 |
| Torre Sur | Residential | 0.65 |
| Villa Feliza Subdivision Homes | Residential | 0.65 |
| University of Perpetual Help System-DALTA | Institutional | 1 |
| Royal Palm Villa | Residential | 1 |
| Maricielo Villas by DMCI Homes | Residential | 2.1 |
| Robinsons Place Las Piñas | Retail | 2.3 |
| Hermosa By Crown Asia | Residential | 2.6 |
| Sonora Garden Residences | Residential | 2.8 |
| Twin Residences | Residential | 3 |
| Paseo Verde at Real | Residential | 3.1 |
| Camella Townhomes Las Piñas | Residential | 3.3 |
| BF Homes Las Piñas | Residential | 3.8 |
| SMDC South Residences | Residential | 4.3 |

### 7.1.1.3. Competitors

*Vista Mall Las Piñas*


*Starmall Las Piñas - Annex*



| | | | |
|---|---|---|---|
| **Project Name** | **Vista Mall Las Piñas and Starmall Las Piñas – Annex** | **SM Center Las Piñas** | **The Village Square** |
| **Location** | Pamplona Dos & Tres | Alabang Zapote Road | Alabang Zapote Road |
| **Date Established** | 1979 (Annex);<br>1982 (Main) | 2009 | 2018 |
| **GLA** | 6,227.53 sqm (Annex);<br>20,605.02 sqm (Main) | 27,808.90 sqm | 12,422.00 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP350.68 (Annex);<br>PhP452.17 (Main) | PhP1,000 – PhP1,200 | PhP800 – PhP1,200 |
| **Vacancy** | 530.00 sqm (Annex);<br>2,305.70 sqm (Main) | 263.90 sqm | 642.13 sqm |
| **Occupancy Rate** | 91.49% (Annex);<br>88.81% (Main) | 99.05% | 94.83% |
| **Major Tenants** | **Starmall Las Piñas – Annex**<br><u>Essentials:</u><br>AllDay Supermarket, Quick Fix by AllHome, Chowking, Mang Inasal, Goldilocks<br><u>Non-Essentials:</u><br>MGS Corporation<br><br>**Vista Mall Las Piñas**<br><u>Essentials:</u><br>AllDay Convenience Store & Supermarket, AllHome, AllBank, | <u>Essentials:</u><br>SM Hypermarket, Watsons, Ace Hardware, 2Go Express, LBC, Jollibee, Goldilocks,<br><br><u>Non-Essentials:</u><br>Smart Communications, Toms World, National Bookstore, Samsung, NBI, Office Warehouse | <u>Essentials:</u><br>SM Hypermarket, Giligan's, Max's, Bonchon, Starbucks<br><u>Non-Essentials:</u><br>Green House, DOT Zero Salon |

| | | | |
|---|---|---|---|
| | Watsons, LBC Express, Security Bank,<br>Coffee Project, Bake My Day, Tokyo Tokyo, Pancake House, Gastroville, Giligan's, Potato Corner<br>Non-Essentials:<br>Finds, Vista Cinemas, Xiaomi, Japan Home Center | | |

### 7.1.1.4. Potential Market Size

Using the Retail Sales Potential Model (RSPM), three (3) catchment areas were identified namely Primary, Secondary and Tertiary Markets. This is estimated based on the vehicular distance travelled away from the property at pre-determined time intervals (i.e. 10, 15 and 20 minutes). The catchment areas were based on their accessibility to the site through the established road networks. The households situated within the said catchment areas are recognized to be the potential market of the proposed retail development. As such, the possible revenues that will be generated by the establishments in the retail project will be dependent on the average family expenditures of the households in these areas.

The operations of Vista Mall Las Piñas and Starmall Las Piñas - Annex have also been weighed down by the heavy traffic congestion along Alabang-Zapote Road. Though the said thoroughfare has provided the project with bolstered accessibility and visibility, it has also narrowed down the potential catchment area that the project can cater to. Hence, the identified areas were only limited to the barangays of Las Piñas and northeastern Bacoor.

**Figure 106. Catchment Area for Vista Mall Las Piñas and Starmall Annex - Las Piñas**


*Source: Santos Knight Frank, Inc.*

Even with the limited area, Las Piñas City has been considered as a suburban center of Metro Manila with numerous affluent households. Hence, its lower household size was compensated by the greater spending capacity. In particular, it is estimated that the project can tap about PhP17 billion from the retail and supermarket spending of the households within the determined catchment areas by 2025.

**Table 30. Retail Sales Potential for Las Piñas**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 27,679 | PhP 6,368,122,090.87 |
| B | 70,503 | PhP 7,609,707,856.77 |
| C | 76,642 | PhP 3,096,293,921.26 |
| **TOTAL** | **174,824** | **PhP 17,074,123,868.90** |

*Source: Santos Knight Frank, Inc.*

## 7.1.2. Vista Mall General Trias

### 7.1.2.1. Property Description

Vista Mall General Trias is a 2-storey commercial building established in 2018. It sits on 39-hectares of land located along Arnaldo Highway, General Trias. It is surrounded by Camella communities – Camella General Trias and Camella Vita which are also Vista Land Developments. This provides a captured market for the retail mall.

### 7.1.2.1.1. Vicinity Profile

| Point of Interest | Classification | Distance (km) |
|---|---|---|
| Le Rica Homes | Residential | 0.45 |
| Sunny Brooke | Residential | 1 |
| Camella Gen. Tri. | Residential | 0.35 |
| Camella Tierra Nava | Residential | 1.1 |
| Bella Vista | Residential | 1.4 |
| LPU Cavite | Institutional | 4.8 |
| First Cavite Industrial Estate | Industrial | 4.9 |
| Waltermart Gen. Trias | Retail | 5.7 |
| Gen. Tri Medical Center | Institutional | 6 |
| Lancaster New City | Township | 6.6 |
| Robinsons Dasmariñas | Retail | 7.7 |
| Maple Grove | Township | 9.9 |
| Robinsons Gen. Trias | Retail | 10.4 |
| Vermosa | Township | 11.9 |
| Cavite Economic Zone | Industrial | 14.4 |

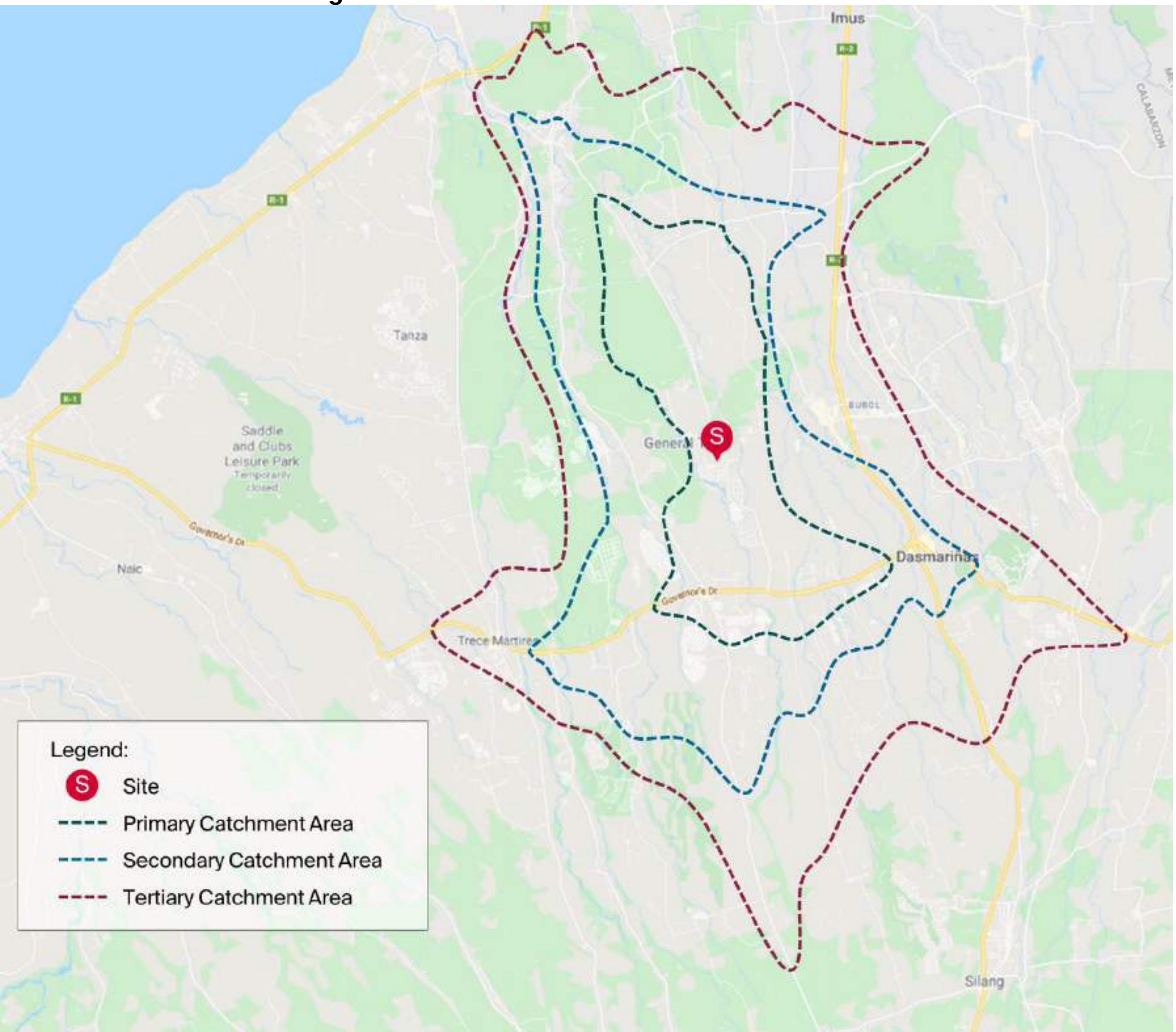
### 7.1.2.2. Competitors

| |  |  |
|---|---|---|
| **Project Name** | **Vista Mall Gen. Trias** | **Waltermart Gen. Trias** |
| **Location** | Arnaldo Highway | Governor's Drive |
| **Date Established** | 2018 | - |
| **GLA** | 26,638.45 sqm | 9,713.00 |
| **Lease Rate (PhP/sqm/month)** | PhP267.91 | PhP750 – PhP950 |
| **Vacancy** | 2,954.15 sqm | - |
| **Occupancy Rate** | 88.91% | 99.59% |
| **Major Tenants** | Essentials:<br>AllDay Supermarket, AllHome, Coffee Project, Giligan's Restaurant, Gong Cha, Infinitea, El Bonito's<br>Non-Essentials:<br>Finds, Vista Cinemas, Anytime Fitness, Kinder City, Nailandia | Essentials:<br>Waltermart Supermarket,<br>South Drug Store, Watsons, Handyman, Jollibee, Chowking, SM Business Services, Western Union, Bayad Center<br>Non-Essentials:<br>Homeplus, Abensons, Bench, RRJ, Funhouse, Globe Telecom |

### 7.1.2.3. Potential Market Size

Vista Mall General Trias sits within a secondary road which experiences lower vehicular traffic than its counterparts along major thoroughfares. As lower levels of public transportation plies along Arnaldo Highway, coupled with the traffic congestions going to Centennial Highway and Governors' Drive and presence of numerous creeks in the locality, the potential catchment areas of the project were mostly limited to the barangays of General Trias. Though the tertiary catchment area was able to extend to the boundaries of Imus, Dasmariñas and Trece Martires.

**Figure 107. Catchment Area for General Trias**




*Source: Santos Knight Frank, Inc.*

The high density of residential subdivisions along Arnaldo Highway was able to compensate for the limitation in the extent of the catchment area. These would serve as the captive target market for Vista Mall General Trias. Furthermore, numerous residential projects are still sprouting within the vicinity, signifying a growing consumer base. Accounting for these factors, then the accumulated spending capacity of the project's potential market can reach as high as PhP18.0 billion by 2025.

**Table 31. Retail Sales Potential for General Trias**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 52,338 | PhP 9,036,688,128.80 |
| B | 84,866 | PhP 6,691,309,200.19 |
| C | 101,027 | PhP 2,328,167,265.78 |
| **TOTAL** | **238,231** | **PhP 18,056,164,594.77** |

*Source: Santos Knight Frank, Inc.*

### 7.1.3. Vista Mall Tanza

#### 7.1.3.1. Property Description

Vista Mall Tanza is a 2-storey commercial building established in 2018. It is located along the stretch of Tanza-Trece Martires road in Tanza Cavite. It sits on a 3-hectare property at the forefront of the Camella communities in Tanza.

#### 7.1.3.2. Vicinity Profile

| Point of Interest | Classification | Distance (km) |
|---|---|---|
| Prima Tanza | Residential | 0.55 |
| Camella Tanza | Residential | 1.2 |
| Tanza Garden Villas | Residential | 1.5 |
| Belvedere Subd. | Residential | 2.5 |
| Belmont Hills | Residential | 3.4 |
| MetroGate Trece Martires | Res. Estate | 3.9 |
| Anyana Bel-Air | Res. Estate | 4.1 |
| SM Trece Martires | Retail | 7.1 |
| Cavite Provincial Capitol | Government | 7.2 |
| Trece Martires City Hall | Government | 7.2 |
| Robinsons Gen. Trias | Retail | 7.2 |
| Waltermart Trece Martires | Retail | 7.2 |
| Suntrust Ecotown | Industrial | 8.9 |
| Arden Botanical Estate | Township | 12.3 |

### 7.1.3.3. Competitors

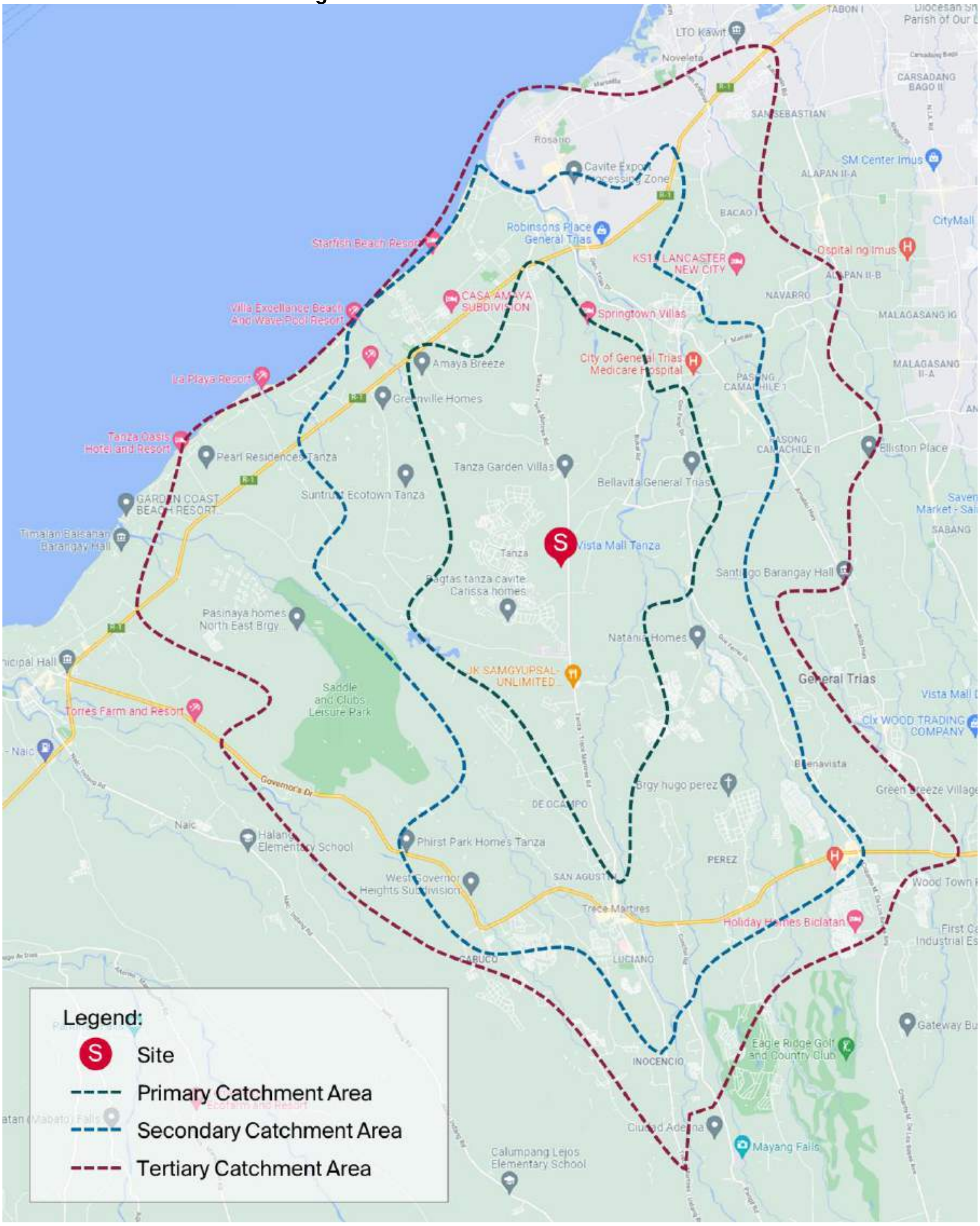


| **Project Name** | **Vista Mall Tanza** | **Walter Mart Trece Martires** |
|---|---|---|
| **Location** | Tanza – Trece Martires Road | Governor's Drive |
| **Date Established** | 2018 | 2012 |
| **GLA** | 25,012.82 sqm | 8,983 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP256.84 | PhP450 – PhP650 |
| **Vacancy** | 3,231.68 sqm | 160.00 sqm |
| **Occupancy Rate** | 87.08% | 98.22% |
| **Major Tenants** | Essentials: AllDay Supermarket, AllHome, AllBank, Coffee Project, Paluto, Jollibee, Giligan's, Gong Cha Non-Essentials: AllSports, AllToys, Vista Cinemas, Kinder City, Glam & Glow | Essentials: Waltermart Supermarket, Jollibee, Chowking, Greenwich, Mercury Drug, Chinabank, Razon's, Western Union, Handyman Non-Essentials: Abensons, Japan Home Center, David's Salon, Tumbleworld |

### 7.1.3.4. Potential Market Size

Vista Mall Tanza is also situated along a secondary road that experiences low levels of mass public transportation. Though tricycles and jeepneys are have become the main public transportation model in the area. Furthermore, numerous linkages are present, connecting Tanza-Trece Martires Road to Governor Ferrer Drive. This has bolstered the potential catchment area of the mall, extending to the localities of Noveleta, Naic, and Trece Martires.

**Figure 108. Catchment Area for Tanza**




*Source: Santos Knight Frank, Inc.*

In spite commanding a greater catchment area, it should also be noted that a significant size of land within the localities of Tanza, Naic, and Trece Martires remains undeveloped. Hence, the consumer base by 2025 is conservatively estimated at about 232,000 households, from which the project can tap about PhP14.2 billion. However, as several residential developments are being constructed within the areas, these forecasts may further improve.

**Table 32. Retail Sales Potential for Tanza**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 52,706 | PhP 7,112,123,345.37 |
| B | 85,117 | PhP 5,279,127,685.97 |
| C | 94,237 | PhP 1,860,302,956.12 |
| **TOTAL** | **232,060** | **PhP 14,251,553,987.47** |

*Source: Santos Knight Frank, Inc.*

### 7.1.4. Vista Mall Imus

#### 7.1.4.1. Property Description

Vista Mall Imus is a single storey commercial building which was established in 2015. It sits on a 2-hectare lot located along Emilio Aguinaldo Highway, a major thoroughfare in Imus, Cavite.

#### 7.1.4.2. Vicinity Profile

| Point of Interest | Classification | Distance (km) |
|---|---|---|
| Justinville Subdivision | Residential | 0.21 |
| Cavite State University | Institutional | 0.6 |
| General Emilio Aguinaldo Highschool | Institutional | 0.65 |
| Maxima Subdivision | Institutional | 0.65 |
| Perpetual Village | Residential | 0.7 |
| Real Subdivision | Residential | 0.75 |
| Virata Subdivision | Residential | 1 |
| Valley Fields Subdivision | Residential | 1.2 |
| Camella Bacoor | Residential | 1.5 |
| Our Lady of Pillar Medical Center | Hospital | 1.7 |
| Robinsons Place Imus | Retail | 2.2 |
| City of Imus Doctors Hospital | Hospital | 4.3 |
| CAVITEX | Highway | 4.7 |
| City Mall Anabu | Retail | 4.8 |
| The District Imus | Retail | 7.5 |
| Lancaster City | Township | 9.3 |
| Vermosa | Township | 10.2 |
| Evo City | Township | 12 |

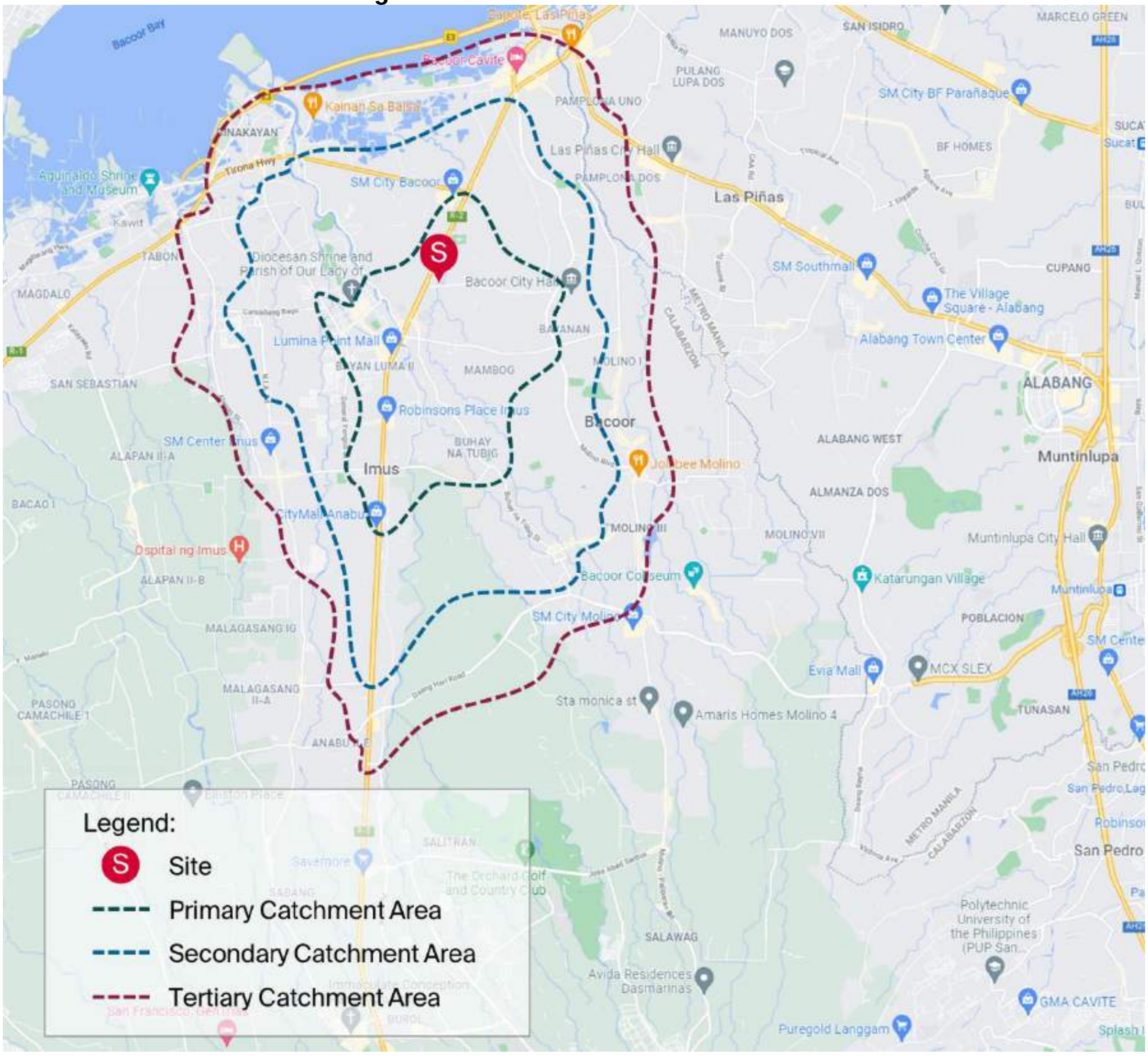
### 7.1.4.3. Competitors

| | | |
|---|---|---|
| **Project Picture** |   |  |
| **Project Name** | **Vista Mall Imus** | **City Mall Anabu Imus** |
| **Location** | Emilio Aguinaldo Highway | Emilio Aguinaldo Highway |
| **Date Established** | 2015 | 2015 |
| **GLA** | 12,778.45 sqm | 10,951 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP306.68 | PhP400 – PhP550 |
| **Vacancy** | 0.00 sqm | 1,042.17 |
| **Occupancy Rate** | 100.00% | 90.48% |
| **Major Tenants** | Essentials:<br>AllDay Supermarket and Convenience Store, AllHome, AllBank, Coffee Project | Essentials:<br>Merry Mart Grocery, Ace Hardware, Watsons, Jollibee, Chowking<br>Non-Essentials:<br>Japan Home Center, RRJ, Fab Avenue, Anytime Fitness, City Mall Cinema |

### 7.1.4.4. Potential Market Size

Vista Mall Imus boasts a strategic location along one of Cavite's main arteries, Emilio Aguinaldo Highway. Given its accessibility and visibility, the project commands greater competency among retail malls within the locality. However, its potential market is weighed down by the heavy traffic congestion along the aforementioned thoroughfare. As such, the identified catchment area for the project is estimated to comprise of Northern to Central Imus City, Bacoor City, and some of the barangays of Kawit Municipality.

**Figure 109. Catchment Area for Imus**




*Source: Santos Knight Frank, Inc.*

Though the potential market size that can be tapped by the project is lower than some of the other sites in the portfolio, the localities within the catchment areas are mostly urbanized with higher spending potential. Hence, it is estimated that the project can tap on the PhP19 billion spending level of the immediate households by 2025.

**Table 33. Retail Sales Potential for Imus**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 38,772 | PhP 8,744,119,046.50 |
| B | 59,847 | PhP 6,330,156,138.78 |
| C | 102,890 | PhP 4,006,204,894.62 |
| **TOTAL** | **201,509** | **PhP 19,080,480,079.90** |

*Source: Santos Knight Frank, Inc.*

### 7.1.5. SOMO - A Vista Mall

#### 7.1.5.1. Property Description

SOMO - A Vista Mall is a 2-storey commercial building established in 2015. It occupies a lot sized at 2.5-hectares. Located at a prime area of Bacoor, Cavite, it is situated at the corner of Daang Hari Road and Molino Road.

#### 7.1.5.2. Vicinity Profile

| Point of Interest | Classification | Distance (km) |
|---|---|---|
| SM City Molino | Retail | 0.4 |
| Camella Springfield | Residential | 0.5 |
| Citihomes Subdivision | Residential | 0.55 |
| Likha Village Crest | Residential | 0.75 |
| Molino Homes | Residential | 1 |
| Cerritos Heights | Residential | 1.4 |
| Molino Town Center | Commercial | 1.7 |
| Maryhomes Subdivision | Residential | 1.8 |
| Georgetown Heights | Residential | 1.8 |
| Felizana State Subdivision | Residential | 1.8 |
| Elisa Homes | Residential | 2.3 |
| Vermosa | Township | 3.2 |
| Avida Residences | Residential | 4 |
| MCV | Highway | 4.8 |
| San Marino City Subdivision | Residential | 7.4 |

### 7.1.5.3. Competitors

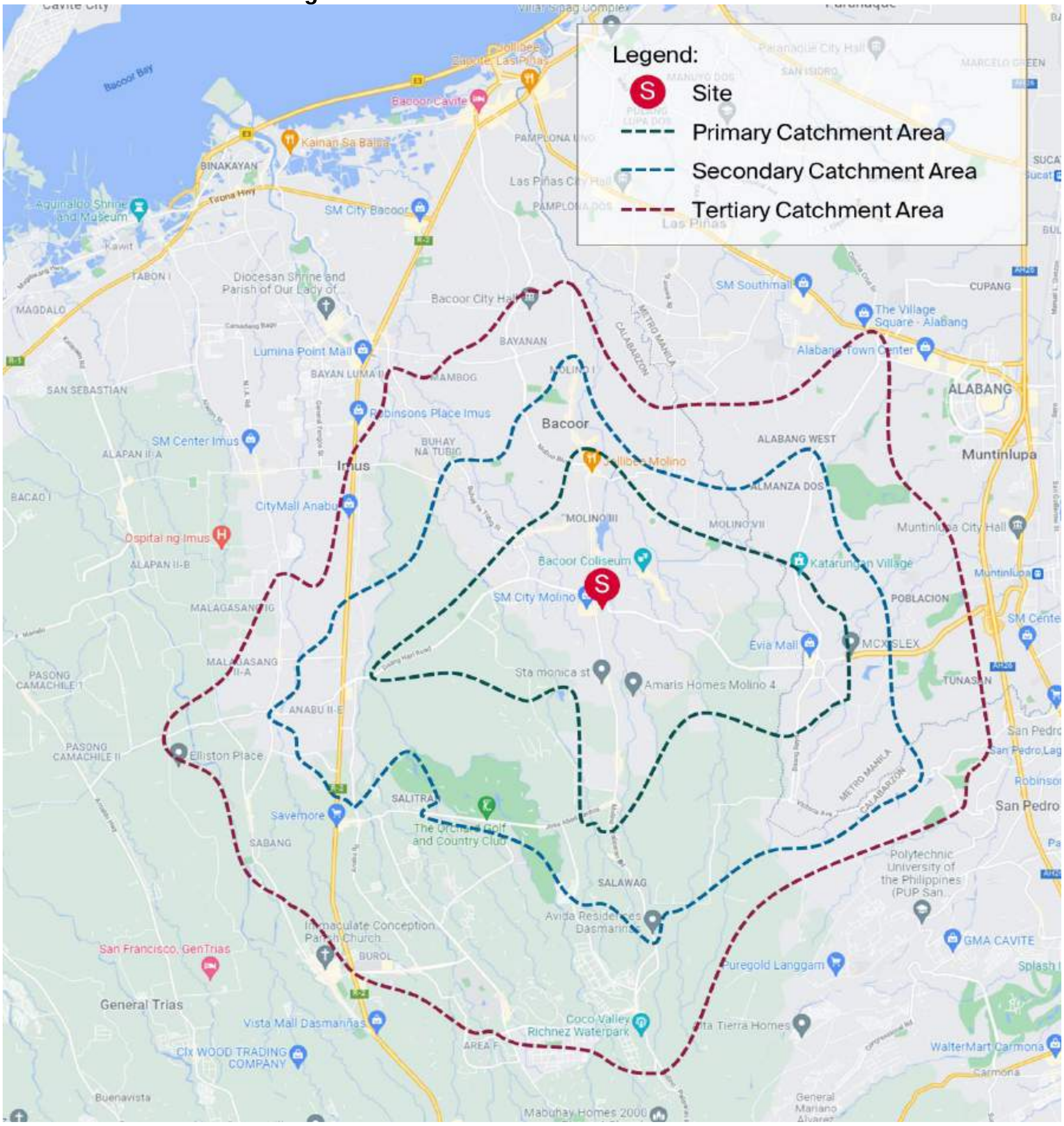


| | | |
|---|---|---|
| **Project Name** | **SOMO - A Vista Mall** | **SM City Molino** |
| **Location** | Daang Hari Corner Molino Road | Daang Hari Corner Molino Road |
| **Date Established** | 2015 | 2005 |
| **GLA** | 31,849.91 sqm | 44,302 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP354.49 | PhP550 – PhP1,050 |
| **Vacancy** | 3,032.12 sqm | 479.22 sqm |
| **Occupancy Rate** | 90.48% | 98.92% |
| **Major Tenants** | Essentials:<br>AllDay Supermarket and Convenience Store, AllHome, Watson's, Bake My Day, Coffee Project, Jollibee, Greenwich, Giligan's, BBQ Chicken and Pizza, Bonchon, Chicken Deli, Potato Corner<br>Non-Essentials:<br>Vista Cinemas, Kinder City, AllToys, LayBare, Xiaomi | Essentials:<br>SM Hypermarket, The SM Store, Ace Hardware, BDO, Jollibee, Burger King, SNR NY Pizza<br>Non-Essentials:<br>SM Appliance Center, The SM Store, A1 Driving, Cocolife, David's Salon, Huawei, Samsung, Octagon |

### 7.1.5.4. Potential Market Size

SOMO - A Vista Mall also has a central location, being located at the corner of Molino-Paliparan Road and Daang-Hari Road. This significantly bolsters its competitiveness in the retail market. Furthermore, this improved connectivity has propelled it potential captive market. The catchment area of the project has even reached the barangays of Imus, Dasmarinas, and even Metro Manila via Las Piñas and Muntinlupa.

**Figure 110. Catchment Area for South Molino**




*Source: Santos Knight Frank, Inc.*

Apart from the expanded catchment area of the project, a significant share of affluent households comprises the market. These are from the upscale developments that have proliferated within the eastern part of Bacoor, going to Muntinlupa and Las Piñas cities. As such, cumulative potential spending for the households in the area can reach as high as PhP21.3 billion by 2025. The project has an opportunity to tap into this consumption level, along with its close competitors.

**Table 34. Retail Sales Potential for South Molino**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 43,104 | PhP 9,711,808,771.16 |
| B | 76,024 | PhP 8,097,518,816.03 |
| C | 89,053 | PhP 3,567,345,250.43 |
| **TOTAL** | **208,181** | **PhP 21,376,672,837.62** |

*Source: Santos Knight Frank, Inc.*

### 7.1.6. Vista Mall Antipolo

#### 7.1.6.1. Property Description

Vista Mall Antipolo is a 2-storey commercial building established in 2013. It sits on 2-hectares of land located along Manuel L. Quezon Extension. It's immediate surrounding is primarily dense residential developments where it draws its market.

#### 7.1.6.2. Vicinity Profile

| Point of Interest | Classification | Distance (km) |
|---|---|---|
| Lores Country Homes | Residential | 0.26 |
| Pines City Village | Residential | 0.5 |
| Maia Alta | Residential | 1.3 |
| Waltermart Antipolo | Retail | 1.6 |
| Woodrow Hills | Residential | 1.6 |
| Rizal Provincial Capitol | Institutional | 2.6 |
| Eastborough Place Subdivision | Residential | 3.5 |
| Grand Valley Subdivision | Residential | 3.6 |
| Eastview Homes | Residential | 3.6 |
| Robinsons Antipolo | Retail | 4.4 |
| The Peak at Havila by Filinvest | Residential | 5.2 |
| Eastridge Executive Village | Residential | 6.8 |
| SM Center Angono | Retail | 8.9 |

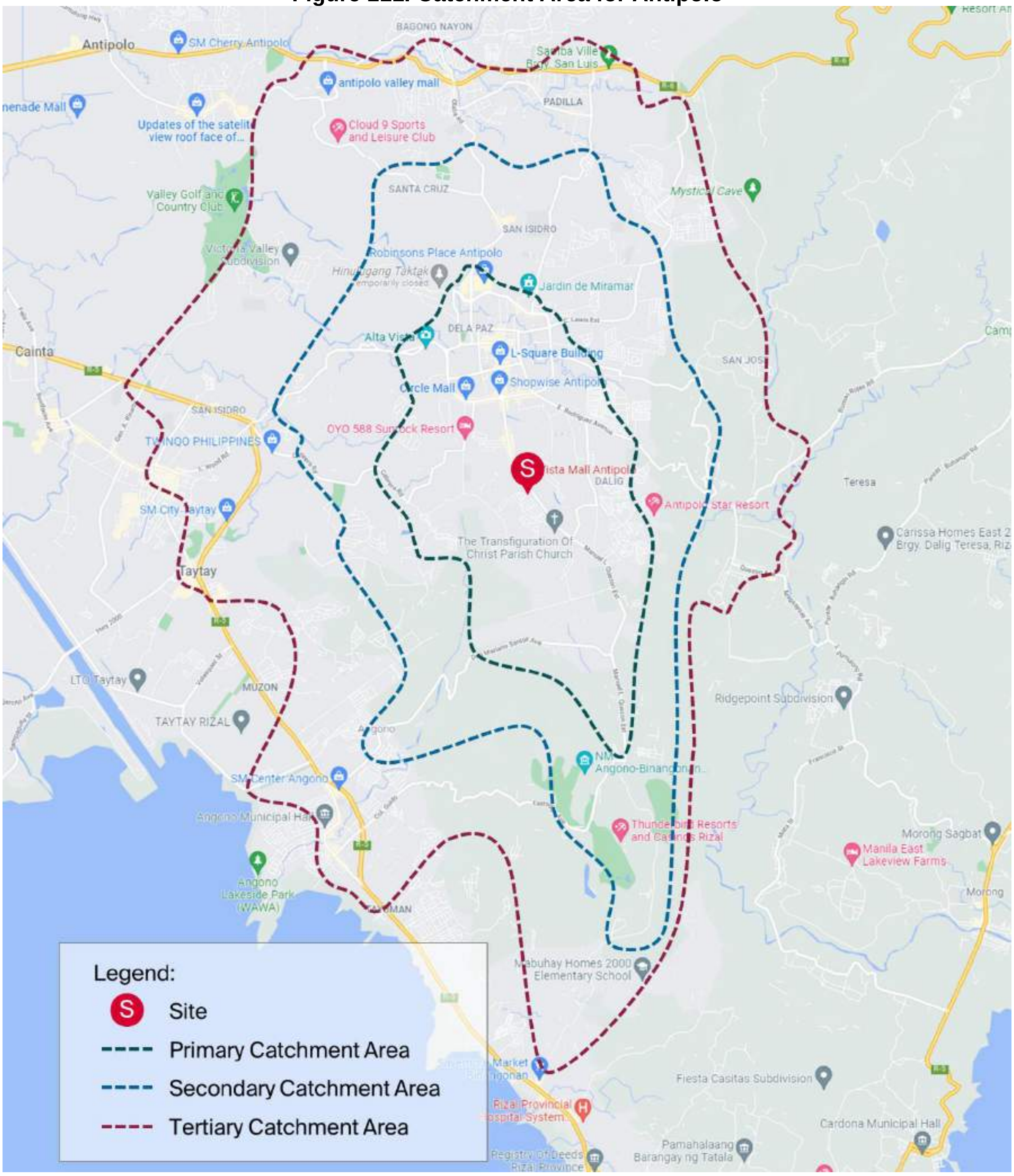
### 7.1.6.3. Competitors

| |  |  |
|---|---|---|
| **Project Name** | **Vista Mall Antipolo** | **Waltermart Antipolo** |
| **Location** | Manuel L. Quezon Ext. | L. Sumulong Memorial Circle |
| **Date Established** | 2013 | 2021 |
| **GLA** | 16,082.93 sqm | 14,700 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP388.25 | PhP600 – PhP900 |
| **Vacancy** | 1,958.91 sqm | 481.13 |
| **Occupancy Rate** | 87.82% | 96.73% |
| **Major Tenants** | <u>Essentials:</u><br>AllHome, The Marketplace, Coffee Project, Starbucks, Giligan's Restaurant, Infintea, Southstar Drugs, Watsons,<br><u>Non-Essentials:</u><br>Anytime Fitness, CCF, The Dog Spa Hotel, Little Town | <u>Essentials:</u><br>Waltermart Supermarket, Ace Hardware, MR. DIY, KFC, Dunkin Donuts, Watsons<br><u>Non-Essentials:</u><br>Waltermart Dept. Store, Abensons |

### 7.1.6.4. Potential Market Size

Vista Mall Antipolo boasts a central location within the city. This has provided the project with linkages towards the built-up areas of Antipolo, as well as to the different neighboring municipalities such as Teresa, Binangonan, Taytay and Angono.

**Figure 111. Catchment Area for Antipolo**




*Source: Santos Knight Frank, Inc.*

As numerous developments are sprouting within Antipolo, population growth has been stable recently. This would be a boon towards Vista Mall Antipolo as its consumer base is anticipated to further grow. Specifically, it was estimated that the potential spending size within the identified catchment area would reach as high as PhP17 billion by 2025.

**Table 35. Retail Sales Potential for Antipolo**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 27,679 | PhP 6,368,122,090.87 |
| B | 70,503 | PhP 7,609,707,856.77 |
| C | 76,642 | PhP 3,096,293,921.26 |
| **TOTAL** | **174,824** | **PhP 17,074,123,868.90** |

*Source: Santos Knight Frank, Inc.*

### 7.1.7. Starmall San Jose Del Monte

#### 7.1.7.1. Property Description

Starmall San Jose del Monte is a 3-storey commercial development located along Del Monte-Norzagaray Road. The subject property sits on 5.25 hectares land and is surrounded by premier subdivision developments in Bulacan.

#### 7.1.7.2. Vicinity Profile

| Point of Interest | Classification | Distance (km) |
|---|---|---|
| Eminenza Residences | Residential | 0.75 |
| Nuvista San Jose | Residential | 0.9 |
| Francisco Homes | Residential | 1.2 |
| Northridge Lane Subdivision | Residential | 1.5 |
| Camella Manors San Jose Del Monte | Residential | 1.7 |
| Northgate Park Executive Homes | Residential | 1.7 |
| Lessandra San Jose Del Monte | Residential | 2.2 |
| Carissa Homes | Residential | 2.2 |
| San Jose Del Monte Heights | Residential | 2.4 |
| Palmera Homes | Residential | 3.4 |
| SM City San Jose del Monte | Retail | 3.7 |
| Altaraza | Residential | 4.8 |
| Bria Homes San Jose del Monte | Residential | 6.1 |

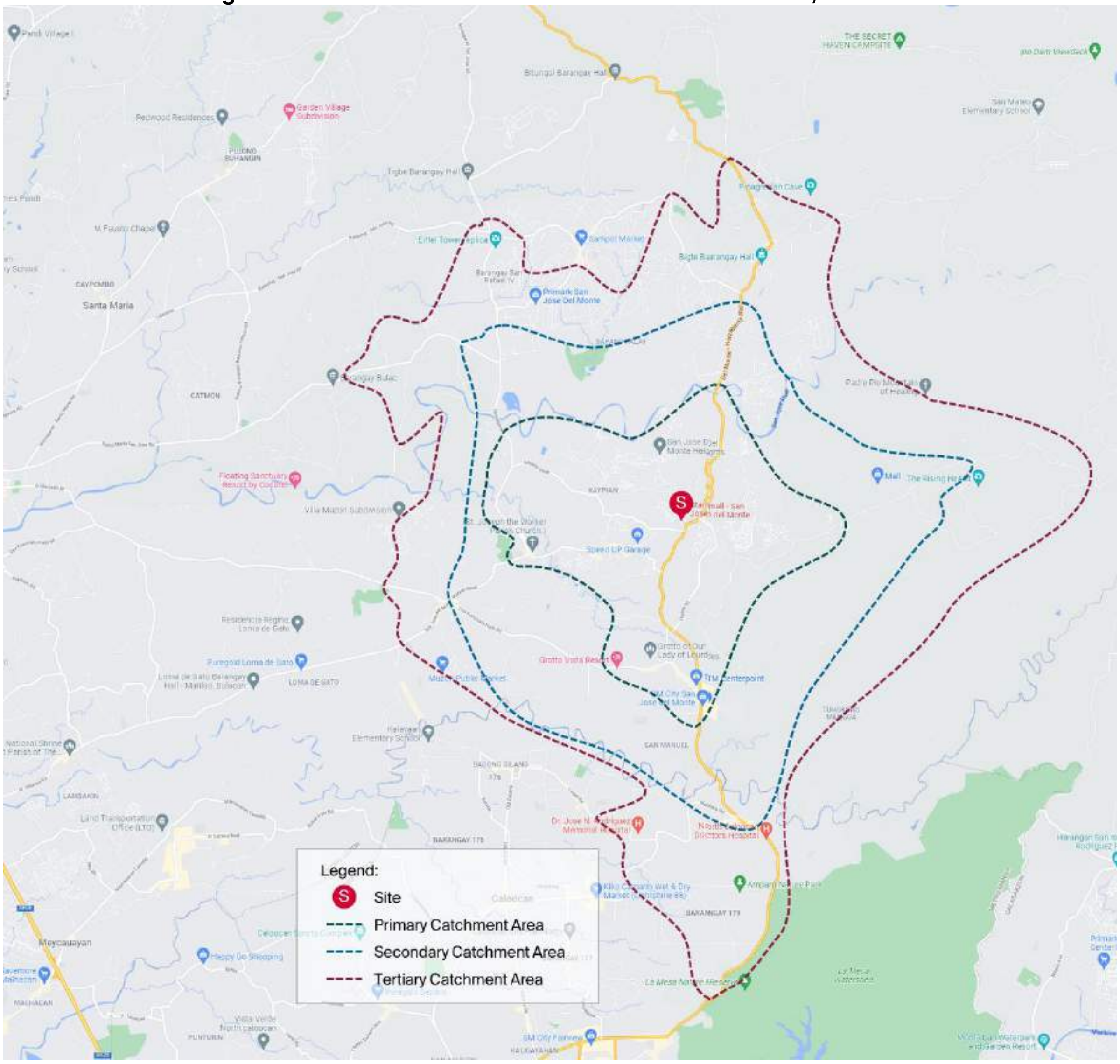
### 7.1.7.3. Competitors

| |  |  |
|---|---|---|
| **Project Name** | **Starmall San Jose del Monte** | **SM City San Jose del Monte** |
| **Location** | Del Monte-Norzagaray Road | Del Monte-Norzagaray Road |
| **Date Established** | 2012 | 2016 |
| **GLA** | 35,664.93 sqm | 70,700.00 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP577.64 | PhP500 – PhP900 |
| **Vacancy** | 4,240.57 sqm | 2,756.38 |
| **Occupancy Rate** | 88.11% | 96.10% |
| **Major Tenants** | Essentials:<br>AllHome, AllDay Convenience Store, Pure Gold, Watsons, Mercury Drug, 2Go, Western Union, AllBank, RCBC, Coffee Project, Gilligan's, Jollibee, McDonalds, KFC, Jay-J's Inasal, Potato Corner,<br>Non-Essentials:<br>Finds, AllSports, Bench, Jag, Penshoppe, RRJ, Mumuso, National Book Store, Acebedo Optical, Dermcare, Xiaomi, Octagon, Victory Church | Essentials:<br>SM Supermarket, Ace Hardware, BDO, Chinabank, Jollibee, Dunkin Donut, Chowking, Gerry's Grill, Kuya J,, Kenny Rogers, Starbucks,<br>Non-Essentials:<br>Anytime Fitness, Quantum, Mendrez, Bench, Ideal Vision, Penshoppe, Miniso, Oxygen, National Bookstore |

### 7.1.7.4. Potential Market Size

Starmall San Jose Del Monte also stands at a prime property within San Jose Del Monte, Bulacan. Its potential market was significantly expanded by its ease of access via Quirino Highway. Though its catchment area is mostly comprised of the barangays of the said locality, it should still be noted it has a relatively sizeable land area as compared with a typical municipality.

**Figure 112. Catchment Area for San Jose Del Monte, Bulacan**




*Source: Santos Knight Frank, Inc.*

Starmall San Jose Del Monte is expected to benefit from the completion of the LRT going to Bulacan. This is expected to further drive the population growth within the area. With this in mind, the potential household size within the catchment areas can further increase. However, accounting the growth trend exhibited in recent years, it was estimated that about 144,000 household can be tapped by the project. These households would have a cumulative household spending of more than PhP17 billion by 2025.

**Table 36. Retail Sales Potential for San Jose Del Monte**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 56,921 | PhP 11,712,212,034.73 |
| B | 38,436 | PhP 3,609,021,653.55 |
| C | 48,654 | PhP 1,712,344,797.84 |
| **TOTAL** | **144,011** | **PhP 17,033,578,486.13** |

*Source: Santos Knight Frank, Inc.*

### 7.1.8. Vista Mall Pampanga

#### 7.1.8.1. Property Description

Vista Mall Pampanga, also known as Vista Paseo, is a 3-storey commercial development situated along MacArthur Highway in San Fernando, Pampanga. The subject property is situated within a 4-hectare lot within the commercial district of Pampanga.

#### 7.1.8.2. Vicinity Profile

| Point of Interest | Classification | Distance (km) |
|---|---|---|
| Walter Mart San Fernando | Retail | 0.24 |
| Kalahi Business Park | Industrial | 0.3 |
| St. Agustin Village | Residential | 0.35 |
| Camella Andalusia | Residential | 0.6 |
| Ramar Village | Residential | 0.6 |
| Kalayaan Village | Residential | 1.1 |
| St. Francis Village | Residential | 1.3 |
| St. Jude Village | Residential | 1.4 |
| Fiesta Homes Subdivision | Residential | 3.7 |
| Avida Residences San Fernando | Residential | 3.9 |
| Robinsons Starmills | Retail | 4.3 |
| SM City San Fernando Downtown | Retail | 4.3 |
| Pueblo de Oro Park Place | Residential | 4.4 |
| SM City Pampanga | Retail | 4.5 |
| The Hauslands Pampanga | Residential | 6.8 |

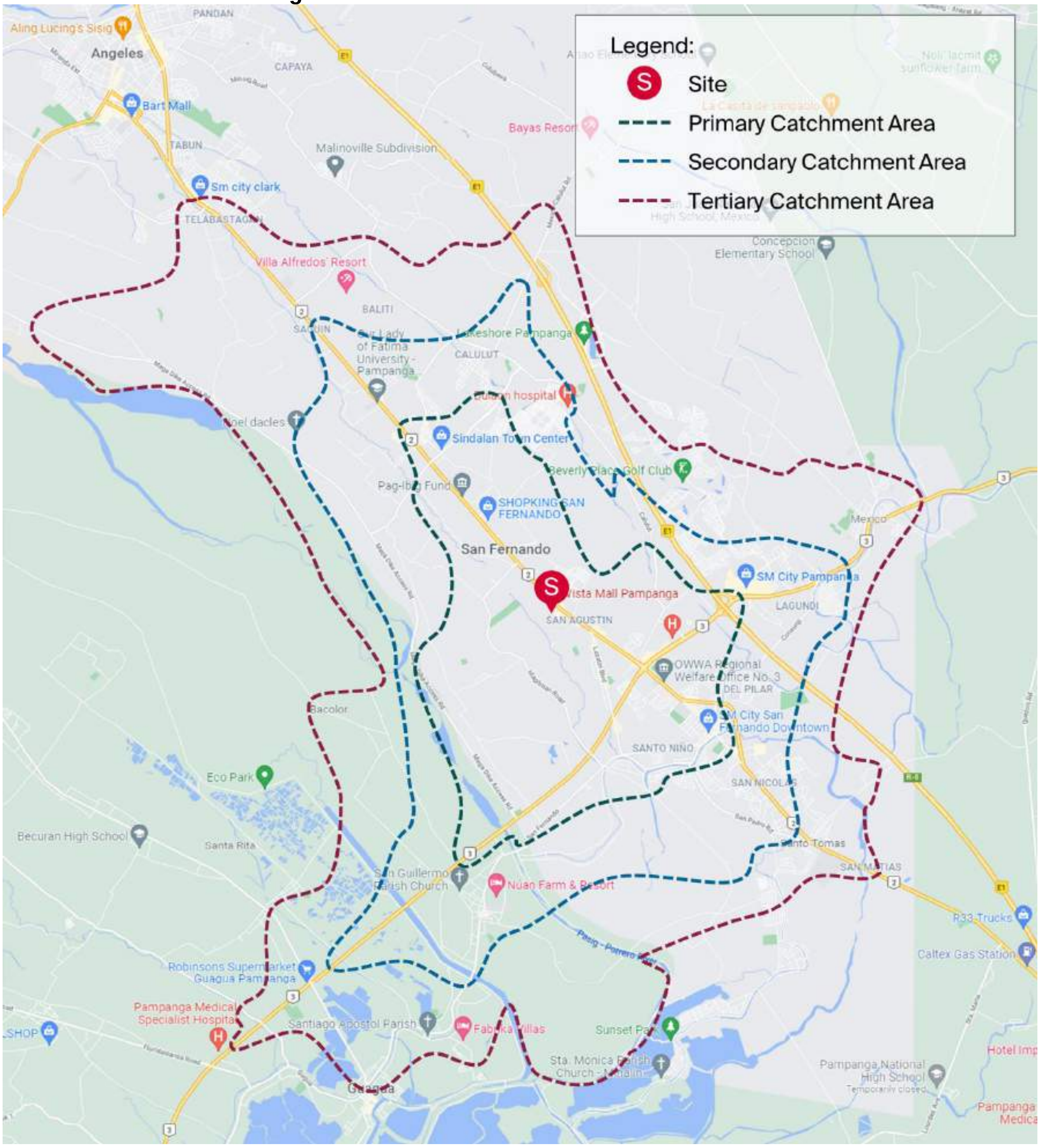
### 7.1.8.3. Competitors

| | | |
|---|---|---|
| **Project Picture** |  |  |
| **Project Name** | **Vista Mall Pampanga** | **Walter Mart San Fernando** |
| **Location** | MacArthur Highway | MacArthur Highway |
| **Date Established** | 2013 | 2012 |
| **GLA** | 25,526.84 | 15,903.00 |
| **Lease Rate (PhP/sqm/month)** | PhP304.12 | PhP400 – PhP600 |
| **Vacancy** | 1,886.45 sqm | 1,307.53 sqm |
| **Occupancy Rate** | 92.61% | 91.78% |
| **Major Tenants** | Essentials:<br>AllDay Supermarket, AllHome, AllBank, Bake My Day, Army Navy, Giligan's, TGI Fridays, Yellow Cab, Coffee Project, Starbucks, Burger King, Gastroville, Watsons<br>Non-Essentials:<br>AllSports, Anytime Fitness, AllToys, Kinder City, D'Boss Barbershop, Finds, Nail Files, Finds, National Bookstore, Ideal Vision, Xiaomi | Essentials:<br>Waltermart Supermarket, Watsons, Mercury Drug, BDO Branch, Jollibee, Mang Inasal, Kuya J,, Hap Chan, Shakey's, Mr. DIY<br>Non-Essentials:<br>Abenson's, Honda, Fun House, |

### 7.1.8.4. Potential Market Size

Vista Mall Pampanga is situated along a major thoroughfare in Pampanga, MacArthur Highway. As such, potential consumers and patrons of the project can also come from its neighboring localities such as Mexico, Guagua, Bacolor, and Porac. Yet, the traffic congestion in the area has limited its main consumer base to the residents of San Fernando.

**Figure 113. Catchment Area for San Fernando**




*Source: Santos Knight Frank, Inc.*

Though situated in a highly commercialized locality, the general market identified for the project is composed of rural barangays. Coupled with the presence of numerous agricultural and marshland allocation, the potential market size for Vista Mall San Fernando is estimated at 115,000 household. From which, a spending of about PhP13.4 billion can be reaped by the project or by its competitors in the immediate vicinity by 2025.

**Table 37. Retail Sales Potential for San Fernando**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 43,179 | PhP 8,684,994,964.53 |
| B | 44,115 | PhP 3,990,205,550.45 |
| C | 28,457 | PhP 817,862,750.13 |
| **TOTAL** | **115,751** | **PhP 13,493,063,265.11** |

*Source: Santos Knight Frank, Inc.*

### 7.1.9. Starmall Talisay - Cebu

#### 7.1.9.1. Property Description

Starmall Talisay - Cebu is a 2-storey commercial building established in 2013. It sits on a 1.2-hectare property located along the South Cebu Road fronting the access towards the Cebu South Coastal Road.

#### 7.1.9.2. Vicinity Profile

| Point of Interest | Classification | Distance (km) |
|---|---|---|
| Azienda Roma Camella Cebu | Residential | 0.1 |
| Azienda Lombardi East | Residential | 1.1 |
| Bouganvillea Subdivision | Residential | 1.4 |
| City Homes | Residential | 2.1 |
| Cebu South Medical Center | Hospital | 2.3 |
| Alberlyn Hill Residences | Residential | 2.3 |
| Azienda Firenze | Residential | 2.6 |
| Anjo World Theme Park | Leisure | 3.1 |
| Minglanilla Highlands | Residential | 3.5 |
| Minglanilla Techno Business Park (Mingmori) | Township | 4.5 |
| Velmiro Heights | Residential | 5.5 |
| Modena Minglanilla Subdivision | Residential | 5.7 |
| Midori Plains Subdivision | Residential | 5.8 |
| Cebu South Port | Infrastructure | 6 |
| IL Corso Lifemalls | Retail | 6.8 |
| City Di Mare | Township | 7.4 |
| Seaside Arena and Convention Center | Events | 8.5 |
| Cebu Institute of Technology University | Institutional | 8.6 |
| SM Seaside Cebu | Retail | 9.1 |

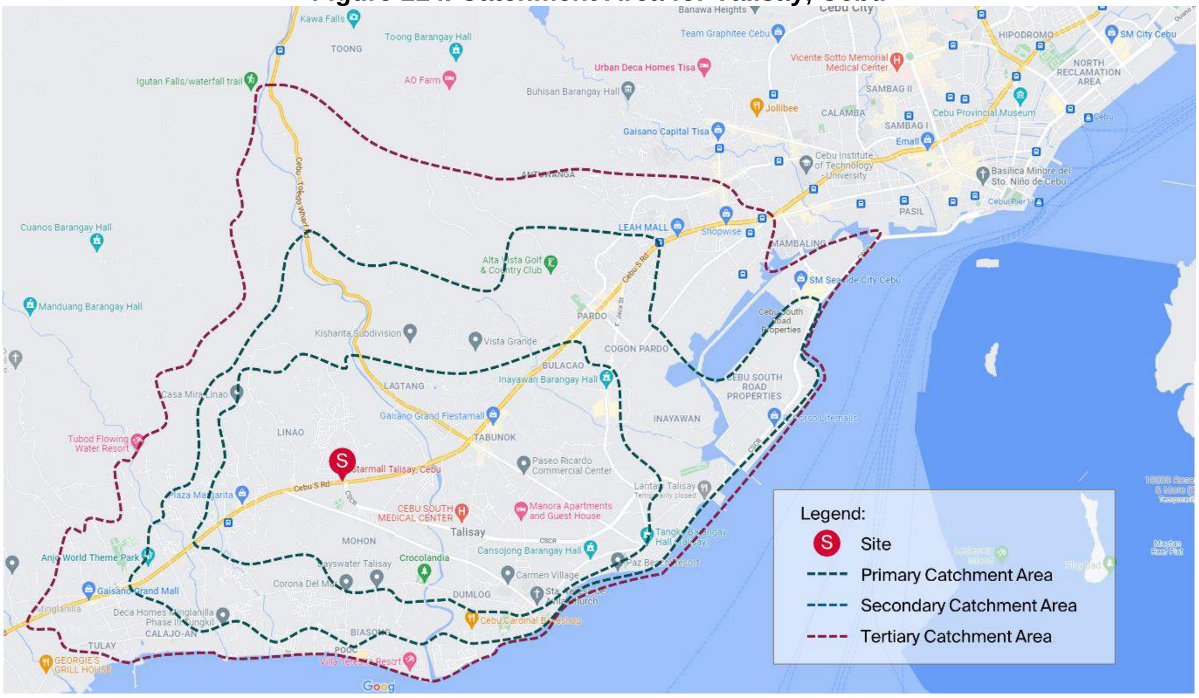
### 7.1.9.3. Competitors

| |   |   |
|---|---|---|
| **Project Name** | **Starmall Talisay - Cebu** | **Elizabeth Mall (EMall)** |
| **Location** | Cebu South Road | N. Bacalso Ave. cor. Leon Kilat St. |
| **Date Established** | 2013 | 2003 |
| **GLA** | 19,643.57 sqm | 22,005.00 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP314.16 | PhP600 – PhP700 |
| **Vacancy** | 1,610.81 | 4,586.57 sqm |
| **Occupancy Rate** | 91.80% | 79.16% |
| **Major Tenants** | Essentials:<br>AllHome, AllDay Supermarket<br>Coffee Project, Bake My Day, Jollibee, Chowking, Giligan's<br>Non-Essentials:<br>AllToys, AllSports, Kinder City | Essentials:<br>Savemore Market, Watsons, Jollibee, Mang Inasal, McDo, Greenwich, Mr. DIY, BDO, M. Lhuillier, LBC, Western Union, Handyman, Mr. DIY<br>Non-Essentials:<br>Bench, BNY, Xiaomi, Samsung, World of Fun, Kids Paradise, David's Salon |

### 7.1.9.4. Potential Market Size

Starmall Talisay - Cebu stands along a major artery in Cebu Province, N. Bacalso, that connects the metropolitan area of Cebu City to the western municipalities. However, the geography of Talisay has also limited the potential market size of the project as the southern part of the city is bounded by Cebu Strait. In this case, the identified catchment areas were only limited to the western barangays of Cebu City, Talisay City, and some barangays of Minglanilla Municipality.

**Figure 114. Catchment Area for Talisay, Cebu**




*Source: Santos Knight Frank, Inc.*

Apart from being bounded by a water body on the south, limited developments can also be observed from Talisay going to Toledo. Hence, the market of the project would main be composed of household along N. Bacalso Avenue and other interior roads. Furthermore, household spending in Central Visayas was recorded to be lower than Regions 3 and 4A. With this in mind, it was estimated that the consumption level that Starmall Talisay - Cebu can tap is about PhP9.4 billion by 2025.

**Table 38. Retail Sales Potential for Talisay, Cebu**

| Catchment Area | HH Market Size (2025) | Potential Spending Size (2025) |
|---|---|---|
| A | 48,447 | PhP 6,039,448,732.15 |
| B | 48,999 | PhP 2,713,246,889.23 |
| C | 34,091 | PhP 705,484,850.23 |
| **TOTAL** | **131,537** | **PhP 9,458,180,471.61** |

*Source: Santos Knight Frank, Inc.*

## 7.2. Office Assets

### 7.2.1. VistaHub Molino

#### 7.2.1.1. Property Description

VistaHub Molino is a 7-storey office building located within the SOMO - A Vista Mall mall complex in Bacoor, Cavite. The office building sits on a 5,215 square meter lot and it houses top multinational BPO companies.

#### 7.2.1.2. Vicinity Profile

| Notable Development | Classification | Distance from Subject Property |
|---|---|---|
| SM City Molino | Retail | 0.55 m |
| The District Imus | Retail | 6.1 km |
| The District Dasmarinas | Retail | 2.7 km |
| Evia Lifestyle Center | Retail | 5.5 km |
| Molino Town Center | Retail | 1.5 km |
| Lessandra Heights Molino | Residential | 2.5 km |
| Cerritos Heights | Residential | 1.2 km |
| Elisa Homes | Residential | 1.9 km |
| Citihomes Subdivision | Residential | 1.2 km |
| Felizana Estate | Residential | 1.1 km |
| Meadowpark Subdivision | Residential | 1.3 km |
| Vermosa Estates | Residential | 6.5 km |

#### 7.2.1.3. Competitors

| |  |  |   |
|---|---|---|---|
| **Project Name** | **VistaHub Molino** | MDC 101 | Paz Madrigal Plaza |
| **Location** | Daang Hari | Molino Road | Alabang-Zapote Road |
| **Date Established** | 2020 | 2020 | 2020 |
| **GLA** | 15,631.08 sqm | 13,080.00 sqm | 7.000.00 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP492.56 per sqm | PhP800.00 per sqm | PhP800.00 per sqm |
| **Available Space** | 1,336.46 sqm | 6,540 sqm | 3,012.06 sqm |
| **Occupancy Rate** | 91.45% | 50% | 87.8% |
| **Tenant Mix** | Teleperformance (BPO), Metro Express | TaskUs (BPO) | Scan Global Logistics (BPO), GeoEstate Dev't Corp. |

### 7.2.2. VistaHub BGC

#### 7.2.2.1. Property Description

VistaHub BGC is a 14-storey flagship development of Vista Land in Bonifacio Global City. This office building sits on a 2,651 square meter lot located along 21st Drive in Taguig City, catering to multinational BPO companies.

#### 7.2.2.2. Vicinity Profile

| Point of Interest | Classification | Distance from Subject Property |
|---|---|---|
| Essensa East Forbes | Residential | 12 m |
| Arya Residences | Residential | 500 m |
| The Beaufort | Residential | 650 m |
| Fairways Towers | Residential | 500 m |
| Fort Victoria | Residential | 650 m |
| The Trion Towers | Residential | 600 m |
| SM Aura | Retail & Office | 1.6 km |
| Market! Market! | Retail | 1.8 km |
| The Fort Strip | Retail | 1.2 km |
| Bonifacio High Street | Retail | 1.8 km |
| Six Neo | Office | 950 m |
| Seven Neo | Office | 1 km |
| One Global Place | Office | 800 m |
| McKinley Hill | Township | 2.2 km |
| Uptown Bonifacio | Township | 2.3 km |

#### 7.2.2.3. Competitors

| |  |  |
|---|---|---|
| **Project Name** | **VistaHub BGC** | **Del Rosario Law Center** |
| **Location** | 21st Drive, BGC | 21st Drive, BGC |
| **Date Established** | 2016 | 2014 |
| **GLA** | 20,742.42 sqm | 13,328.00 sqm |
| **Lease Rate (PhP/sqm/month)** | PhP630.47 per sqm | PhP750.00 per sqm |
| **Available Space** | 348.47 sqm | - |
| **Occupancy Rate** | 98.32% | 100% |
| **Tenant Mix** | BPO | Del Rosario Law (Traditional), Royal Norwegian Embassy, Embassy of the Rep. of Poland, Embassy of Sweden, Embassy of Hungary |

## 7.3. Portfolio Competitive Advantages

Assessing the portfolio of Vista Land & Lifescapes Inc., it can be deduced that it displays several advantages as opposed to other competitors. Yet, the said projects also exhibit innate weaknesses and threats. Despite these, some strategies were carried out to minimize the effect of these weaknesses, or even turn the threats into advantages:

**Figure 115. Portfolio Comparative Advantages**

| | Strengths | Weaknesses | Competitive Advantages |
|---|---|---|---|
| Retail Projects | • Tenants mostly comprised of providers of essentials<br>• The majority of the spaces have been leased out at the start of operations by the retail brands under the AllValue Group - an Affiiate Company<br>• A number of brands under the AllValue Group are providers of essentials most notably AllDay and AllHome<br>• Situated within dense residential communities that can serve as the captive markets<br>• Lower land acquisition cost as most of the land of the retail project sites were acquired during the same time of the earlier existing residential projects<br>• Lower effective rental values than their counterparts partly due to lower land acquisition cost<br>• Provision of shuttle services that interlinks Vista Mall projects | • Mostly situated along secondary roads<br>• The retail brands under the AllValue Group which comprises most of the tenants, are still relatively new to the market | • Affordable Rents elicits stable occupancy levels<br>• Tenants mostly comprised of providers of essentials<br>• Stable high occupancy and revenue stream from most of the retail brands under the AllValue Group<br>• Retail brands AllDay and AllHome despite being relatively new was seen to have performed well during pandemic<br>• Projects positioned in areas with identified catchment areas that have high population growth potential<br>• Shuttle operations linking different branches boost connectivity despite being in secondary roads |
| Office Projects | • VistaHub BGC's rents are substantially lower than counterparts in the area<br>• VistaHub Molino is one of the few pure office projects in Bacoor<br>• Retained office occupiers amid the mass exodus of tenants brought about by the Work from Home arrangements<br>• Tenants are BPO companies (identified as one of the most stable office tenants in the office market) | • Smaller building footprint and leasable areas<br>• Projects are not within established CBDs (Vista Hub is still quasi-disconnected from business areas of BGC) | • Affordable Rents elicits stable occupancy levels<br>• Low vacancies at current market when cutthroat competition for office occupiers is being exhibited<br>• Fewer office tenants allow for more focus on client relationship that can prolong their lease contracts |
| Overall Portfolio | • Diversified into asset class: Retail and Office<br>• Diversified by Location: composed of projects in NCR, Cavite, Pampanga, Bulacan, & Cebu<br>• Stable operations amid the pandemic | • Small portfolio in terms of area<br>• Tenancy profile is less diverse and is highly concentrated on Affiliates' operations | • Stable high occupancy levels, in both Retail and Office Assets<br>• Stable tenants in both Retail and Office Assets<br>• Affordable lease rates offered in both Retail and Office Assets |

*Source: Santos Knight Frank, Inc.*

# VISTAREIT, INC.

*(incorporated in the Republic of the Philippines)*

**Initial Public Offer of 2,500,000,000 Secondary Common Shares**
**with an Overallotment Option of up to 250,000,000 Secondary Common Shares**

**Offer Price of ₱1.75 per Common Share**
*to be listed and traded on the Main Board of*
*The Philippine Stock Exchange, Inc.*

***Sponsors and Selling Shareholders[1]***
**COMMUNITIES PAMPANGA, INC.**
**CROWN ASIA PROPERTIES, INC.**
**MANUELA CORPORATION**
**MASTERPIECE ASIA PROPERTIES, INC.**
**VISTA RESIDENCES, INC.**

***Fund Manager***
VFund Management, Inc.

***Property Manager***
VProperty Management, Inc.,

***Issue Coordinator***

***Joint Lead Underwriters and Bookrunners***

***Participating Underwriter***

***Selling Agents***

***REIT Eligible Trading Participants of The Philippine Stock Exchange, Inc.***

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS REIT PLAN IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

**VOLUME 2**

[1] The Sponsors are all subsidiaries (direct or indirect) of Vista Land & Lifescapes, Inc.

# VALUATION REPORT

*presented to*

## MANUELA CORPORATION
## Executive Summary
## (Income Approach)

**Real Estate Property**

**Various Locations**

ASIAN APPRAISAL

*PRIVATE AND CONFIDENTIAL*

April 26, 2022

**MANUELA CORPORATION**
M Star, C. V. Starr Avenue,
Philamlife Village, Pamplona Dos
Las Pinas City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

**Re:** Valuation of Property

Gentlemen:

We are pleased to submit our summary of valuation for the listed properties below as of 31 December 2021 using the Discounted Cash Flow analysis under Income Approach:

| AACI File No. | Company Name | Property Name | Subject Property | Market Value (Discounted Cash Flow) |
|---|---|---|---|---|
| BCG22-C00480-001.1 | MANUELA CORPORATION | Vista Mall Las Piñas | Building | **3,907,220,000** |
| BCG22-C00480-001.2 | MANUELA CORPORATION | Starmall Las Piñas-Annex | Building | **958,230,000** |
| BCG22-C01752-001 | COMMUNITIES PAMPANGA, INC. | Vista Mall Pampanga | Building | **1,848,260,000** |
| BCG22-C01755-001 | CROWN ASIA PROPERTIES, INC. | Vista Mall Antipolo | Building | **2,335,480,000** |
| BCG22-C10754-001.1 | MASTERPIECE ASIA PROPERTIES | VistaHub Molino | Building | **2,827,380,000** |
| BCG22-C01754-001.2 | MASTERPIECE ASIA PROPERTIES | Starmall Talisay-Cebu | Building | **2,943,620,000** |
| BCG22-C01754-001.3 | MASTERPIECE ASIA PROPERTIES | SOMO - A Vista Mall | Building | **4,461,350,000** |
| BCG22-C01754-001.4 | MASTERPIECE ASIA PROPERTIES | Vista Mall General Trias | Building | **2,961,080,000** |
| BCG22-C10754-001.5 | MASTERPIECE ASIA PROPERTIES | Vista Mall Imus | Building | **637,730,000** |
| BCG22-C01754-001.6 | MASTERPIECE ASIA PROPERTIES | Starmall San Jose Del Monte | Building | **6,398,910,000** |
| BCG22-C01754-001.7 | MASTERPIECE ASIA PROPERTIES | Vista Mall Tanza | Building | **2,611,180,000** |
| BCG22-C10753-001 | VISTA RESIDENCES, INC. | VistaHub BGC | Building | **5,803,370,000 (4,062,359,662 @70% ownership)** |

It is our understanding that the valuation is required for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available., and you wish us to render an opinion of the Market Value as of December 31, 2021.

### *Basis of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

### *Valuation Approaches and Methodology*

Based on IVS, there are three (3) approaches to value, namely:

**Market Approach**

The market approach "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

**Cost Approach**

The cost approach "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

**Income Approach**

The income approach "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the properties is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

### *Valuation Analysis*

The Income Approach explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

### *Opinion of Value*

*Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that* ***THIRTY-FIVE BILLION, NINE HUNDRED FIFTY-TWO MILLION, NINE HUNDRED NINETY-TWO THOUSAND, SEVEN HUNDRED THIRTY (PHP 35,952,992,730.00) PESOS*** *represents the* **Market Value** *of the subject properties appraised as of December 31, 2021, for continued use as part of a going concern, subject to the attached limiting conditions.*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

# *General Service Conditions*

The services provided by Asian Appraisal Company, Inc., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards, 2nd Edition (2018), the International Valuation Standards (Effective 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, with a total ***Market Value*** of ***PHP 39,952,992,730.00 as of December 31, 2021.***

**JOHN C. PAR, CPV, CRA, CRB, RCE**
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner/representative(s) is the property described in the title furnished us.

4. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

5. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

6. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

7. This Report is confidential and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

8. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

9. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

10. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

11. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

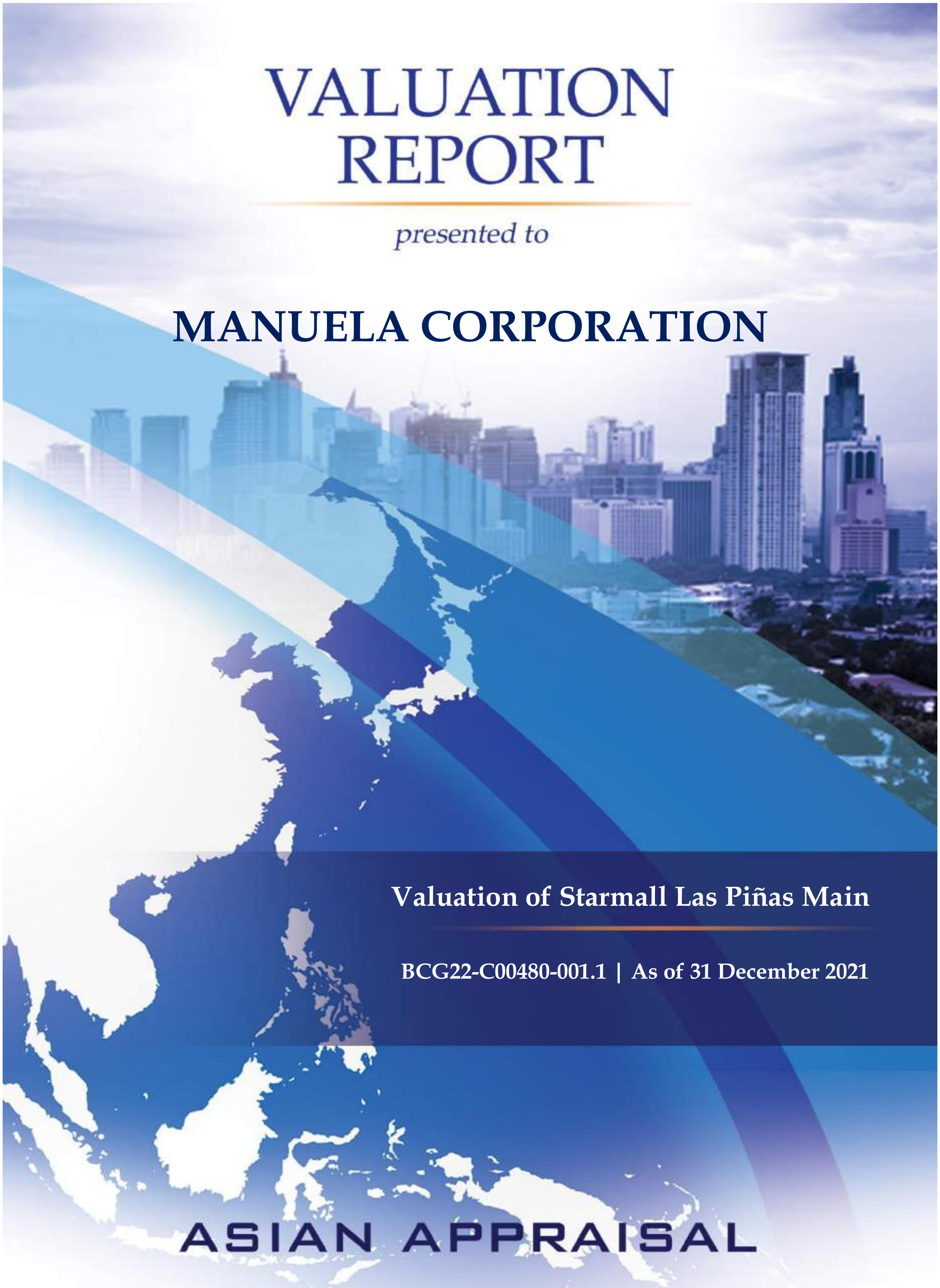
12. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

13. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

14. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

15. Erasures on appraisal date and values invalidate this valuation report.

16. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.



# VALUATION REPORT

*presented to*

## MANUELA CORPORATION

**Valuation of Starmall Las Piñas Main**

**BCG22-C00480-001.1 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MANUELA CORPORATION**
M Star, C. V. Starr Avenue,
Philamlife Village, Pamplona Dos
Las Pinas City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C00480-001.1**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Starmall Main Las Pinas*** (the "PROPERTY") located within Philamlife Homes, Barangay Pamplona Dos, Las Pinas City, Metropolitan Manila.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Starmall Main Las Pinas*** located within Philamlife Homes, Barangay Pamplona Dos, Las Pinas City, Metropolitan Manila |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."<br><br>Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**THREE BILLION**
**NINE HUNDRED SEVEN MILLION**
**TWO HUNDRED TWENTY THOUSAND ONLY**
*(In Words)*

**PHP3,907,220,000.00**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 MANUELA CORPORATION

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

## 4 Macroeconomic Overview: Philippine Economy

### 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

_Source: PSA and AACI estimates, November 2021_

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Starmall Main Las Pinas

The property appraised, identified as the "Vista Mall Main Las Pinas" located on the northeast corner of Philamlife Avenue and Star Mall Street extending southeastward to CV Starr Avenue.

The site is about 60 meters southwest from Alabang-Zapote Road, some 450 meters west from Las Pinas City Hall, about 4.0 kilometers northwest from SM Southmall or about 8.0 kilometers northwest from Alabang Exit.

*Figure 1: The Starmall Main Las Pinas*

## 7 Valuation Approaches and Methodology

### 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

### 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

### 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

### 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^{t}}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| Cost of Equity | | Delevered | Relevered |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | **Cost** | **%** | **Weight** |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i )t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 We noted that the subject PROPERTY is completed 1982 and considered the economic life of the property. We normally use 50 years economic life of the building and can extend the life based on the maintenance provided by the owner. 5-year projection is within the economic life of the building.

7.9.3 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.4 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.5 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.6 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**THREE BILLION**
**NINE HUNDRED SEVEN MILLION**
**TWO HUNDRED TWENTY THOUSAND ONLY**
*(In Words)*

**PHP3,907,220,000.00**
*(In Figures)*

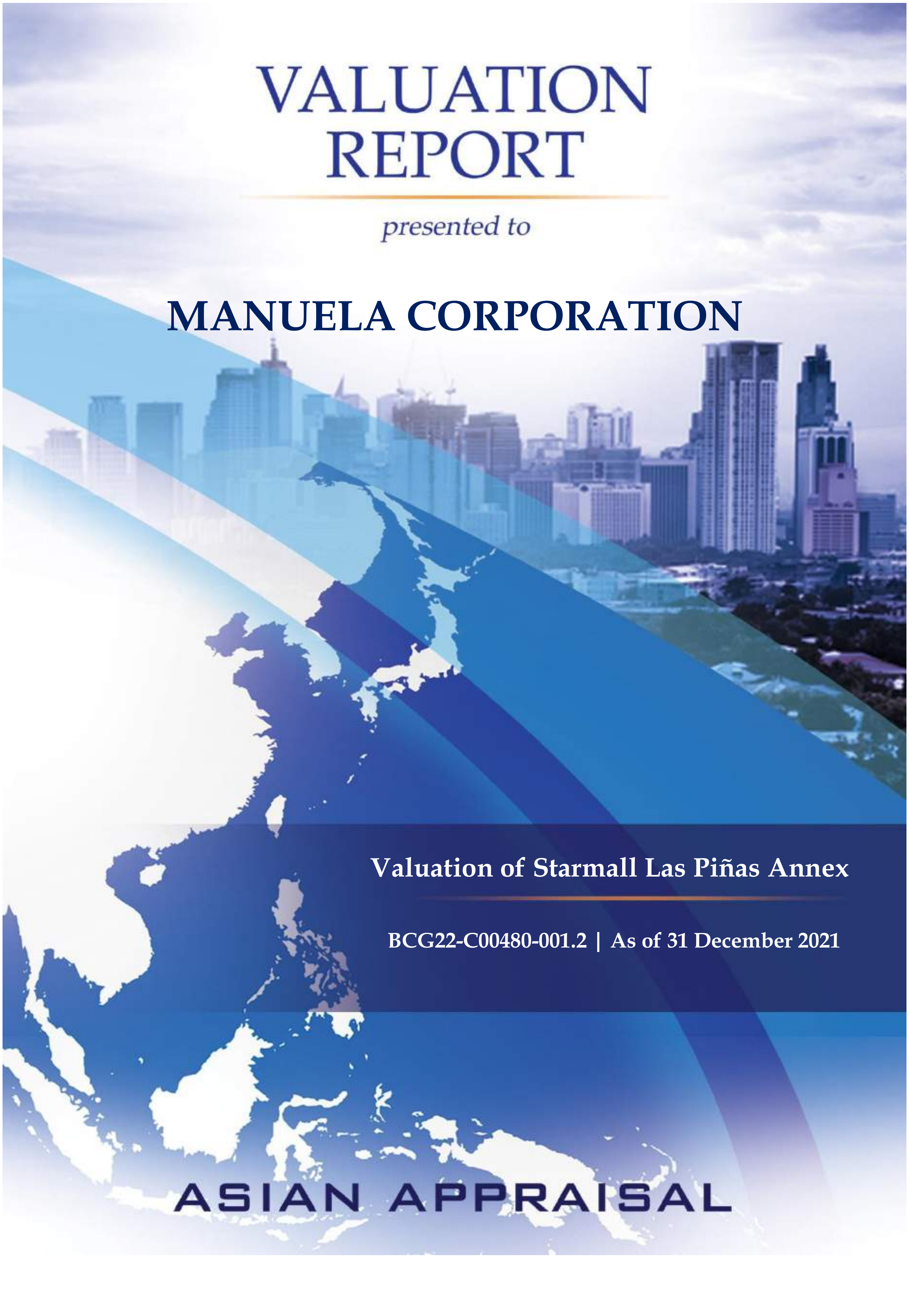
## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**MANUELA CORPORATION**
**STARMALL LAS PINAS - MAIN**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 20,605.02 | 20,605.02 | 20,605.02 | 20,605.02 | 20,605.02 | |
| Occupancy Rate | % | 89% | 89% | 89% | 89% | 89% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 150,677,991 | 163,217,287 | 176,929,725 | 191,928,579 | 208,242,784 | |
| **Gross Revenues** | **PHP** | **150,677,991** | **163,217,287** | **176,929,725** | **191,928,579** | **208,242,784** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (61,581,848) | (61,581,848) | (61,581,848) | (61,581,848) | (61,581,848) | |
| Light and power | PHP | (7,863,361) | (8,256,529) | (8,669,355) | (9,102,823) | (9,557,964) | |
| Outside services | PHP | (6,550,671) | (6,878,205) | (7,222,115) | (7,583,221) | (7,962,382) | |
| Rentals | PHP | (94,500) | (99,225) | (104,186) | (109,396) | (114,865) | |
| Salaries and employee benefits | PHP | (7,903,583) | (8,298,762) | (8,713,700) | (9,149,385) | (9,606,854) | |
| Taxes and licenses | PHP | (3,476,939) | (3,546,478) | (3,617,407) | (3,689,756) | (3,763,551) | |
| Repairs and maintenance | PHP | (3,210,743) | (3,274,957) | (3,340,457) | (3,407,266) | (3,475,411) | |
| Other operating expenses | PHP | (3,702,841) | (3,776,897) | (3,852,435) | (3,929,484) | (4,008,074) | |
| **Less: Operating Expenses** | **PHP** | **(94,384,485)** | **(95,712,902)** | **(97,101,504)** | **(98,553,178)** | **(100,070,949)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **56,293,505** | **67,504,386** | **79,828,221** | **93,375,401** | **108,171,834** | |
| Income Tax | PHP | - 14,073,376.37 | (16,876,096) | (19,957,055) | (23,343,850) | (27,042,959) | |
| **NET INCOME AFTER TAX** | **PHP** | **42,220,129** | **50,628,289** | **59,871,166** | **70,031,551** | **81,128,876** | |
| Add: Depreciation | PHP | 61,581,848 | 61,581,848 | 61,581,848 | 61,581,848 | 61,581,848 | |
| **NET CASH FLOW** | **PHP** | **103,801,977** | **112,210,137** | **121,453,014** | **131,613,399** | **142,710,724** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **4,836,531,878** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **99,838,112** | **99,839,937** | **99,968,222** | **100,215,580** | **100,524,800** | **3,406,831,578** |
| **Net present value (NPV)** | **PHP** | **3,907,218,229** | | | | | |
| **Rounded to:** | **PHP** | **3,907,220,000** | | | | | |



# VALUATION REPORT

*presented to*

## MANUELA CORPORATION

**Valuation of Starmall Las Piñas Annex**

**BCG22-C00480-001.2 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MANUELA CORPORATION**
M Star, C. V. Starr Avenue,
Philamlife Village, Pamplona Dos
Las Pinas City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C00480-001.2**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Starmall Annex Las Pinas*** (the "PROPERTY") located at the north corner of Alabang-Zapote Road and Dona Manuela Street, extending northeastward to Rosal Street, within Manuela 1 Subdivision, Barangay Pamplona Tres, Las Pinas City, Metropolitan Manila.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Starmall Annex Las Pinas*** located at the north corner of Alabang-Zapote Road and Dona Manuela Street, extending northeastward to Rosal Street, within Manuela 1 Subdivision, Barangay Pamplona Tres, Las Pinas City, Metropolitan Manila. |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." |

Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017).

Valuation date: The valuation date is as of 31 December 2021**.**

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**NINE HUNDRED FIFTY-EIGHT MILLION**
**TWO HUNDRED THIRTY THOUSAND ONLY**
*(In Words)*

**PHP958,230,000.00**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 MANUELA CORPORATION

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

## 4 Macroeconomic Overview: Philippine Economy

### 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Starmall Annex Las Pinas

The property appraised, identified as the "Starmall Annex Las Piñas" is located at the north corner of Alabang-Zapote Road and Dona Manuela Street, extending northeastward to Rosal Street, within Manuela 1 Subdivision, Barangay Pamplona Tres, Las Pinas City, Metropolitan Manila.

The site is about 850 meters northwest from Las Piñas City Hall, some 1.60 kilometers southeast from Diego Sierra Avenue, some 400 meters northwest from the city hall, approximately 4.30 kilometers northwest from SM Southmall, or about 8.50 kilometers northwest from Alabang Exit..


*Figure 1: The Starmall Annex Las Pinas*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^t}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| **Cost of Equity** | | Delevered | Relevered |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | Cost | % | Weight |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt\,/\,(1 + i\,)t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 We noted that the subject PROPERTY is completed 1979 and considered the economic life of the property. We normally use 50 years economic life of the building and can extend the life based on the maintenance provided by the owner. 5-year projection is within the economic life of the building.

7.9.3 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.4 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.5 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.6 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**NINE HUNDRED FIFTY-EIGHT MILLION**
**TWO HUNDRED THIRTY THOUSAND ONLY**
*(In Words)*

**PHP958,230,000.00**
*(In Figures)*

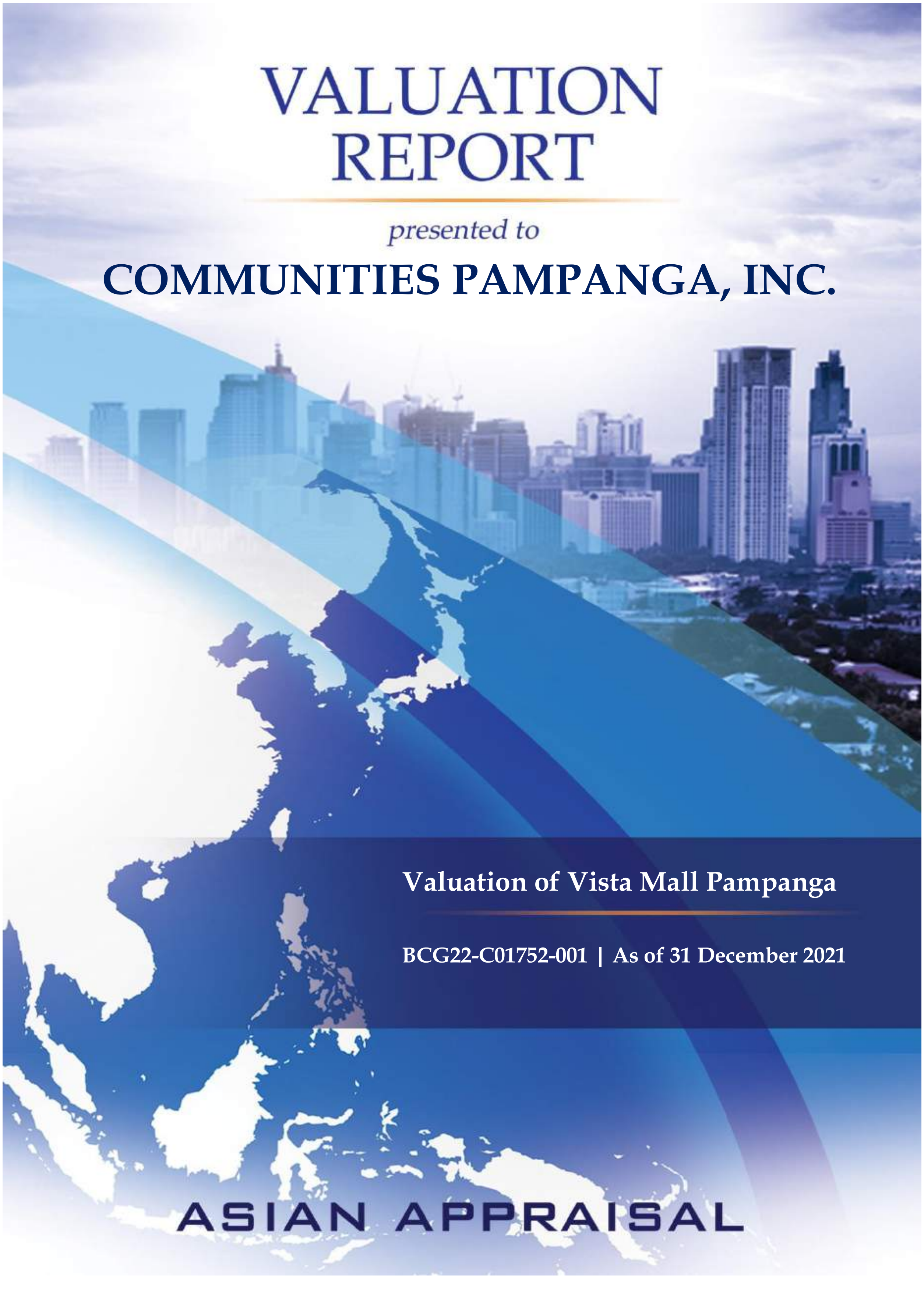
## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**MANUELA CORPORATION**
**STARMALL LAS PINAS - ANNEX**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 6,227.53 | 6,227.53 | 6,227.53 | 6,227.53 | 6,227.53 | |
| Occupancy Rate | % | 91% | 91% | 91% | 91% | 91% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 35,956,028 | 40,548,095 | 43,704,988 | 47,146,017 | 50,877,430 | |
| **Gross Revenues** | **PHP** | **35,956,028** | **40,548,095** | **43,704,988** | **47,146,017** | **50,877,430** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (2,204,732) | (2,204,732) | (2,204,732) | (2,204,732) | (2,204,732) | |
| Light and power | PHP | (362,102) | (380,207) | (399,217) | (419,178) | (440,137) | |
| Outside services | PHP | (1,736,385) | (1,823,205) | (1,914,365) | (2,010,083) | (2,110,587) | |
| Rentals | PHP | (265,260) | (278,523) | (292,449) | (307,071) | (322,425) | |
| Salaries and employee benefits | PHP | - | - | - | - | - | |
| Taxes and licenses | PHP | (1,177,769) | (1,201,325) | (1,225,351) | (1,249,858) | (1,274,856) | |
| Repairs and maintenance | PHP | (374,125) | (381,608) | (389,240) | (397,025) | (404,965) | |
| Other operating expenses | PHP | (324,751) | (331,246) | (337,871) | (344,628) | (351,521) | |
| **Less: Operating Expenses** | **PHP** | **(6,445,124)** | **(6,600,844)** | **(6,763,224)** | **(6,932,575)** | **(7,109,222)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **29,510,905** | **33,947,251** | **36,941,763** | **40,213,442** | **43,768,209** | |
| Income Tax | PHP | (7,377,726) | (8,486,813) | (9,235,441) | (10,053,361) | (10,942,052) | |
| **NET INCOME AFTER TAX** | **PHP** | **22,133,178** | **25,460,438** | **27,706,323** | **30,160,082** | **32,826,156** | |
| Add: Depreciation | PHP | 2,204,732 | 2,204,732 | 2,204,732 | 2,204,732 | 2,204,732 | |
| **NET CASH FLOW** | **PHP** | **24,337,910** | **27,665,170** | **29,911,054** | **32,364,813** | **35,030,888** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **1,187,212,860** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **23,408,523** | **24,615,323** | **24,619,849** | **24,643,832** | **24,675,602** | **836,267,467** |
| **Net present value (NPV)** | **PHP** | **958,230,597** | | | | | |
| **Rounded to:** | **PHP** | **958,230,000** | | | | | |



# VALUATION REPORT

*presented to*

## COMMUNITIES PAMPANGA, INC.

**Valuation of Vista Mall Pampanga**

**BCG22-C01752-001 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**COMMUNITIES PAMPANGA, INC.**
Lower Ground Floor Building B
EVIA Lifestyle Center
Daang Hari, Almanza Dos
Las Piñas City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10752-001**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Vista Mall Pampanga*** (the "PROPERTY") located on the southwest side of MacArthur Highway, within Barangay San Agustin, San Fernando City, Province of Pampanga.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Vista Mall Pampanga*** located on the southwest side of MacArthur Highway, within Barangay San Agustin, San Fernando City, Province of Pampanga. |
| Basis of value: | The valuation was made on the basis of ***market value***. |
| | **Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." |
| | Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**ONE BILLION**
**EIGHT HUNDRED FORTY-EIGHT MILLION**
**TWO HUNDRED SIXTY THOUSAND ONLY**
*(In Words)*

**PHP1,848,260,000.00**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 COMMUNITIES PAMPANGA, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

# 4 Macroeconomic Overview: Philippine Economy

## 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Vista Mall Pampanga

The property appraised, identified as the "Vista Mall Pampanga" is located on the southwest side of MacArthur Highway, within Barangay San Agustin, San Fernando City, Province of Pampanga.

The site is about 120 meters northwest from the Walter Mart, some 2 kilometers northwest from Jose Abad Santos Avenue (San Fernando Junction), and approximately 3.9 kilometers from the City Hall compound.


*Figure 1: The Vista Mall Pampanga*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

### 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

### 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^{t}}$$

such that:

**FV** = the future value of the investment PV after t years
**PV** = the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| **Cost of Equity** | | **Delevered** | **Relevered** |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | **Cost** | **%** | **Weight** |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i\ )t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

### 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**ONE BILLION**
**EIGHT HUNDRED FORTY-EIGHT MILLION**
**TWO HUNDRED SIXTY THOUSAND ONLY**
*(In Words)*

**PHP1,848,260,000.00**
*(In Figures)*

## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**COMMUNITIES PAMPANGA, INC.**
**VISTA MALL PAMPANGA**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 25,526.84 | 25,526.84 | 25,526.84 | 25,526.84 | 25,526.84 | |
| Occupancy Rate | % | 93% | 93% | 93% | 93% | 93% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 99,550,635 | 105,500,200 | 111,890,820 | 118,758,905 | 126,138,703 | |
| **Gross Revenues** | **PHP** | **99,550,635** | **105,500,200** | **111,890,820** | **118,758,905** | **126,138,703** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (36,052,527) | (36,052,527) | (36,052,527) | (36,052,527) | (36,052,528) | |
| Light and power | PHP | (16,079,905) | (16,401,503) | (16,729,533) | (17,064,124) | (17,405,406) | |
| Outside services | PHP | (6,678,931) | (6,812,509) | (6,948,760) | (7,087,735) | (7,229,490) | |
| Rentals | PHP | (874,371) | (918,090) | (963,994) | (1,012,194) | (1,012,194) | |
| Salaries and employee benefits | PHP | (14,230) | (14,941) | (15,688) | (16,473) | (16,473) | |
| Taxes and licenses | PHP | (4,557,668) | (4,648,821) | (4,741,798) | (4,836,634) | (4,933,367) | |
| Repairs and maintenance | PHP | (5,030,987) | (5,131,607) | (5,234,239) | (5,338,924) | (5,445,702) | |
| Other operating expenses | PHP | (11,319,134) | (11,545,517) | (11,776,427) | (12,011,955) | (12,252,195) | |
| **Less: Operating Expenses** | **PHP** | **(80,607,752)** | **(81,525,515)** | **(82,462,965)** | **(83,420,565)** | **(84,347,353)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **18,942,883** | **23,974,686** | **29,427,855** | **35,338,340** | **41,791,350** | |
| Income Tax | PHP | (4,735,721) | (5,993,671) | (7,356,964) | (8,834,585) | (10,447,838) | |
| **NET INCOME AFTER TAX** | **PHP** | **14,207,162** | **17,981,014** | **22,070,891** | **26,503,755** | **31,343,513** | |
| Add: Depreciation | PHP | 36,052,527 | 36,052,527 | 36,052,527 | 36,052,527 | 36,052,528 | |
| **NET CASH FLOW** | **PHP** | **50,259,689** | **54,033,541** | **58,123,418** | **62,556,282** | **67,396,040** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **2,284,082,712** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **48,340,432** | **48,076,809** | **47,841,503** | **47,632,795** | **47,473,471** | **1,608,897,720** |
| **Net present value (NPV)** | **PHP** | **1,848,262,731** | | | | | |
| **Rounded to:** | **PHP** | **1,848,260,000** | | | | | |

# VALUATION REPORT

*presented to*

# VISTA RESIDENCES, INC.

## Valuation of Vista Hub - BGC

**Vista Hub Taguig, 21st corner 29th Drives and Old Lawton Avenue**

**East Forbes, Bonifacio Global City, Metropolitan Manila**

**BCG22-C10753-001 | as of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**VISTA RESIDENCES, INC.**
Lower Ground Floor, Building B
EVIA Lifestyle Center
Daang Hari, Barangay Almanza Dos
Las Piñas City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10753-001**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Vista Hub - BGC,*** located at Vista Hub Taguig, 21st corner 29th Drives and Old Lawton Avenue East Forbes, Bonifacio Global City, Metropolitan Manila (the "PROPERTY") described as follows:

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the Vista Hub - BGC, located at Vista Hub Taguig, 21st corner 29th Drives and Old Lawton Avenue East Forbes, Bonifacio Global City, Metropolitan Manila. |
| Basis of value: | The valuation was made on the basis of ***market value***. |
| | **Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." |
| | Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**FIVE BILLION**
**EIGHT HUNDRED THREE MILLION**
**THREE HUNDRED SEVENTY THOUSAND ONLY**
*(In Words)*

**PHP5,803,370,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 VISTA RESIDENCES, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

# 4 Macroeconomic Overview: Philippine Economy

## 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Vista Hub BGC

The property appraised, identified as the "Vista Hub – BGC" is a 14-storey commercial/office condominium building located at 21st corner 29th Drives and Old Lawton Avenue, East Forbes, Bonifacio Global City, Taguig City, Metropolitan Manila.

The condominium building is located at the southeast corner of 29th Drive and 21st Drive, and old Lawton Avenue, about 110 meters northeast from the corner of 21th Drive and 5th Avenue, some 180 meters southwest from the corner of 20th Drive and 21st, and approximately 1.3 kilometers southwest from SM Aura.

*Figure 1: The Vista Hub BGC*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^{t}}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| **Cost of Equity** | | Delevered | Relevered |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | Cost | % | Weight |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i)t] - I_0}$$

The last equation states that the Net Present Value, $\sum$PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**FIVE BILLION**
**EIGHT HUNDRED THREE MILLION**
**THREE HUNDRED SEVENTY THOUSAND ONLY**
*(In Words)*

**PHP5,803,370,000**
*(In Figures)*

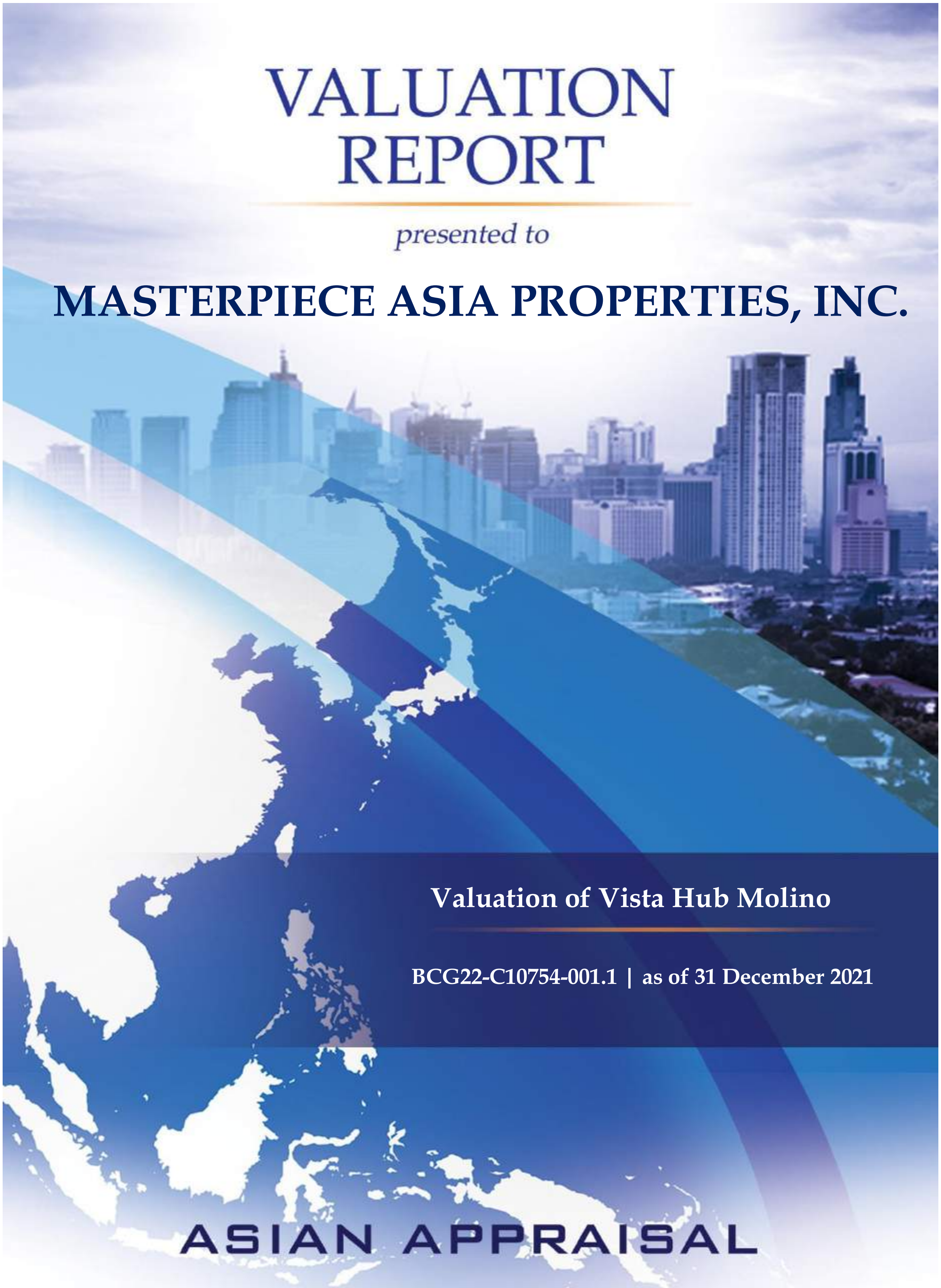
## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**VISTA RESIDENCES, INC.**
**VISTA HUB BGC**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 20,393.24 | 20,393.24 | 20,393.24 | 20,393.24 | 20,393.24 | |
| Occupancy Rate | % | 98% | 98% | 98% | 98% | 98% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 281,997,365 | 299,059,573 | 317,162,525 | 336,370,415 | 356,751,463 | |
| **Gross Revenues** | **PHP** | **281,997,365** | **299,059,573** | **317,162,525** | **336,370,415** | **356,751,463** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (58,894,088) | (58,894,088) | (58,894,088) | (58,894,088) | (58,894,088) | |
| Light and power | PHP | (2,111,088) | (2,216,643) | (2,327,475) | (2,443,848) | (2,566,041) | |
| Outside services | PHP | - | - | - | - | - | |
| Rentals | PHP | (14,854,097) | (15,596,802) | (16,376,642) | (17,195,475) | (18,055,248) | |
| Salaries and employee benefits | PHP | (11,366) | (11,934) | (12,531) | (13,157) | (13,815) | |
| Taxes and licenses | PHP | (18,167,135) | (19,075,492) | (20,029,266) | (21,030,729) | (22,082,266) | |
| Repairs and maintenance | PHP | (12,063,934) | (12,305,213) | (12,551,317) | (12,802,343) | (13,058,390) | |
| Other operating expenses | PHP | (36,217,155) | (36,941,498) | (37,680,328) | (38,433,935) | (39,202,613) | |
| **Less: Operating Expenses** | **PHP** | **(142,318,863)** | **(145,041,669)** | **(147,871,646)** | **(150,813,575)** | **(153,872,461)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **139,678,502** | **154,017,904** | **169,290,879** | **185,556,840** | **202,879,002** | |
| Income Tax | PHP | (34,919,626) | (38,504,476) | (42,322,720) | (46,389,210) | (50,719,750) | |
| **NET INCOME AFTER TAX** | **PHP** | **104,758,877** | **115,513,428** | **126,968,159** | **139,167,630** | **152,159,251** | |
| Add: Depreciation | PHP | 58,894,088 | 58,894,088 | 58,894,088 | 58,894,088 | 58,894,088 | |
| **NET CASH FLOW** | **PHP** | **163,652,964** | **174,407,516** | **185,862,247** | **198,061,718** | **211,053,339** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **7,152,694,468** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **157,403,582** | **155,180,590** | **152,983,593** | **150,811,925** | **148,665,035** | **5,038,326,222** |
| **Net present value (NPV)** | **PHP** | **5,803,370,946** | | | | | |
| **Rounded to:** | **PHP** | **5,803,370,000** | | | | | |



# VALUATION REPORT

*presented to*

# MASTERPIECE ASIA PROPERTIES, INC.

**Valuation of Vista Hub Molino**

**BCG22-C10754-001.1 | as of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MASTERPIECE ASIA PROPERTIES, INC.**
5th Level Admin Office, Star Mall Alabang
South Super Highway, Barangay Alabang
Muntinlupa City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10754-001.1**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Vista Hub Molino***, located at *Barangay Molino IV, Bacoor City, Province of Cavite* (the "PROPERTY") described as follows*:*

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the Vista Hub Molino, located at Barangay Molino IV, Bacoor City, Province of Cavite. |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."<br><br>Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**TWO BILLION**
**EIGHT HUNDRED TWENTY-SEVEN MILLION**
**THREE HUNDRED EIGHTY THOUSAND ONLY**
*(In Words)*

**PHP2,827,380,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 MASTERPIECE ASIA PROPERTIES, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

## 4 Macroeconomic Overview: Philippine Economy

### 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Vista Hub Molino

The property appraised, identified as the "Vista Hub Molino" is located on the southwest side of Daang Hari Road beside Vista Mall-Daang Hari, within Barangay Molino IV, Bacoor City, Province of Cavite.

The site is about 450 meters southeast from the intersection of Molino-Paliparan Road and Daang Hari Road, some 600 meters southeast from SM Molino, and approximately 6.30 kilometers from Bacoor City Hall.

*Figure 1: The Vista Hub Molino*

## 7 Valuation Approaches and Methodology

### 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

### 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

### 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

### 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^{t}}$$

such that:

**FV** = the future value of the investment PV after t years
**PV** = the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| **Cost of Equity** | | **Delevered** | **Relevered** |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | **Cost** | **%** | **Weight** |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i)t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**TWO BILLION**
**EIGHT HUNDRED TWENTY-SEVEN MILLION**
**THREE HUNDRED EIGHTY THOUSAND ONLY**
*(In Words)*

**PHP2,827,380,000**
*(In Figures)*

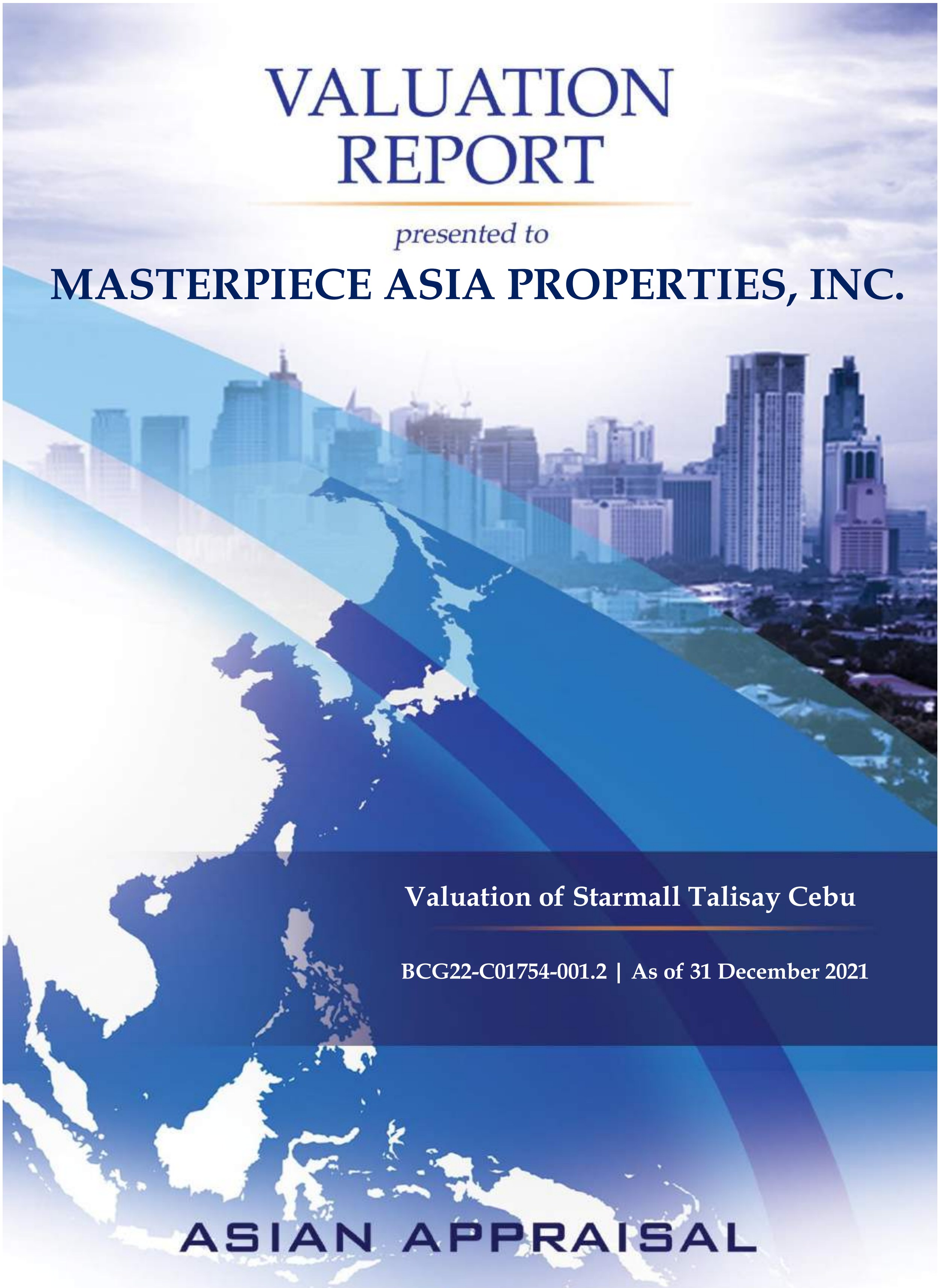
## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**MASTERPIECE ASIA PROPERTIES, INC.**
**VISTA HUB MOLINO**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 14,295.07 | 14,295.07 | 14,295.07 | 14,295.07 | 14,295.07 | |
| Occupancy Rate | % | 91% | 91% | 91% | 91% | 91% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 113,594,248 | 124,668,196 | 131,469,420 | 138,667,486 | 146,287,916 | |
| **Gross Revenues** | **PHP** | **113,594,248** | **124,668,196** | **131,469,420** | **138,667,486** | **146,287,916** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (32,090,564) | (32,090,564) | (32,090,564) | (32,090,564) | (32,090,564) | |
| Light and power | PHP | (2,488,921) | (2,613,368) | (2,744,036) | (2,881,238) | (3,025,300) | |
| Outside services | PHP | (5,136,223) | (5,393,034) | (5,662,686) | (5,945,820) | (6,243,111) | |
| Rentals | PHP | - | - | - | - | - | |
| Salaries and employee benefits | PHP | - | - | - | - | - | |
| Taxes and licenses | PHP | (2,277,410) | (2,322,959) | (2,369,418) | (2,416,806) | (2,465,142) | |
| Repairs and maintenance | PHP | (2,976,447) | (3,035,976) | (3,096,696) | (3,158,630) | (3,221,802) | |
| Other operating expenses | PHP | (4,806,310) | (4,902,436) | (5,000,485) | (5,100,494) | (5,202,504) | |
| **Less: Operating Expenses** | **PHP** | **(49,775,876)** | **(50,358,337)** | **(50,963,884)** | **(51,593,552)** | **(52,248,424)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **63,818,372** | **74,309,859** | **80,505,535** | **87,073,934** | **94,039,492** | |
| Income Tax | PHP | (15,954,593) | (18,577,465) | (20,126,384) | (21,768,483) | (23,509,873) | |
| **NET INCOME AFTER TAX** | **PHP** | **47,863,779** | **55,732,394** | **60,379,152** | **65,305,450** | **70,529,619** | |
| Add: Depreciation | PHP | 32,090,564 | 32,090,564 | 32,090,564 | 32,090,564 | 32,090,564 | |
| **NET CASH FLOW** | **PHP** | **79,954,344** | **87,822,959** | **92,469,716** | **97,396,015** | **102,620,183** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **3,477,845,086** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **76,901,143** | **78,141,234** | **76,112,011** | **74,161,128** | **72,285,202** | **2,449,778,635** |
| **Net present value (NPV)** | **PHP** | **2,827,379,353** | | | | | |
| **Rounded to:** | **PHP** | **2,827,380,000** | | | | | |



# VALUATION REPORT

*presented to*

# MASTERPIECE ASIA PROPERTIES, INC.

**Valuation of Starmall Talisay Cebu**

**BCG22-C01754-001.2 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MASTERPIECE ASIA PROPERTIES, INC.**
5th Level Admin Office, Star Mall Alabang
South Super Highway, Barangay Alabang
Muntinlupa City, Metropolitan Manila
(The "CLIENT/COMPANY")

| | |
|---|---|
| Attention: | **MR. BRIAN N. EDANG**<br>Chief Financial Officer |
| Re: | **AACI File No. BCG22-C10754-001.2**<br>Appraisal of Property |

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Starmall Talisay Cebu*** (the "PROPERTY") located along Cebu South Road, Barangay Lawaan I, City of Talisay, Province of Cebu.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Starmall Talisay Cebu*** located along Cebu South Road, Barangay Lawaan I, City of Talisay, Province of Cebu. |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."<br><br>Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**TWO BILLION**
**NINE HUNDRED FORTY-THREE MILLION**
**SIX HUNDRED TWENTY THOUSAND ONLY**
*(In Words)*

**PHP2,943,620,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

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### 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Starmall Talisay Cebu

The property appraised identified as "Starmall Talisay Cebu", is located along Cebu South Road, Barangay Lawaan I, City of Talisay, Province of Cebu.

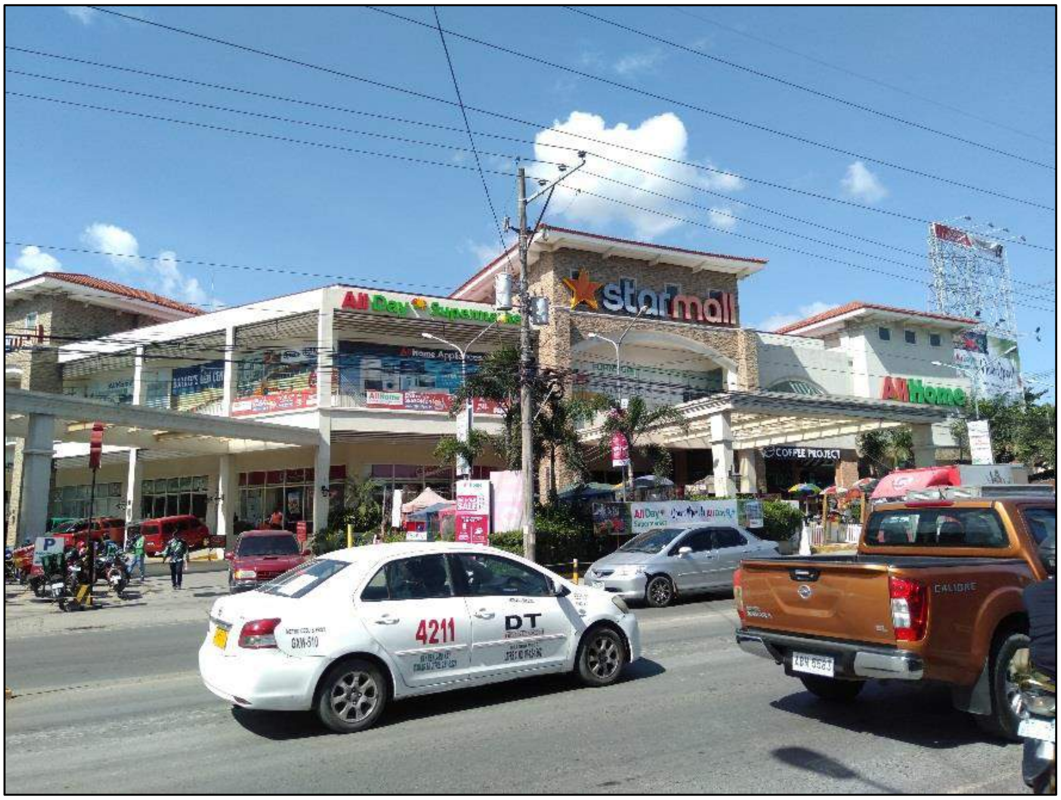



*Figure 1: The Starmall Talisay Cebu*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

### 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

### 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^t}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| **Cost of Equity** | | **Delevered** | **Relevered** |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | **Cost** | **%** | **Weight** |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i)t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

### 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**TWO BILLION**
**NINE HUNDRED FORTY-THREE MILLION**
**SIX HUNDRED TWENTY THOUSAND ONLY**
*(In Words)*

**PHP2,943,620,000**
*(In Figures)*

## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**MASTERPIECE ASIA PROPERTIES, INC.**
**STARMALL TALISAY CEBU**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 15,032.51 | 15,032.51 | 15,032.51 | 15,032.51 | 15,032.51 | |
| Occupancy Rate | % | 77% | 77% | 77% | 77% | 77% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 96,292,746 | 119,265,668 | 130,979,585 | 143,856,990 | 158,009,135 | |
| **Gross Revenues** | **PHP** | **96,292,746** | **119,265,668** | **130,979,585** | **143,856,990** | **158,009,135** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (15,208,068) | (15,208,068) | (15,208,068) | (15,208,068) | (15,208,068) | |
| Light and power | PHP | (3,681,885) | (3,865,980) | (4,059,279) | (4,262,242) | (4,475,355) | |
| Outside services | PHP | (6,017,940) | (6,318,837) | (6,634,779) | (6,966,518) | (7,314,844) | |
| Rentals | PHP | - | - | - | - | - | |
| Salaries and employee benefits | PHP | (20,971) | (22,020) | (23,121) | (24,277) | (25,490) | |
| Taxes and licenses | PHP | (3,015,032) | (3,075,333) | (3,136,839) | (3,199,576) | (3,263,568) | |
| Repairs and maintenance | PHP | (2,169,766) | (2,213,162) | (2,257,425) | (2,302,573) | (2,348,625) | |
| Other operating expenses | PHP | (1,133,031) | (1,155,692) | (1,178,806) | (1,202,382) | (1,226,430) | |
| **Less: Operating Expenses** | **PHP** | **(31,246,695)** | **(31,859,091)** | **(32,498,317)** | **(33,165,637)** | **(33,862,379)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **65,046,051** | **87,406,577** | **98,481,269** | **110,691,353** | **124,146,756** | |
| Income Tax | PHP | (16,261,513) | (21,851,644) | (24,620,317) | (27,672,838) | (31,036,689) | |
| **NET INCOME AFTER TAX** | **PHP** | **48,784,539** | **65,554,933** | **73,860,951** | **83,018,515** | **93,110,067** | |
| Add: Depreciation | PHP | 15,208,068 | 15,208,068 | 15,208,068 | 15,208,068 | 15,208,068 | |
| **NET CASH FLOW** | **PHP** | **63,992,607** | **80,763,001** | **89,069,020** | **98,226,583** | **108,318,135** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **3,670,951,282** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **61,548,934** | **71,859,576** | **73,312,891** | **74,793,555** | **76,298,813** | **2,585,801,782** |
| **Net present value (NPV)** | **PHP** | **2,943,615,552** | | | | | |
| **Rounded to:** | **PHP** | **2,943,620,000** | | | | | |

# VALUATION REPORT

*presented to*

# MASTERPIECE ASIA PROPERTIES, INC.

**Valuation of SOMO – A Vista Mall**

**BCG22-C01754-001.3 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MASTERPIECE ASIA PROPERTIES, INC.**
5th Level Admin Office, Star Mall Alabang
South Super Highway, Barangay Alabang
Muntinlupa City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10754-001.3**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***SOMO - A Vista Mall*** (the "PROPERTY") located within the Barangays of Molino III and IV, City of Bacoor, Province of Cavite.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***SOMO - A Vista Mall*** located within the Barangays of Molino III and IV, City of Bacoor, Province of Cavite. |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."<br><br>Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**FOUR BILLION**
**FOUR HUNDRED SIXTY-ONE MILLION**
**FIVE HUNDRED FORTY THOUSAND ONLY**
*(In Words)*

**PHP4,461,540,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 MASTERPIECE ASIA PROPERTIES, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

# 4 Macroeconomic Overview: Philippine Economy

## 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPI) from the Rest of the World declined by -52.3%. Gross National Income (GNI), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

# 6 Particulars of the Property

## 6.1 SOMO - A Vista Mall

The property appraised, identified "SOMO – A Vista Mall" is located on the northeast side of Molino-Paliparan Road and traversed by Daang Hari Road and Springville Avenue on the on the south and middle section, respectively, within Barangays Molino III and IV, Bacoor City, Province of Cavite.

The site is about 130 meters east from SM-Molino, some 4.25 kilometers northeast from Emilio Aguinaldo Highway in the immediate vicinity of the District Mall-Imus, and approximately 6.30 kilometers from Bacoor City Hall.

*Figure 1: The SOMO - A Vista Mall*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^{t}}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| Cost of Equity | | Delevered | Relevered |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | **Cost** | **%** | **Weight** |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\textbf{NPV} = [\sum FVt / (1 + i)t] - I_0$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**FOUR BILLION**
**FOUR HUNDRED SIXTY-ONE MILLION**
**FIVE HUNDRED FORTY THOUSAND ONLY**
*(In Words)*

**PHP4,461,540,000**
*(In Figures)*

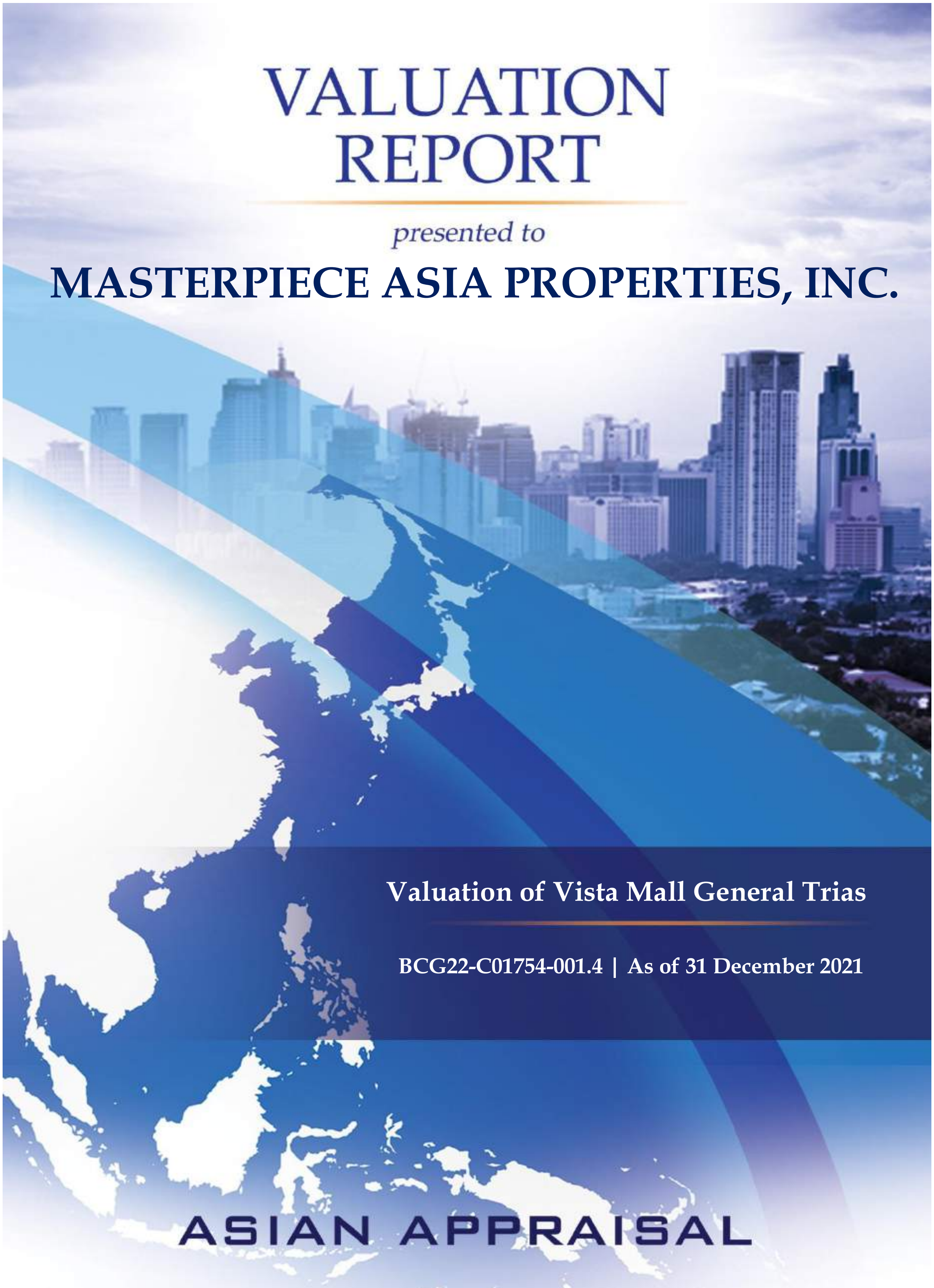
## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**MASTERPIECE ASIA PROPERTIES, INC.**
**VISTA MALL DAANG HARI**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 28,816.76 | 28,816.76 | 28,816.76 | 28,816.76 | 28,816.76 | |
| Occupancy Rate | % | 91% | 91% | 91% | 91% | 91% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 195,398,634 | 207,137,450 | 219,922,193 | 233,601,579 | 248,237,549 | |
| **Gross Revenues** | **PHP** | **195,398,634** | **207,137,450** | **219,922,193** | **233,601,579** | **248,237,549** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (71,648,011) | (71,648,011) | (71,648,011) | (71,648,011) | (71,648,011) | |
| Light and power | PHP | (7,681,123) | (8,065,179) | (8,468,438) | (8,891,859) | (9,336,452) | |
| Outside services | PHP | (22,008,894) | (23,109,339) | (24,264,806) | (25,478,046) | (26,751,949) | |
| Rentals | PHP | - | - | - | - | - | |
| Salaries and employee benefits | PHP | (69,042) | (72,494) | (76,119) | (79,925) | (83,921) | |
| Taxes and licenses | PHP | (7,234,799) | (7,379,495) | (7,527,085) | (7,677,626) | (7,831,179) | |
| Repairs and maintenance | PHP | (4,516,554) | (4,606,885) | (4,699,023) | (4,793,004) | (4,888,864) | |
| Other operating expenses | PHP | (6,619,506) | (6,751,896) | (6,886,934) | (7,024,673) | (7,165,166) | |
| **Less: Operating Expenses** | **PHP** | **(119,777,930)** | **(121,633,300)** | **(123,570,416)** | **(125,593,145)** | **(127,705,542)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **75,620,704** | **85,504,150** | **96,351,777** | **108,008,434** | **120,532,006** | |
| Income Tax | PHP | (18,905,176) | (21,376,038) | (24,087,944) | (27,002,108) | (30,133,002) | |
| **NET INCOME AFTER TAX** | **PHP** | **56,715,528** | **64,128,113** | **72,263,833** | **81,006,325** | **90,399,005** | |
| Add: Depreciation | PHP | 71,648,011 | 71,648,011 | 71,648,011 | 71,648,011 | 71,648,011 | |
| **NET CASH FLOW** | **PHP** | **128,363,540** | **135,776,124** | **143,911,844** | **152,654,337** | **162,047,016** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **5,491,847,696** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **123,461,747** | **120,807,977** | **118,454,131** | **116,236,972** | **114,145,198** | **3,868,433,130** |
| **Net present value (NPV)** | **PHP** | **4,461,539,155** | | | | | |
| **Rounded to:** | **PHP** | **4,461,540,000** | | | | | |



# VALUATION REPORT

*presented to*

## MASTERPIECE ASIA PROPERTIES, INC.

**Valuation of Vista Mall General Trias**

**BCG22-C01754-001.4 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MASTERPIECE ASIA PROPERTIES, INC.**
5th Level Admin Office, Star Mall Alabang
South Super Highway, Barangay Alabang
Muntinlupa City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10754-001.4**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Vista Mall General Trias*** (the "PROPERTY") located along Arnaldo Highway, Barangay San Francisco, City of General Trias, Province of Cavite.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Vista Mall General Trias*** located along Arnaldo Highway, Barangay San Francisco, City of General Trias, Province of Cavite. |
| Basis of value: | The valuation was made on the basis of ***market value***. |
| | **Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." |
| | Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**TWO BILLION**
**NINE HUNDRED SIXTY-ONE MILLION**
**EIGHTY THOUSAND ONLY**
*(In Words)*

**PHP2,961,080,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 MASTERPIECE ASIA PROPERTIES, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

## 4 Macroeconomic Overview: Philippine Economy

### 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Vista Mall General Trias

The property appraised, identified as the "Vista Mall General Trias”, is located along Arnaldo Highway, Barangay San Francisco, City of General Trias, Province of Cavite.


*Figure 1: The Vista Mall General Trias*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^{t}}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| Cost of Equity | | Delevered | Relevered |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | Cost | % | Weight |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i)t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**TWO BILLION**
**NINE HUNDRED SIXTY-ONE MILLION**
**EIGHTY THOUSAND ONLY**
*(In Words)*

**PHP2,961,080,000**
*(In Figures)*

## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**MASTERPIECE ASIA PROPERTIES, INC.**
**VISTA MALL GENERAL TRIAS**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 23,683.36 | 23,683.36 | 23,683.36 | 23,683.36 | 23,683.36 | |
| Occupancy Rate | % | 89% | 89% | 89% | 89% | 89% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 94,693,112 | 110,941,466 | 120,298,760 | 130,522,302 | 142,433,622 | |
| **Gross Revenues** | **PHP** | **94,693,112** | **110,941,466** | **120,298,760** | **130,522,302** | **142,433,622** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (69,046,060) | (69,046,060) | (69,046,060) | (69,046,060) | (69,046,060) | |
| Light and power | PHP | (2,511,710) | (2,637,296) | (2,769,161) | (2,907,619) | (3,053,000) | |
| Outside services | PHP | (5,106,156) | (5,361,464) | (5,629,537) | (5,911,014) | (6,206,564) | |
| Rentals | PHP | - | - | - | - | - | |
| Salaries and employee benefits | PHP | (29,013) | (30,463) | (31,987) | (33,586) | (35,265) | |
| Taxes and licenses | PHP | (5,723,491) | (5,837,961) | (5,954,720) | (6,073,815) | (6,195,291) | |
| Repairs and maintenance | PHP | (2,779,983) | (2,835,583) | (2,892,295) | (2,950,141) | (3,009,143) | |
| Other operating expenses | PHP | (2,405,145) | (2,453,248) | (2,502,313) | (2,552,359) | (2,603,406) | |
| **Less: Operating Expenses** | **PHP** | **(87,601,558)** | **(88,202,075)** | **(88,826,072)** | **(89,474,592)** | **(90,148,730)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **7,091,554** | **22,739,392** | **31,472,689** | **41,047,710** | **52,284,892** | |
| Income Tax | PHP | (1,772,888) | (5,684,848) | (7,868,172) | (10,261,927) | (13,071,223) | |
| **NET INCOME AFTER TAX** | **PHP** | **5,318,665** | **17,054,544** | **23,604,517** | **30,785,782** | **39,213,669** | |
| Add: Depreciation | PHP | 69,046,060 | 69,046,060 | 69,046,060 | 69,046,060 | 69,046,060 | |
| **NET CASH FLOW** | **PHP** | **74,364,725** | **86,100,604** | **92,650,577** | **99,831,842** | **108,259,729** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **3,668,971,876** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **71,524,975** | **76,608,754** | **76,260,878** | **76,015,862** | **76,257,673** | **2,584,407,498** |
| **Net present value (NPV)** | **PHP** | **2,961,075,639** | | | | | |
| **Rounded to:** | **PHP** | **2,961,080,000** | | | | | |

# VALUATION REPORT

*presented to*

# MASTERPIECE ASIA PROPERTIES, INC.

## Valuation of Starmall Imus

**BCG22-C10754-001.5 | as of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MASTERPIECE ASIA PROPERTIES, INC.**
5th Level Admin Office, Star Mall Alabang
South Super Highway, Barangay Alabang
Muntinlupa City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10754-001.5**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Starmall Imus*** (the "PROPERTY") located along Emilio Aguinaldo Highway, Barangay Palico IV, City of Imus, Province of Cavite.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Starmall Imus*** located along Emilio Aguinaldo Highway, Barangay Palico IV, City of Imus, Province of Cavite. |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."<br><br>Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**SIX HUNDRED THIRTY-SEVEN MILLION**
**SEVEN HUNDRED THIRTY THOUSAND ONLY**
*(In Words)*

**PHP637,730,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 MASTERPIECE ASIA PROPERTIES, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

# 4 Macroeconomic Overview: Philippine Economy

## 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
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*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

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**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Starmall Imus

The property appraised, identified as the "Starmall-Imus (All Homes) Compound" is located at the east side of Emilio Aguinaldo Highway, extending east toward a creek, within Barangay Palico IV, Imus City, Province of Cavite.

The site is beside Maynilad - Imus, in the immediate vicinity of boundary arc of Imus and Bacoor Cities. It is approximately 50 meters northeast from the corner of Emilio Aguinaldo Highway and Villanueva Street, some 700 meters southeast from Revilla Business Park, and about 1.3 kilometers southeast from SM City – Bacoor.


*Figure 1: The Starmall Imus*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

### 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

### 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^{t}}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| Cost of Equity | | Delevered | Relevered |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | **Cost** | **%** | **Weight** |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i )t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**SIX HUNDRED THIRTY-SEVEN MILLION**
**SEVEN HUNDRED THIRTY THOUSAND ONLY**
*(In Words)*

**PHP637,730,000**
*(In Figures)*

## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

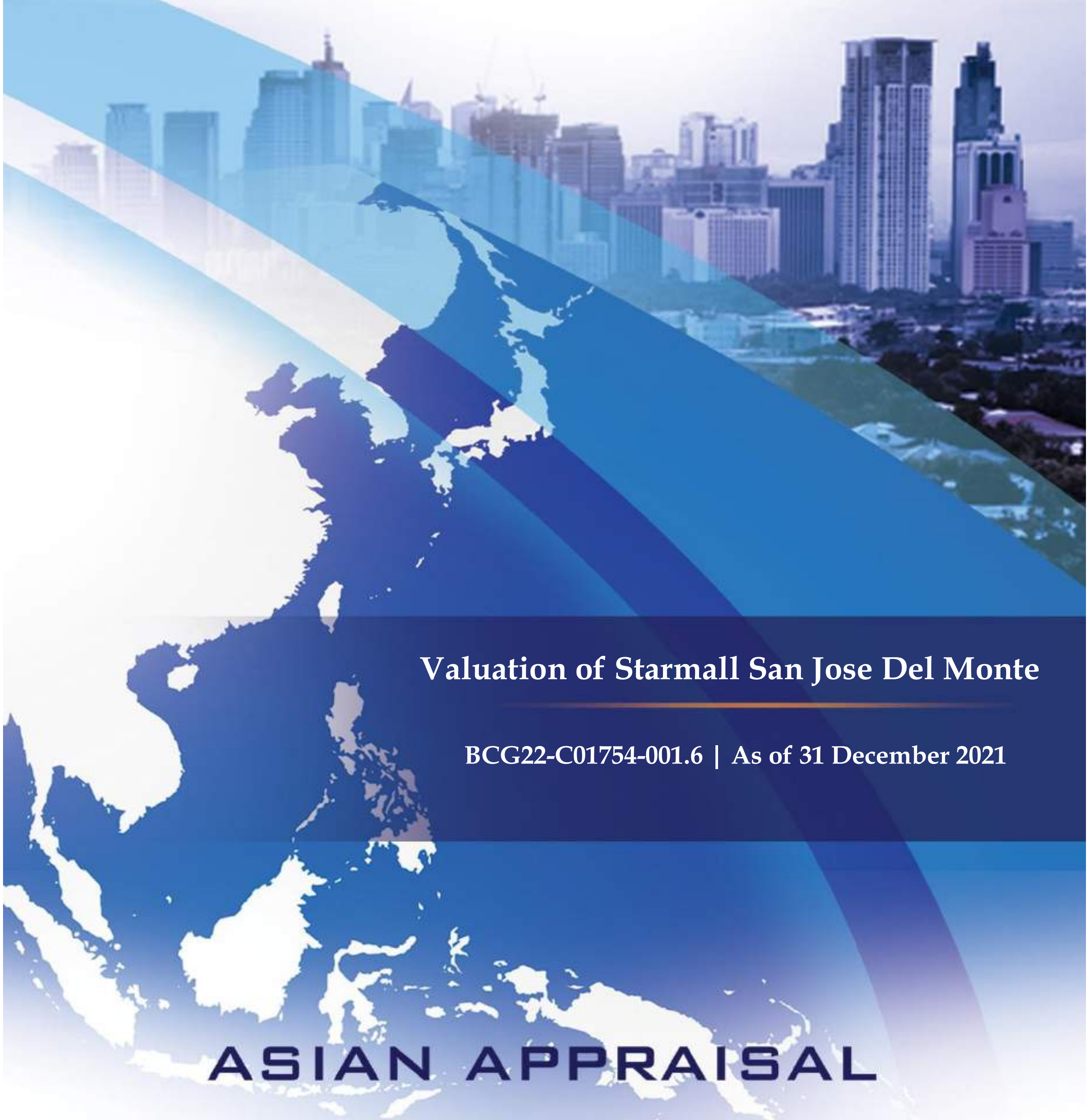
**MASTERPIECE ASIA PROPERTIES, INC.**
**STARMALL IMUS**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 12,772.45 | 12,772.45 | 12,772.45 | 12,772.45 | 12,772.45 | |
| Occupancy Rate | % | 100% | 100% | 100% | 100% | 100% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 29,013,444 | 30,464,116 | 31,987,322 | 33,586,688 | 35,266,022 | |
| **Gross Revenues** | **PHP** | **29,013,444** | **30,464,116** | **31,987,322** | **33,586,688** | **35,266,022** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (8,612,813) | (8,612,813) | (8,612,813) | (8,612,813) | (8,612,813) | |
| Light and power | PHP | (1,342,384) | (1,369,232) | (1,396,616) | (1,424,548) | (1,453,039) | |
| Outside services | PHP | (1,044,912) | (1,065,810) | (1,087,126) | (1,108,869) | (1,131,046) | |
| Rentals | PHP | - | - | - | - | - | |
| Salaries and employee benefits | PHP | - | - | - | - | - | |
| Taxes and licenses | PHP | (1,881,337) | (1,928,371) | (1,976,580) | (2,025,994) | (2,076,644) | |
| Repairs and maintenance | PHP | (818,586) | (839,051) | (860,027) | (881,528) | (903,566) | |
| Other operating expenses | PHP | (1,624,461) | (1,656,950) | (1,690,089) | (1,723,891) | (1,758,369) | |
| **Less: Operating Expenses** | **PHP** | **(15,324,493)** | **(15,472,226)** | **(15,623,251)** | **(15,777,643)** | **(15,935,477)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **13,688,951** | **14,991,890** | **16,364,070** | **17,809,045** | **19,330,545** | |
| Income Tax | PHP | (3,422,238) | (3,747,972) | (4,091,018) | (4,452,261) | (4,832,636) | |
| **NET INCOME AFTER TAX** | **PHP** | **10,266,713** | **11,243,917** | **12,273,053** | **13,356,784** | **14,497,909** | |
| Add: Depreciation | PHP | 8,612,813 | 8,612,813 | 8,612,813 | 8,612,813 | 8,612,813 | |
| **NET CASH FLOW** | **PHP** | **18,879,526** | **19,856,730** | **20,885,866** | **21,969,596** | **23,110,721** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **783,232,947** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **18,158,577** | **17,667,697** | **17,191,198** | **16,728,508** | **16,279,089** | **551,705,810** |
| **Net present value (NPV)** | **PHP** | **637,730,880** | | | | | |
| **Rounded to:** | **PHP** | **637,730,000** | | | | | |

# VALUATION REPORT

*presented to*

# MASTERPIECE ASIA PROPERTIES, INC.



## Valuation of Starmall San Jose Del Monte

**BCG22-C01754-001.6 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MASTERPIECE ASIA PROPERTIES, INC.**
5th Level Admin Office, Star Mall Alabang
South Super Highway, Barangay Alabang
Muntinlupa City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10754-001.6**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Starmall San Jose Del Monte*** (the "PROPERTY") located on the corners of Quirino Highway, Kaypian Road and Asuncion Diaz Abella Road, Barangay Kaypian, City of San Jose Del Monte, Province of Bulacan.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Starmall San Jose Del Monte*** located on the corners of Quirino Highway, Kaypian Road and Asuncion Diaz Abella Road, Barangay Kaypian, City of San Jose Del Monte, Province of Bulacan. |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." |

| | |
|---|---|
| | Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**SIX BILLION**
**THREE HUNDRED NINETY-EIGHT MILLION**
**NINE HUNDRED TEN THOUSAND ONLY**
*(In Words)*

**PHP6,398,910,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser

PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 MASTERPIECE ASIA PROPERTIES, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

# 4 Macroeconomic Overview: Philippine Economy

## 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
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| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Starmall San Jose Del Monte

The property appraised identified as "Starmall San Jose Del Monte", is located on the corners of Quirino Highway, Kaypian Road and Asuncion Diaz Abella Road.

The site is about 400 meters southwest from Igay Cockpit Arena, some 1.0 kilometer northeast from Grace General Hospital, and approximately 1.1 kilometers southwest from Sto. Cristo National High School.


*Figure 1: The Starmall San Jose Del Monte*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^t}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| Cost of Equity | | Delevered | Relevered |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | Cost | % | Weight |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i\,)t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**SIX BILLION**
**THREE HUNDRED NINETY-EIGHT MILLION**
**NINE HUNDRED TEN THOUSAND ONLY**
*(In Words)*

**PHP6,398,910,000**
*(In Figures)*

## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

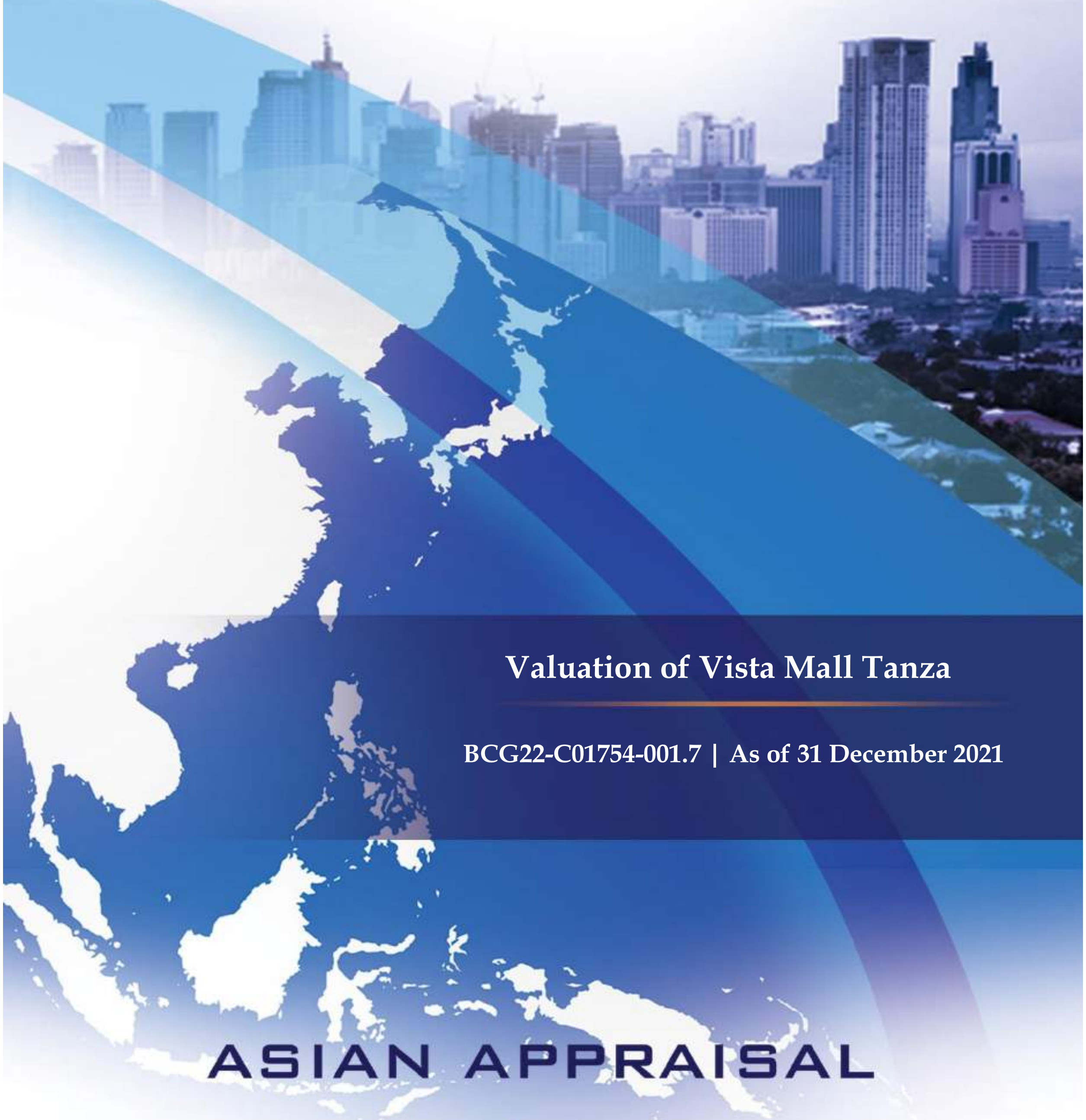
**MASTERPIECE ASIA PROPERTIES, INC.**
**STARMALL SAN JOSE DEL MONTE**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 30,445.38 | 30,445.38 | 30,445.38 | 30,445.38 | 30,445.38 | |
| Occupancy Rate | % | 85% | 85% | 85% | 85% | 85% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 271,157,168 | 291,734,517 | 314,172,292 | 338,646,606 | 365,285,617 | |
| **Gross Revenues** | **PHP** | **271,157,168** | **291,734,517** | **314,172,292** | **338,646,606** | **365,285,617** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (93,055,853) | (93,055,853) | (93,055,853) | (93,055,853) | (93,055,853) | |
| Light and power | PHP | (17,985,051) | (18,884,303) | (19,828,518) | (20,819,944) | (21,860,941) | |
| Outside services | PHP | (20,637,361) | (21,669,229) | (22,752,690) | (23,890,325) | (25,084,841) | |
| Rentals | PHP | (709,022) | (744,473) | (781,697) | (820,781) | (861,820) | |
| Salaries and employee benefits | PHP | (7,126,543) | (7,482,870) | (7,857,014) | (8,249,864) | (8,662,358) | |
| Taxes and licenses | PHP | (10,596,336) | (10,808,263) | (11,024,428) | (11,244,917) | (11,469,815) | |
| Repairs and maintenance | PHP | (9,863,286) | (10,060,551) | (10,261,762) | (10,466,998) | (10,676,338) | |
| Other operating expenses | PHP | (5,832,205) | (5,948,849) | (6,067,826) | (6,189,182) | (6,312,966) | |
| **Less: Operating Expenses** | **PHP** | **(165,805,655)** | **(168,654,390)** | **(171,629,787)** | **(174,737,864)** | **(177,984,931)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **105,351,513** | **123,080,127** | **142,542,505** | **163,908,743** | **187,300,686** | |
| Income Tax | PHP | (26,337,878) | (30,770,032) | (35,635,626) | (40,977,186) | (46,825,172) | |
| **NET INCOME AFTER TAX** | **PHP** | **79,013,635** | **92,310,095** | **106,906,879** | **122,931,557** | **140,475,515** | |
| Add: Depreciation | PHP | 93,055,853 | 93,055,853 | 93,055,853 | 93,055,853 | 93,055,853 | |
| **NET CASH FLOW** | **PHP** | **172,069,488** | **185,365,948** | **199,962,731** | **215,987,410** | **233,531,367** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **7,914,485,149** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **165,498,705** | **164,930,950** | **164,589,730** | **164,461,246** | **164,498,458** | **5,574,928,194** |
| **Net present value (NPV)** | **PHP** | **6,398,907,283** | | | | | |
| **Rounded to:** | **PHP** | **6,398,910,000** | | | | | |

# VALUATION REPORT

*presented to*

# MASTERPIECE ASIA PROPERTIES, INC.



## Valuation of Vista Mall Tanza

**BCG22-C01754-001.7 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**MASTERPIECE ASIA PROPERTIES, INC.**
5th Level Admin Office, Star Mall Alabang
South Super Highway, Barangay Alabang
Muntinlupa City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10754-001.7**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Vista Mall Tanza*** (the "PROPERTY") located at Tanza-Trece Martires Road, Barangay Punta 2, Tanza, Province of Cavite.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Vista Mall Tanza*** located at Tanza-Trece Martires Road, Barangay Punta 2, Tanza, Province of Cavite. |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."<br><br>Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**TWO BILLION**
**SIX HUNDRED ELEVEN MILLION**
**ONE HUNDRED EIGHTY THOUSAND ONLY**
*(In Words)*

**PHP2,611,180,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 MASTERPIECE ASIA PROPERTIES, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

# 4 Macroeconomic Overview: Philippine Economy

## 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Vista Mall Tanza

The property appraised, identified as the "Vista Mall Tanza", is located at located at Tanza-Trece Martires Road, Barangay Punta 2, Tanza, Province of Cavite.


*Figure 1: The Vista Mall Tanza*

# 7 Valuation Approaches and Methodology

## 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

## 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

## 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

## 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^t}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| **Cost of Equity** | | Delevered | Relevered |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | Cost | % | Weight |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i)t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

## 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**TWO BILLION**
**SIX HUNDRED ELEVEN MILLION**
**ONE HUNDRED EIGHTY THOUSAND ONLY**
*(In Words)*

**PHP2,611,180,000**
*(In Figures)*

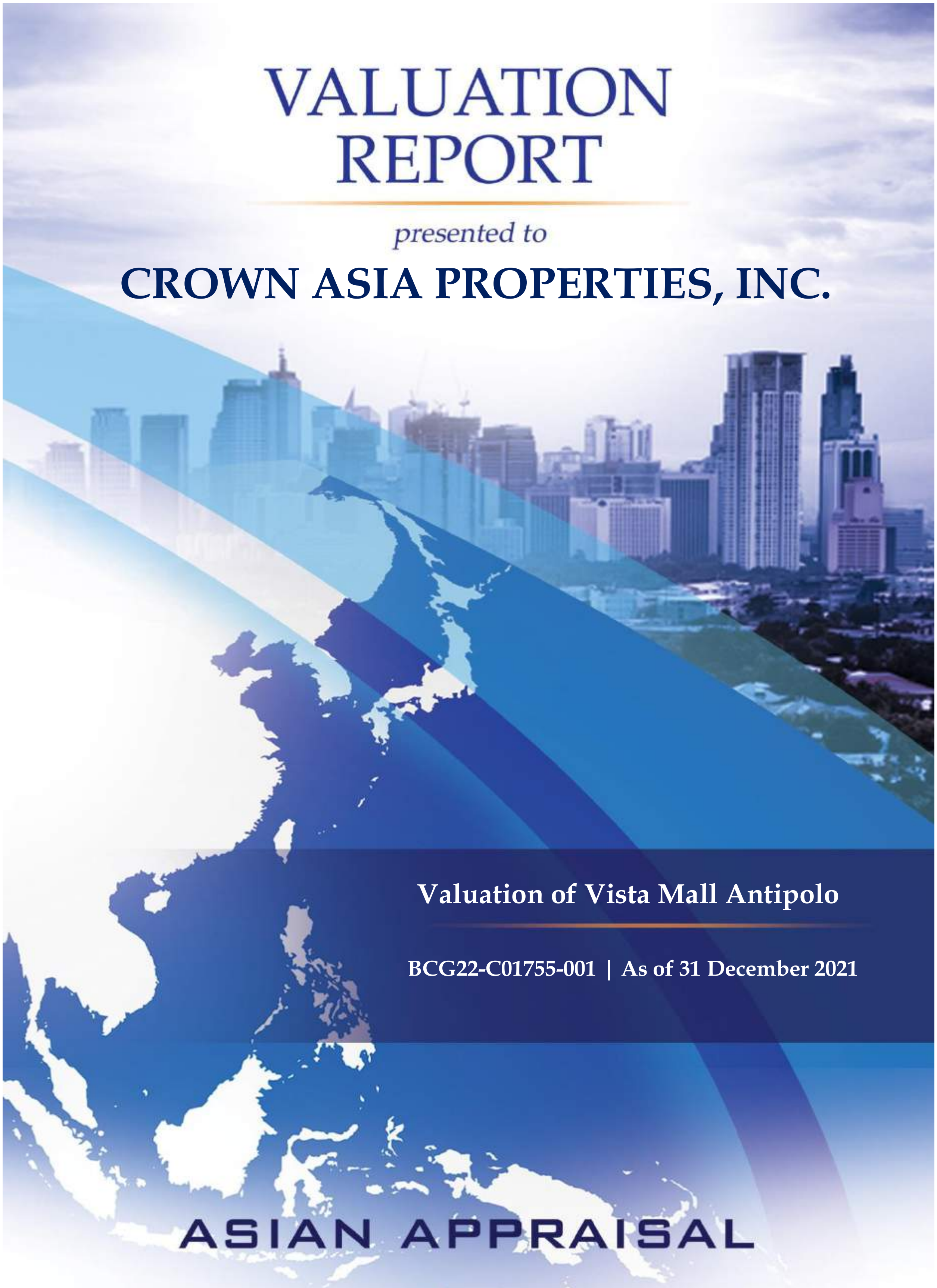
## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**MASTERPIECE ASIA PROPERTIES, INC.**
**VISTA MALL TANZA**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 21,816.51 | 21,816.51 | 21,816.51 | 21,816.51 | 21,816.51 | |
| Occupancy Rate | % | 87% | 87% | 87% | 87% | 87% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| | | | | | | | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 101,990,311 | 107,815,449 | 114,004,942 | 120,584,315 | 127,580,125 | |
| **Gross Revenues** | **PHP** | **101,990,311** | **107,815,449** | **114,004,942** | **120,584,315** | **127,580,125** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (56,890,648) | (56,890,648) | (56,890,648) | (56,890,648) | (56,890,648) | |
| Light and power | PHP | (2,542,405) | (2,669,525) | (2,803,002) | (2,943,152) | (3,090,309) | |
| Outside services | PHP | (6,075,460) | (6,379,233) | (6,698,195) | (7,033,104) | (7,384,760) | |
| Rentals | PHP | (106,105) | (111,410) | (116,981) | (122,830) | (128,972) | |
| Salaries and employee benefits | PHP | (42,762) | (44,900) | (47,145) | (49,502) | (51,977) | |
| Taxes and licenses | PHP | (4,355,518) | (4,442,628) | (4,531,481) | (4,622,111) | (4,714,553) | |
| Repairs and maintenance | PHP | (2,189,173) | (2,232,956) | (2,277,615) | (2,323,167) | (2,369,631) | |
| Other operating expenses | PHP | (2,435,389) | (2,484,097) | (2,533,778) | (2,584,454) | (2,636,143) | |
| **Less: Operating Expenses** | **PHP** | **(74,637,459)** | **(75,255,398)** | **(75,898,845)** | **(76,568,968)** | **(77,266,992)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **27,352,851** | **32,560,052** | **38,106,097** | **44,015,347** | **50,313,132** | |
| Income Tax | PHP | (6,838,213) | (8,140,013) | (9,526,524) | (11,003,837) | (12,578,283) | |
| **NET INCOME AFTER TAX** | **PHP** | **20,514,639** | **24,420,039** | **28,579,573** | **33,011,510** | **37,734,849** | |
| Add: Depreciation | PHP | 56,890,648 | 56,890,648 | 56,890,648 | 56,890,648 | 56,890,648 | |
| **NET CASH FLOW** | **PHP** | **77,405,287** | **81,310,687** | **85,470,221** | **89,902,158** | **94,625,497** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **3,206,901,501** |
| | | | | | | | |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **74,449,427** | **72,346,884** | **70,350,712** | **68,455,013** | **66,653,780** | **2,258,927,177** |
| **Net present value (NPV)** | **PHP** | **2,611,182,993** | | | | | |
| **Rounded to:** | **PHP** | **2,611,180,000** | | | | | |



# VALUATION REPORT

*presented to*

## CROWN ASIA PROPERTIES, INC.

**Valuation of Vista Mall Antipolo**

**BCG22-C01755-001 | As of 31 December 2021**

ASIAN APPRAISAL

**PRIVATE AND CONFIDENTIAL**

11 February 2022

**CROWN ASIA PROPERTIES, INC.**
5th level Admin Office, Starmall Alabang
South Superhighway, Muntinlupa City
Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Re: **AACI File No. BCG22-C10755-001**
Appraisal of Property

**Gentlemen:**

We are pleased to submit our *revised final report* on the valuation as of 31 December 2021, of ***Vista Mall Antipolo*** (the "PROPERTY") located within Barangay San Roque, City of Antipolo, Province of Rizal.

| | |
|---|---|
| Purpose of the valuation: | For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available. |
| Subject of the valuation: | The subject of the valuation is the ***Vista Mall Antipolo*** (the "PROPERTY") located within Barangay San Roque, City of Antipolo, Province of Rizal. |
| Basis of value: | The valuation was made on the basis of ***market value***.<br><br>**Market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."<br><br>Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017). |

| | |
|---|---|
| Valuation date: | The valuation date is as of 31 December 2021**.** |
| Opinion of value: | Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows: |

**PESOS:**
**TWO BILLION**
**THREE HUNDRED THIRTY-FIVE MILLION**
**FOUR HUNDRED EIGHTY THOUSAND ONLY**
*(In Words)*

**PHP2,335,480,000**
*(In Figures)*

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

**WE HEREBY CERTIFY** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

**ENGR. JOHN C. PAR**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

## ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

## 1 Identification of the Client

### 1.1 CROWN ASIA PROPERTIES, INC.

The CLIENT is a corporation organized and existing under the laws of the Philippines.

## 2 Purpose of the Valuation

This valuation shall be used for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

## 3 Basis of Value

The basis of value shall be market value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

## 4 Macroeconomic Overview: Philippine Economy

### 4.1 Q3 2021 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) marked a growth rate of 7.1% in the third quarter of 2021 with the main contributors and their corresponding increases, as follow:

Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Manufacturing, 6.3%; and Construction, 16.8%.

Among the major economic sectors, Industry and Services recorded growths of 7.9% and 8.2%, respectively while Agriculture, forestry, and fishing posted a decrease of -1.7%.

Household Final Consumption Expenditure (HFCE) grew by 7.1% in the said quarter. Growths on Gross Capital Formation (GCF), 22.0%; Government Final Consumption Expenditure (GFCE), 13.6%; Exports, 9.0%; and Imports, 13.2% were recorded as well.

Net Primary Income (NPl) from the Rest of the World declined by -52.3%. Gross National lncome (GNl), on the other hand, posted a growth of 2.8% during the period.

Please see Table 1.

**Table 1. Gross Domestic Product by Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GDP |
|---|---|---|---|---|---|---|
| Agriculture, Hunting, Forestry, and Fishing | 404,988 | 398,213 | (6,775.20) | -2.30% | -1.7% | -0.2% |
| Industry | 1,113,357 | 1,200,900 | 87,542.95 | 29.67% | 7.9% | 2.1% |
| Services | 2,615,533 | 2,829,856 | 214,322.87 | 72.63% | 8.2% | 5.2% |
| **GROSS DOMESTIC PRODUCT** | **4,133,878** | **4,428,969** | **295,090.62** | | **7.1%** | |

*Source: PSA and AACI estimates, November 2021*

Industry expanded by 7.9% in the third quarter of 2021 from a decline of -17.6% in the previous year.

Manufacturing, which comprised 60.7% to total Industry, grew by 6.3%. Contributing the most to the growth were the manufacturing of the following: Computer, electronic and optical products, 17.8%; Food products, 5.3%; Other non-metallic mineral products, 21.3%; Basic metals, 11.6%; and Basic pharmaceutical products and pharmaceutical preparations, 23.0%.

Other industries also posted growths during the quarter. Construction increased by 16.8%, Electricity, steam, water and waste management improved by 2.9%, and Mining and quarrying inched up by 0.6%.

Industry shared 27.1 percent to GDP in the third quarter of 2021.

Please see Table 2.

**Table 2. Gross Value Added in Industry**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Mining and quarrying | 25,253 | 25,397 | 144.04 | 0.16% | 0.6% | 0.0% |
| Manufacturing | 686,028 | 729,091 | 43,063.19 | 49.19% | 6.3% | 3.9% |
| Electricity, steam, water and waste management | 167,303 | 172,171 | 4,868.59 | 5.56% | 2.9% | 0.4% |
| Construction | 234,773 | 274,240 | 39,467.12 | 45.08% | 16.8% | 3.5% |
| **INDUSTRY SECTOR** | **1,113,357** | **1,200,900** | **87,542.95** | | **7.9%** | |

*Source: PSA and AACI estimates, November 2021*

Services industry sustained its momentum as all the sub-industries expanded in the third quarter of 2021, growing at 8.2% compared to the same period in 2020.

Wholesale and retail trade; repair of motor vehicles and motorcycles continued to contribute the most as it grew by 6.4% during the period. This was primarily driven by the growth in Retail trade at 7.6%. Other top contributors in Services were Professional and business services and the Financial and insurance activities, which increased by 11.5% and 6.4%, respectively.

Meanwhile, the following sub-industries had recovered from previous year's losses: Education, which grew by 13.8%; Transportation and storage, 14.8%; Human health and social work activities, 17.7%; Real estate and ownership of dwellings, 4.7%; Other services, 20.3%; and Accommodation and food service activities, 11.5%.

Public administration and defense; compulsory social activities continued to expand and contributed positively with 5.2% growth during the period.

Services shared 63.9% of the 2021 third quarter GDP, maintaining its post as the top contributor to GDP among the three major economic sectors.

Please see Table 3.

**Table 3. Gross Value Added in Services**
**Q3 2020 and Q3 2021**
**At Constant 2018 Prices, in million pesos**

| INDUSTRY/INDUSTRY GROUP | Q3 2020 | Q3 2021 | +/- | % | Growth Rate | % to GVA |
|---|---|---|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 876,132 | 931,832 | 55,700.27 | 25.99% | 6.4% | 2.1% |
| Transportation and storage | 118,961 | 136,562 | 17,600.25 | 8.21% | 14.8% | 0.7% |
| Accommodation and food service activities | 48,427 | 53,991 | 5,563.88 | 2.60% | 11.5% | 0.2% |
| Information and communication | 124,439 | 135,026 | 10,587.56 | 4.94% | 8.5% | 0.4% |
| Financial and insurance activities | 428,205 | 455,503 | 27,297.26 | 12.74% | 6.4% | 1.0% |
| Real estate and ownership of dwellings | 266,445 | 278,860 | 12,414.50 | 5.79% | 4.7% | 0.5% |
| Professional and business services | 268,147 | 298,932 | 30,784.78 | 14.36% | 11.5% | 1.2% |
| Public administration and defense; compulsory social activities | 213,079 | 224,113 | 11,034.45 | 5.15% | 5.2% | 0.4% |
| Education | 152,381 | 173,397 | 21,015.77 | 9.81% | 13.8% | 0.8% |
| Human health and social work activities | 74,399 | 87,600 | 13,201.38 | 6.16% | 17.7% | 0.5% |
| Other services | 44,918 | 54,041 | 9,122.78 | 4.26% | 20.3% | 0.3% |
| **SERVICES SECTOR** | **2,615,533** | **2,829,856** | **214,322.87** | | **8.2%** | |

*Source: PSA and AACI estimates, November 2021*

## 5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

## 6 Particulars of the Property

### 6.1 Vista Mall Antipolo

The property appraised, identified as the "Vista Mall-Antipolo" consist of two (2) sites, which for the purposes of identification, were grouped and hereinafter referred to as Sites I and II, located within Barangay San Roque, Antipolo City, Province of Rizal.

Site I is the Main Mall, located at the southwest corner of Manuel L. Quezon Extension and Atis Street, and adjacent at the rear side to Mile Luce Subdivision, approximately 1.10 kilometers southeast from Sumulong Memorial Circle, some 1.70 kilometers south from Antipolo City hall, and about 2.20 kilometers southeast from Ynares Center.

Site II is the All Home Antipolo, located on the southwest side of Manuel L. Quezon Extension, approximately a kilometer distance southeast from Sumulong Memorial Circle, and about 20 meters northwest from Site I.

*Figure 1: The Vista Mall Antipolo Building 1*

*Figure 2: The Vista Mall Antipolo Building 2*


*Figure 3: The Vista Mall Antipolo Building 3*

## 7 Valuation Approaches and Methodology

### 7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

### 7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

### 7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

### 7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

## 7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

## 7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^{t}}$$

such that:

**FV** = the future value of the investment PV after t years
**PV =** the principal amount of an investment or its present value
***i*** = the applicable compound interest or discount rate
**t** = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV\ /\ (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

## 7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

| **Cost of Equity** | | **Delevered** | **Relevered** |
|---|---|---|---|
| Risk free rate (5Y) | 4.1966% | | |
| Market rate of return | 10.176600% | | |
| Phil RE sector beta | 1.0567 | 0.4529 | 0.6793 |
| **Cost of equity** | 10.5155% | 6.90% | 8.26% |
| | | | |
| Computation of Weighted Average Cost of Capital | | | |
| | **Cost** | **%** | **Weight** |
| Debt | 7.86% | 40.00% | 3.14% |
| Equity | 8.26% | 60.00% | 4.96% |
| | | **Weighted average cost of capital** | **8.10%** |

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 5-year Risk free Rate based on BVAL as of the valuation date since the financial projection of the CLIENT furnished to us is up to 5-years.
- Market rate of return was based on the 5.98 country risk premium published by Damodaran for the Philippines and the 10-year Risk Free Rate as of the valuation date.
- We used the 1.0567 beta based on the average beta of the comparable real estate companies as of the valuation date
- Client's debt to equity ratio is at 40/60.

## 7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i\ )t] - I_0}$$

The last equation states that the Net Present Value, ∑PV, is just the sum of the present worth of the expected economic benefits to be received.

### 7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the lease data provided by the company in an Excel format showing the name of the tenants, unit numbers, floor area, commencement date and expiry date. Rental projection was based on the current lease contract rate. We assumed that the escalation rates, renewal and expiration of lease contracts are already considered on the provided tenure of the leases.

7.9.2 The COMPANY's cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 The vacancy rate was provided to us by the client based on their final GFA and GLA as of those dates. It is safe to assume that the vacancy rate of less than 10% is the same over the 5 year period of projection unless the client has a concrete plan of leasing out the entire vacant spaces and a confirmed renewal of all near lease expiry tenants.

7.9.4 For the operating expenses, we have used the data provided by the CLIENT. We assumed that the inflation and growth rates of the expenses are already considered on the provided data.

7.9.5 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 5% rental growth rate based on the comparable (Ayala Land, AREIT and Filreit estimated growth rate). Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

## 8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 December 2021 is as follows:

**PESOS:**
**TWO BILLION**
**THREE HUNDRED THIRTY-FIVE MILLION**
**FOUR HUNDRED EIGHTY THOUSAND ONLY**
*(In Words)*

**PHP2,335,480,000**
*(In Figures)*

## 9 Valuation Date

This valuation is prospectively as of **31 December 2021.**

**ANNEX A**

**CROWN ASIA PROPERTIES, INC.**
**VISTA MALL ANTIPOLO**
**DISCOUNTED CASH FLOW**
as of the date indicated
**ASSUMPTIONS TO PROJECTIONS**

| | Remarks | 2022 | 2023 | 2024 | 2025 | 2026 | TERMINAL VALUE |
|---|---|---|---|---|---|---|---|
| Gross Leasable Area | in sqm | 18,153.04 | 18,153.04 | 18,153.04 | 18,153.04 | 18,153.04 | |
| Occupancy Rate | % | 90% | 90% | 90% | 90% | 90% | |
| Income Tax | % | 25% | 25% | 25% | 25% | 25% | |
| **FREE CASH FLOWS** | | | | | | | |
| **Rental Income:** | | | | | | | |
| Rental Revenue | PHP | 116,917,482 | 123,731,362 | 130,863,554 | 138,462,702 | 146,544,185 | |
| **Gross Revenues** | **PHP** | **116,917,482** | **123,731,362** | **130,863,554** | **138,462,702** | **146,544,185** | |
| Less: Operating expenses | | | | | | | |
| Depreciation | PHP | (17,622,664) | (17,622,664) | (17,622,664) | (17,622,664) | (17,622,664) | |
| Light and power | PHP | (3,862,144) | (4,055,251) | (4,258,014) | (4,470,915) | (4,694,460) | |
| Outside services | PHP | (4,519,859) | (4,745,852) | (4,983,145) | (5,232,302) | (5,493,917) | |
| Rentals | PHP | - | - | - | - | - | |
| Salaries and employee benefits | PHP | (2,468) | (2,591) | (2,720) | (2,856) | (2,999) | |
| Taxes and licenses | PHP | (8,116,409) | (8,522,229) | (8,948,341) | (9,395,758) | (9,865,546) | |
| Repairs and maintenance | PHP | (2,352,552) | (2,470,180) | (2,593,689) | (2,723,373) | (2,859,542) | |
| Other operating expenses | PHP | (13,563,116) | (14,241,272) | (14,953,335) | (15,701,002) | (16,486,052) | |
| **Less: Operating Expenses** | **PHP** | **(50,039,212)** | **(51,660,039)** | **(53,361,908)** | **(55,148,870)** | **(57,025,180)** | |
| **NET INCOME BEFORE TAX** | **PHP** | **66,878,271** | **72,071,323** | **77,501,647** | **83,313,832** | **89,519,004** | |
| Income Tax | PHP | (16,719,568) | (18,017,831) | (19,375,412) | (20,828,458) | (22,379,751) | |
| **NET INCOME AFTER TAX** | **PHP** | **50,158,703** | **54,053,493** | **58,126,235** | **62,485,374** | **67,139,253** | |
| Add: Depreciation | PHP | 17,622,664 | 17,622,664 | 17,622,664 | 17,622,664 | 17,622,664 | |
| **NET CASH FLOW** | **PHP** | **67,781,366** | **71,676,156** | **75,748,898** | **80,108,038** | **84,761,917** | |
| **TERMINAL VALUE** | **PHP** | | | | | | **2,872,620,237** |
| **NET PRESENT VALUE** | | | | | | | |
| Period lapsed | years | 0.5000 | 1.5000 | 2.5000 | 3.5000 | 4.5000 | 4.5000 |
| Discount rate | % | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% | 8.10% |
| Present value factor | % | 0.9618 | 0.8898 | 0.8231 | 0.7614 | 0.7044 | 0.7044 |
| **Present value** | **PHP** | **65,193,013** | **63,774,478** | **62,349,072** | **60,997,387** | **59,705,918** | **2,023,460,939** |
| **Net present value (NPV)** | **PHP** | **2,335,480,807** | | | | | |
| **Rounded to:** | **PHP** | **2,335,480,000** | | | | | |

# VALUATION REPORT

presented to

VISTA RESIDENCES

# VISTA RESIDENCES, INC.
# (VISTA HUB BGC)

**Condominium Property of**
**Vista Residences, Inc.**

**Vista Hub, 21st corner 20th Drives and Old Lawton Avenue**
**East Forbes Bonifacio Global City, Taguig City**
**Metropolitan Manila**
**FAM21-C10753-001.1-1 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Vista Residences, Inc.***
*Lower Ground Floor, Building B*
*EVIA Lifestyle Center, Daang Hari*
*Almanza Dos, Las Piñas City*
*Metropolitan Manila*

Attention: Mr. Brian N. Edang
Chief Financial Officer
and
Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM21-C10753-001.1-1***
Appraisal of Condominium Units
and Parking Slots

Pursuant to your instructions, we have made an investigation and appraisal of condominium units and parking slots as owned by ***Vista Residences, Inc.,*** and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Market Value*** of the condominium units and parking slots as of ***December 31, 2021.***

Our report, comprising thirty-five (35) pages excluding attachments, consists of --

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

Narrative report;

Photographs of the condominium property; and

Vicinity map showing the general location of the condominium property.

## *Property Appraised*

The property appraised consists of two (2) commercial and eight (8) office condominium units, and two hundred fourteen (214) parking slots, located at ***Vista Hub, 21st corner 20th Drives and Old Lawton Avenue, East Forbes, Bonifacio Global City, Taguig City, Metropolitan Manila.***

## *Basis of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected should the sale be on terms, whether favorable or unfavorable.

It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple absolute, free and clear. *"Fee Simple Absolute"* is defined as an ownership without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

## *Condominium Property Concept*

Condominium as contemplated in the Philippine Condominium Law is defined as –

> *"Section 2 - an interest in real property consisting of separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building."*

Briefly stated, condominium is a form of ownership less than the whole. Each co-owner enjoys absolute ownership in his separate unit and owns jointly in direct proportion to his holdings the common areas designated in the property.

## *Valuation Methodology*

The Market Value the subject property maybe determined by applying any one or a combination of the three (3) approaches to value, namely: Market Approach, Cost Approach and Income Approach. The determination of the appropriate approach(es) for a given property is based on the quality and quantity of data available, particularly its relevance to the property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

The Market Approach is an appraisal technique in which the Market Value estimate is predicated based upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (price wise), and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. It is a process of correlation and analysis of similar recently sold properties. The reliability of this technique is dependent upon: (a) the degree of comparability of each property with the property under appraisal; (b) the time of the sale; (c) the verification of the sale data, and; (d) the absence of unusual conditions affecting the sale. The weight given to this approach is dependent on the availability of recent confirmed listings/sales of properties considered comparable to the property under appraisement. These listings/sold properties are compared to the subject in key units of comparison. Appropriate adjustments are made for differences between the subject and the comparables, resulting in adjusted sales values for each of the comparables. These adjusted values are then reconciled for a value conclusion by the Sales Comparison Data Grid.

The Cost Approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. The methodology of the Cost Approach is a set of procedures that estimate the current reproduction cost of the improvements, deducts accrued depreciation from all sources, and adds the value of the land. The Cost Approach is most appropriate when the improvements under appraisement are relatively new (and therefore with a minimum amount of physical depreciation).

The Income Approach is based on the premise that the value of a property is directly related to the income it generates. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property. The Income Approach is considered appropriate for valuing investment properties, as it mirrors the analysis of typical investors. A direct capitalization method or Discounted Cash Flow Analysis (DCFA) is normally used in an Income Approach.

## *Condominium Property Valuation*

The value of the condominium units was arrived at using the *Market Approach*. In this approach, the value of a particular condominium units was based on sales and listings of comparable property registered within the specific condominium project or comparable condominium projects within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. Our comparison was premised on the factors of floor location, floor area, age, amenities, building location, time element and other relevant factors.

## *Opinion of Value*

Based upon the investigation and an analysis of all relevant factors, and as supported by the accompanying narrative report, it is our opinion that the ***Market Value*** of the condominium units and parking slots, appraised as of ***December 31, 2021,*** is reasonably represented in the amount of ***THREE BILLION, FIVE HUNDRED FORTY-NINE MILLION, SIX HUNDRED SEVEN THOUSAND (₱3,549,607,000) PESOS***, subject to the attached limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the condominium units and parking slots appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest on the condominium units and parking slots appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

RPAA/abd:raca

# General Service Conditions

The services provided by **Asian Appraisal Company, Inc**., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), International Valuation Standards (IVS, Effective as of 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# Certificate of Appraiser

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, with a corresponding ***Market Value*** of ***₱3,549,607,000*** as of ***December 31, 2021.***

**JOHN C. PAR, CPV, CRA, CRB, RCE**
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner/representative(s) is the property described in the title furnished us.

4. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

5. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

6. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

7. This Report is confidential and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

8. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

9. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

10. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

11. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

12. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

13. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

14. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

15. Erasures on appraisal date and values invalidate this valuation report.

16. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

# *Narrative Report*

## *Particulars of the Property*

The property appraised consists of two (2) commercial condominium units, identified as *Units GF-002 and GF-003,* eight (8) office condominium units, identified as *02F-002, 07F-002, 08F-001, 09F-001, 10F-001, 11F-001, 12F-001, and 14F-001,* and two hundred fourteen (214) Parking Slots, located at ***Vista Hub, 21st Drive corner 20th Drive and Old Lawton Avenue, East Forbes, Bonifacio Global City, Taguig City, Metropolitan Manila.***

Typical interior finishes of the units consist of ceramic tiles on reinforced concrete floor, painted plastered cement finish on concrete hollow blocks walls and partitions, acoustic board on aluminum T-runner with insulation ceiling, glass on powder coated aluminum frame (fixed glass) windows and frameless glass doors. All units are painted and provided with electrical lightning and plumbing facilities. Ground Floor Units were reportedly tenanted by "All Day" and "Coffee Project" while BPO Offices were reportedly tenanted by "Google Philippines"

*Note: We were not allowed to enter some of the subject units. Descriptions were based on the previous appraisal report.*

Vista Hub is a 14-storey commercial/office condominium building with 5 parking levels above ground level and 1 basement parking. It is constructed of reinforced concrete frame and columns, plastered cement finish on concrete hollow blocks interior wall and reflective curtain wall exterior finish, ceramic tiles on reinforced concrete slab floor, gypsum board ceiling, and glass on aluminum frame doors. The building is equipped with six (6) passenger and two (2) service elevators, 100% back-up power generator, 24-hours CCTV security monitoring and fire detector and alarm system. It is painted and provided with electrical lighting and plumbing facilities. It is reportedly constructed sometime in year 2016. It is erected on a land containing a total area of 2,651 sq.m., more or less.

The condominium building is located at the southeast corner of 20th Drive and 21st Drive, and old Lawton Avenue, about 110 meters northeast from the corner of 21th Drive and 5th Avenue, some 180 meters southwest from the corner of 20th Drive and 21st, and approximately 1.3 kilometers southwest from SM Aura.

# Condominium Data

## Description

Based on the previous appraisal report under AACI File No. FAM20-C00480-001-5, the subject property consists of two (2) commercial and eight (8) office condominium units, and two hundred fourteen (214) parking slots, technically identified as follows:

| Unit No. | Floor Level | CCT No. | Floor Area (Sq.M.) | Unit Type |
|---|---|---|---|---|
| Condominium Units | | | | |
| GF-002 | Ground Floor | 164-2017018999 | 150.00 | Commercial |
| GF-003 | Ground Floor | 164-2017019000 | 345.26 | Commercial |
| 02F-002 | Second Floor | 164-2017019001 | 824.86 | BPO |
| 07F-002 | Seventh Floor | 164-2017019160 | 522.69 | BPO |
| 08F-001 | Eight Floor | 164-2017019161 | 1,838.99 | BPO |
| 09F-001 | Ninth Floor | 164-2017019162 | 1,838.99 | BPO |
| 10F-001 | Tenth Floor | 164-2017019163 | 1,838.99 | BPO |
| 11F-001 | Eleventh Floor | 164-2017019164 | 1,838.99 | BPO |
| 12F-001 | Twelve Floor | 164-2017019165 | 1,838.99 | BPO |
| 14F-001 | Fourteenth Floor | 164-2017019166 | 1,838.99 | BPO |
| | | | | |
| Parking Slots | | | | |
| B1-0001 | Basement | 164-2017018943 | 12.50 | Parking Slot |
| B1-0002 | Basement | 164-2017018944 | 12.50 | Parking Slot |
| B1-0003 | Basement | 164-2017018945 | 12.50 | Parking Slot |
| B1-0004 | Basement | 164-2017018946 | 12.50 | Parking Slot |
| B1-0005 | Basement | 164-2017018947 | 12.50 | Parking Slot |
| B1-0006 | Basement | 164-2017018948 | 12.50 | Parking Slot |
| B1-0007 | Basement | 164-2017018949 | 12.50 | Parking Slot |
| B1-0008 | Basement | 164-2017018950 | 12.50 | Parking Slot |
| B1-0009 | Basement | 164-2017018951 | 12.50 | Parking Slot |
| B1-0010 | Basement | 164-2017018952 | 12.50 | Parking Slot |
| B1-0011 | Basement | 164-2017018953 | 12.50 | Parking Slot |
| B1-0012 | Basement | 164-2017018954 | 12.50 | Parking Slot |
| B1-0013 | Basement | 164-2017018955 | 12.50 | Parking Slot |

| Unit No. | Floor Level | CCT No. | Floor Area (Sq.M.) | Unit Type |
|---|---|---|---|---|
| B1-0014 | Basement | 164-2017018956 | 12.50 | Parking Slot |
| B1-0015 | Basement | 164-2017018957 | 12.50 | Parking Slot |
| B1-0016 | Basement | 164-2017018958 | 12.50 | Parking Slot |
| B1-0017 | Basement | 164-2017018959 | 12.50 | Parking Slot |
| B1-0018 | Basement | 164-2017018960 | 12.50 | Parking Slot |
| B1-0019 | Basement | 164-2017018961 | 12.50 | Parking Slot |
| B1-0020 | Basement | 164-2017018962 | 12.50 | Parking Slot |
| B1-0021 | Basement | 164-2017018963 | 12.50 | Parking Slot |
| B1-0022 | Basement | 164-2017018964 | 12.50 | Parking Slot |
| B1-0023 | Basement | 164-2017018965 | 12.50 | Parking Slot |
| B1-0024 | Basement | 164-2017018966 | 12.50 | Parking Slot |
| B1-0025 | Basement | 164-2017018967 | 12.50 | Parking Slot |
| B1-0026 | Basement | 164-2017018968 | 12.50 | Parking Slot |
| B1-0027 | Basement | 164-2017018969 | 12.50 | Parking Slot |
| B1-0028 | Basement | 164-2017018970 | 12.50 | Parking Slot |
| B1-0029 | Basement | 164-2017018971 | 12.50 | Parking Slot |
| B1-0030 | Basement | 164-2017018972 | 12.50 | Parking Slot |
| B1-0031 | Basement | 164-2017018973 | 12.50 | Parking Slot |
| B1-0032 | Basement | 164-2017018974 | 12.50 | Parking Slot |
| B1-0033 | Basement | 164-2017018975 | 12.50 | Parking Slot |
| B1-0034 | Basement | 164-2017018976 | 12.50 | Parking Slot |
| B1-0035 | Basement | 164-2017018977 | 12.50 | Parking Slot |
| B1-0036 | Basement | 164-2017018978 | 12.50 | Parking Slot |
| B1-0037 | Basement | 164-2017018979 | 12.50 | Parking Slot |
| B1-0038 | Basement | 164-2017018980 | 12.50 | Parking Slot |
| B1-0039 | Basement | 164-2017018981 | 12.50 | Parking Slot |
| B1-0040 | Basement | 164-2017018982 | 12.50 | Parking Slot |
| B1-0041 | Basement | 164-2017018983 | 12.50 | Parking Slot |
| B1-0042 | Basement | 164-2017018984 | 12.50 | Parking Slot |
| B1-0043 | Basement | 164-2017018985 | 12.50 | Parking Slot |
| B1-0044 | Basement | 164-2017018986 | 12.50 | Parking Slot |
| B1-0045 | Basement | 164-2017018987 | 12.50 | Parking Slot |
| B1-0046 | Basement | 164-2017018988 | 12.50 | Parking Slot |
| B1-0047 | Basement | 164-2017018989 | 12.50 | Parking Slot |
| B1-0048 | Basement | 164-2017018990 | 12.50 | Parking Slot |
| B1-0049 | Basement | 164-2017018991 | 12.50 | Parking Slot |
| B1-0050 | Basement | 164-2017018992 | 12.50 | Parking Slot |

| Unit No. | Floor Level | CCT No. | Floor Area (Sq.M.) | Unit Type |
|---|---|---|---|---|
| B1-0051 | Basement | 164-2017018993 | 12.50 | Parking Slot |
| B1-0052 | Basement | 164-2017018994 | 12.50 | Parking Slot |
| B1-0053 | Basement | 164-2017018995 | 12.50 | Parking Slot |
| B1-0054 | Basement | 164-2017018996 | 12.50 | Parking Slot |
| B1-0055 | Basement | 164-2017018997 | 12.50 | Parking Slot |
| B1-0056 | Basement | 164-2017018998 | 12.50 | Parking Slot |
| P2-0001 | Second Floor | 164-2017019002 | 12.50 | Parking Slot |
| P2-0002 | Second Floor | 164-2017019003 | 12.50 | Parking Slot |
| P2-0003 | Second Floor | 164-2017019004 | 12.50 | Parking Slot |
| P2-0004 | Second Floor | 164-2017019005 | 12.50 | Parking Slot |
| P2-0005 | Second Floor | 164-2017019006 | 12.50 | Parking slot |
| P4-0001 | Fourth Floor | 164-2017019007 | 12.50 | Parking Slot |
| P4-0002 | Fourth Floor | 164-2017019008 | 12.50 | Parking Slot |
| P4-0003 | Fourth Floor | 164-2017019009 | 12.50 | Parking slot |
| P4-0004 | Fourth Floor | 164-2017019010 | 12.50 | Parking Slot |
| P4-0005 | Fourth Floor | 164-2017019011 | 12.50 | Parking Slot |
| P4-0006 | Fourth Floor | 164-2017019012 | 12.50 | Parking slot |
| P4-0007 | Fourth Floor | 164-2017019013 | 12.50 | Parking Slot |
| P4-0008 | Fourth Floor | 164-2017019014 | 12.50 | Parking Slot |
| P4-0009 | Fourth Floor | 164-2017019015 | 12.50 | Parking slot |
| P4-0010 | Fourth Floor | 164-2017019016 | 12.50 | Parking Slot |
| P4-0011 | Fourth Floor | 164-2017019017 | 12.50 | Parking Slot |
| P4-0012 | Fourth Floor | 164-2017019018 | 12.50 | Parking slot |
| P4-0013 | Fourth Floor | 164-2017019019 | 12.50 | Parking Slot |
| P4-0014 | Fourth Floor | 164-2017019020 | 12.50 | Parking Slot |
| P4-0015 | Fourth Floor | 164-2017019021 | 12.50 | Parking slot |
| P4-0016 | Fourth Floor | 164-2017019022 | 12.50 | Parking Slot |
| P4-0017 | Fourth Floor | 164-2017019023 | 12.50 | Parking Slot |
| P4-0018 | Fourth Floor | 164-2017019024 | 12.50 | Parking slot |
| P4-0019 | Fourth Floor | 164-2017019025 | 12.50 | Parking Slot |
| P4-0020 | Fourth Floor | 164-2017019026 | 12.50 | Parking Slot |
| P4-0021 | Fourth Floor | 164-2017019027 | 12.50 | Parking slot |
| P4-0022 | Fourth Floor | 164-2017019028 | 12.50 | Parking Slot |
| P4-0023 | Fourth Floor | 164-2017019029 | 12.50 | Parking Slot |
| P4-0024 | Fourth Floor | 164-2017019030 | 12.50 | Parking slot |
| P4-0025 | Fourth Floor | 164-2017019031 | 12.50 | Parking Slot |
| P4-0026 | Fourth Floor | 164-2017019032 | 12.50 | Parking Slot |

| Unit No. | Floor Level | CCT No. | Floor Area (Sq.M.) | Unit Type |
|---|---|---|---|---|
| P4-0027 | Fourth Floor | 164-2017019033 | 12.50 | Parking slot |
| P4-0028 | Fourth Floor | 164-2017019034 | 12.50 | Parking slot |
| P4-0029 | Fourth Floor | 164-2017019035 | 12.50 | Parking slot |
| P4-0030 | Fourth Floor | 164-2017019036 | 12.50 | Parking slot |
| P4-0031 | Fourth Floor | 164-2017019037 | 12.50 | Parking slot |
| P4-0032 | Fourth Floor | 164-2017019038 | 12.50 | Parking slot |
| P4-0033 | Fourth Floor | 164-2017019039 | 12.50 | Parking slot |
| P4-0034 | Fourth Floor | 164-2017019040 | 12.50 | Parking slot |
| P4-0035 | Fourth Floor | 164-2017019041 | 12.50 | Parking slot |
| P4-0036 | Fourth Floor | 164-2017019042 | 12.50 | Parking slot |
| P4-0037 | Fourth Floor | 164-2017019043 | 12.50 | Parking slot |
| P4-0038 | Fourth Floor | 164-2017019044 | 12.50 | Parking slot |
| P4-0039 | Fourth Floor | 164-2017019045 | 12.50 | Parking slot |
| P4-0040 | Fourth Floor | 164-2017019046 | 12.50 | Parking slot |
| P4-0041 | Fourth Floor | 164-2017019047 | 12.50 | Parking slot |
| P4-0042 | Fourth Floor | 164-2017019048 | 12.50 | Parking slot |
| P4-0043 | Fourth Floor | 164-2017019049 | 12.50 | Parking slot |
| P4-0044 | Fourth Floor | 164-2017019050 | 12.50 | Parking slot |
| P4-0045 | Fourth Floor | 164-2017019051 | 12.50 | Parking slot |
| P4-0046 | Fourth Floor | 164-2017019052 | 12.50 | Parking slot |
| P4-0047 | Fourth Floor | 164-2017019053 | 12.50 | Parking slot |
| P4-0048 | Fourth Floor | 164-2017019054 | 12.50 | Parking slot |
| P4-0049 | Fourth Floor | 164-2017019055 | 12.50 | Parking slot |
| P4-0050 | Fourth Floor | 164-2017019056 | 12.50 | Parking slot |
| P4-0051 | Fourth Floor | 164-2017019057 | 12.50 | Parking slot |
| P4-0052 | Fourth Floor | 164-2017019058 | 12.50 | Parking slot |
| P4-0053 | Fourth Floor | 164-2017019059 | 12.50 | Parking slot |
| P4-0054 | Fourth Floor | 164-2017019060 | 12.50 | Parking slot |
| P4-0055 | Fourth Floor | 164-2017019061 | 12.50 | Parking slot |
| P4-0056 | Fourth Floor | 164-2017019062 | 12.50 | Parking slot |
| P4-0057 | Fourth Floor | 164-2017019063 | 12.50 | Parking slot |
| P4-0058 | Fourth Floor | 164-2017019064 | 12.50 | Parking slot |
| P4-0059 | Fourth Floor | 164-2017019065 | 12.50 | Parking slot |
| P4-0060 | Fourth Floor | 164-2017019066 | 12.50 | Parking slot |
| P4-0061 | Fourth Floor | 164-2017019067 | 12.50 | Parking slot |
| P4-0062 | Fourth Floor | 164-2017019068 | 12.50 | Parking slot |
| P4-0063 | Fourth Floor | 164-2017019069 | 12.50 | Parking slot |

| Unit No. | Floor Level | CCT No. | Floor Area (Sq.M.) | Unit Type |
|---|---|---|---|---|
| P4-0064 | Fourth Floor | 164-2017019070 | 12.50 | Parking slot |
| P5-0001 | Fifth Floor | 164-2017019071 | 12.50 | Parking Slot |
| P5-0002 | Fifth Floor | 164-2017019072 | 12.50 | Parking Slot |
| P5-0003 | Fifth Floor | 164-2017019073 | 12.50 | Parking Slot |
| P5-0004 | Fifth Floor | 164-2017019074 | 12.50 | Parking Slot |
| P5-0005 | Fifth Floor | 164-2017019075 | 12.50 | Parking Slot |
| P5-0006 | Fifth Floor | 164-2017019076 | 12.50 | Parking Slot |
| P5-0007 | Fifth Floor | 164-2017019077 | 12.50 | Parking Slot |
| P5-0008 | Fifth Floor | 164-2017019078 | 12.50 | Parking Slot |
| P5-0009 | Fifth Floor | 164-2017019079 | 12.50 | Parking Slot |
| P5-0010 | Fifth Floor | 164-2017019080 | 12.50 | Parking Slot |
| P5-0011 | Fifth Floor | 164-2017019081 | 12.50 | Parking Slot |
| P5-0012 | Fifth Floor | 164-2017019082 | 12.50 | Parking Slot |
| P5-0013 | Fifth Floor | 164-2017019083 | 12.50 | Parking Slot |
| P5-0014 | Fifth Floor | 164-2017019084 | 12.50 | Parking Slot |
| P5-0015 | Fifth Floor | 164-2017019085 | 12.50 | Parking Slot |
| P5-0016 | Fifth Floor | 164-2017019086 | 12.50 | Parking Slot |
| P5-0017 | Fifth Floor | 164-2017019087 | 12.50 | Parking Slot |
| P5-0018 | Fifth Floor | 164-2017019088 | 12.50 | Parking Slot |
| P5-0019 | Fifth Floor | 164-2017019089 | 12.50 | Parking Slot |
| P5-0020 | Fifth Floor | 164-2017019090 | 12.50 | Parking Slot |
| P5-0021 | Fifth Floor | 164-2017019091 | 12.50 | Parking Slot |
| P5-0022 | Fifth Floor | 164-2017019092 | 12.50 | Parking Slot |
| P5-0023 | Fifth Floor | 164-2017019093 | 12.50 | Parking Slot |
| P5-0024 | Fifth Floor | 164-2017019094 | 12.50 | Parking Slot |
| P5-0025 | Fifth Floor | 164-2017019095 | 12.50 | Parking Slot |
| P5-0026 | Fifth Floor | 164-2017019096 | 12.50 | Parking Slot |
| P5-0027 | Fifth Floor | 164-2017019097 | 12.50 | Parking Slot |
| P5-0028 | Fifth Floor | 164-2017019098 | 12.50 | Parking Slot |
| P5-0029 | Fifth Floor | 164-2017019099 | 12.50 | Parking Slot |
| P5-0030 | Fifth Floor | 164-2017019100 | 12.50 | Parking Slot |
| P5-0031 | Fifth Floor | 164-2017019101 | 12.50 | Parking Slot |
| P5-0032 | Fifth Floor | 164-2017019102 | 12.50 | Parking Slot |
| P5-0033 | Fifth Floor | 164-2017019103 | 12.50 | Parking Slot |
| P5-0034 | Fifth Floor | 164-2017019104 | 12.50 | Parking Slot |
| P5-0035 | Fifth Floor | 164-2017019105 | 12.50 | Parking Slot |
| P5-0036 | Fifth Floor | 164-2017019106 | 12.50 | Parking Slot |

| Unit No. | Floor Level | CCT No. | Floor Area (Sq.M.) | Unit Type |
|---|---|---|---|---|
| P5-0037 | Fifth Floor | 164-2017019107 | 12.50 | Parking Slot |
| P5-0038 | Fifth Floor | 164-2017019108 | 12.50 | Parking Slot |
| P5-0039 | Fifth Floor | 164-2017019109 | 12.50 | Parking Slot |
| P5-0040 | Fifth Floor | 164-2017019110 | 12.50 | Parking Slot |
| P5-0041 | Fifth Floor | 164-2017019111 | 12.50 | Parking Slot |
| P5-0042 | Fifth Floor | 164-2017019112 | 12.50 | Parking Slot |
| P5-0043 | Fifth Floor | 164-2017019113 | 12.50 | Parking Slot |
| P5-0044 | Fifth Floor | 164-2017019114 | 12.50 | Parking Slot |
| P5-0045 | Fifth Floor | 164-2017019115 | 12.50 | Parking Slot |
| P5-0046 | Fifth Floor | 164-2017019116 | 12.50 | Parking Slot |
| P5-0047 | Fifth Floor | 164-2017019117 | 12.50 | Parking Slot |
| P5-0048 | Fifth Floor | 164-2017019118 | 12.50 | Parking Slot |
| P5-0049 | Fifth Floor | 164-2017019119 | 12.50 | Parking Slot |
| P5-0050 | Fifth Floor | 164-2017019120 | 12.50 | Parking Slot |
| P5-0051 | Fifth Floor | 164-2017019121 | 12.50 | Parking Slot |
| P5-0052 | Fifth Floor | 164-2017019122 | 12.50 | Parking Slot |
| P5-0053 | Fifth Floor | 164-2017019123 | 12.50 | Parking Slot |
| P5-0054 | Fifth Floor | 164-2017019124 | 12.50 | Parking Slot |
| P5-0055 | Fifth Floor | 164-2017019125 | 12.50 | Parking Slot |
| P5-0056 | Fifth Floor | 164-2017019126 | 12.50 | Parking Slot |
| P5-0057 | Fifth Floor | 164-2017019127 | 12.50 | Parking Slot |
| P5-0058 | Fifth Floor | 164-2017019128 | 12.50 | Parking Slot |
| P5-0059 | Fifth Floor | 164-2017019129 | 12.50 | Parking Slot |
| P5-0060 | Fifth Floor | 164-2017019130 | 12.50 | Parking Slot |
| P5-0061 | Fifth Floor | 164-2017019131 | 12.50 | Parking Slot |
| P6-0030 | Sixth Floor | 164-2017019132 | 12.50 | Parking Slot |
| P6-0031 | Sixth Floor | 164-2017019133 | 12.50 | Parking Slot |
| P6-0032 | Sixth Floor | 164-2017019134 | 12.50 | Parking Slot |
| P6-0033 | Sixth Floor | 164-2017019135 | 12.50 | Parking Slot |
| P6-0034 | Sixth Floor | 164-2017019136 | 12.50 | Parking Slot |
| P6-0035 | Sixth Floor | 164-2017019137 | 12.50 | Parking Slot |
| P6-0036 | Sixth Floor | 164-2017019138 | 12.50 | Parking Slot |
| P6-0037 | Sixth Floor | 164-2017019139 | 12.50 | Parking Slot |
| P6-0038 | Sixth Floor | 164-2017019140 | 12.50 | Parking Slot |
| P6-0039 | Sixth Floor | 164-2017019141 | 12.50 | Parking Slot |
| P6-0040 | Sixth Floor | 164-2017019142 | 12.50 | Parking Slot |
| P6-0041 | Sixth Floor | 164-2017019143 | 12.50 | Parking Slot |
| P6-0042 | Sixth Floor | 164-2017019144 | 12.50 | Parking Slot |

| *Unit No.* | *Floor Level* | *CCT No.* | *Floor Area (Sq.M.)* | *Unit Type* |
|---|---|---|---|---|
| *P6-0043* | *Sixth Floor* | *164-2017019145* | *12.50* | *Parking Slot* |
| *P6-0044* | *Sixth Floor* | *164-2017019146* | *12.50* | *Parking Slot* |
| *P6-0045* | *Sixth Floor* | *164-2017019147* | *12.50* | *Parking Slot* |
| *P6-0046* | *Sixth Floor* | *164-2017019148* | *12.50* | *Parking Slot* |
| *P6-0047* | *Sixth Floor* | *164-2017019149* | *12.50* | *Parking Slot* |
| *P6-0048* | *Sixth Floor* | *164-2017019150* | *12.50* | *Parking Slot* |
| *P6-0049* | *Sixth Floor* | *164-2017019151* | *12.50* | *Parking Slot* |
| *P6-0050* | *Sixth Floor* | *164-2017019152* | *12.50* | *Parking Slot* |
| *P6-0051* | *Sixth Floor* | *164-2017019153* | *12.50* | *Parking Slot* |
| *P6-0052* | *Sixth Floor* | *164-2017019154* | *12.50* | *Parking Slot* |
| *P6-0053* | *Sixth Floor* | *164-2017019155* | *12.50* | *Parking Slot* |
| *P6-0054* | *Sixth Floor* | *164-2017019156* | *12.50* | *Parking Slot* |
| *P6-0055* | *Sixth Floor* | *164-2017019157* | *12.50* | *Parking Slot* |
| *P6-0056* | *Sixth Floor* | *164-2017019158* | *12.50* | *Parking Slot* |
| *P6-0057* | *Sixth Floor* | *164-2017019158* | *12.50* | *Parking Slot* |

The aforementioned *Condominium Certificates of Title* were all issued on July 18, 2017 in favor of ***VISTA RESIDENCES, INC.,*** by the Registry of Deeds for the City of Taguig.

# *Highest and Best Use*

### *Definition*

*Highest and Best Use* is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

### *Highest and Best Use*

Based on analysis of prevailing land usage in the neighborhood and the property itself, we are of the opinion that *the existing high-rise mixed use strata type development with commercial and office components* would represent the highest and best use of the property.

# *Condominium Valuation*

### *Rationale*

The value of the condominium units and parking slots was arrived at using the *Market Approach*. In this approach, the value of the condominium units and parking slots was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. Our comparison was premised on the factors of time, unit area/size, unit location, unit improvements, building location, building features/amenities, bargaining allowance, and others.

## *Sources*

We have conducted a survey to gather available sales and current listings, and although no sales of truly comparable condominiums have occurred, the following are believed to provide reasonable bases for comparison:

**For Condominium Units**

Listings:

| | Date | Source | Location | Floor Area (Sq.M.) | Total Asking Price |
|---|---|---|---|---|---|
| 1 | Current | Ms. Jill Seven Pearl<br>Broker<br>Contact Nos.:<br>(0905) 244-55-34/<br>(0920) 817-13-83 | G/F, Crescent Park Residences, a commercial condominium unit along 2nd Avenue, Bonifacio Global City, Taguig City, Metropolitan Manila<br>(Note: no parking included) | 292 | ₱95,000,000 |
| 2 | Current | Ms. Grace Eboa<br>Broker<br>Contact No.:<br>(0905) 360-10-49 | G/F, F1 Hotel Manila, a commercial condominium unit along 32nd Street corner Lane A, Bonifacio Global City, Taguig City, Metropolitan Manila<br>(Note: no parking included) | 120 | ₱49,000,000 |
| 3 | Current | Ms. Grace Eboa<br>Broker<br>Contact No.:<br>(0905) 360-10-49 | Upper G/F, F1 Hotel Manila, a commercial condominium unit along 32nd Street corner Lane A, Bonifacio Global City, Taguig City, Metropolitan Manila<br>(Note: no parking included) | 120 | ₱36,500,000 |

## *Valuation Analysis*

**For Units GF-002 and GF-003 (Total Floor Area of 495.26 sq.m.)**

| | Listing No. 1 | Listing No. 2 | Listing No. 3 |
|---|---|---|---|
| Floor Level | G/F | G/F | Upper G/F |
| Condominium Project | Crescent Park Residences | F1 Hotel Manila | F1 Hotel Manila |
| Floor Area (sq.m.) | 292 | 120 | 120 |
| Total Asking Price | ₱95,000,000 | ₱49,000,000 | ₱36,500,000 |
| Less: Bargaining Allowance | -5% | -10% | -5% |
| Net Price | ₱90,250,000 | ₱44,100,000 | ₱34,675,000 |
| Less: Parking Slot | ₱0 | ₱0 | ₱0 |
| Unit Price | ₱90,250,000 | ₱44,100,000 | ₱34,675,000 |
| Unit Price Per Sq.M. | ₱309,075 | ₱367,500 | ₱288,958 |
| **Adjustment Factors:** | | | |
| **Legal, Financial and Economic Adjustments** | | | |
| Rights Conveyed | - | - | - |
| Financing Terms | - | - | - |
| Time (Market Condition) | - | - | - |
| Condition of Sale | - | - | - |
| **Physical Adjustments** | | | |
| **Unit Comparison** | | | |
| Unit Size | - | - | - |
| Unit Location | - | - | 5% |
| Architectural | - | - | - |
| Unit Improvements | - | - | - |
| View | - | - | - |
| Layout | - | - | - |
| Utility | - | - | - |
| **Building Comparison** | | | |
| Building Location | -5% | -10% | -10% |
| Building Age | 5% | 5% | 5% |
| Building Design | - | - | - |
| Amenities | - | - | - |
| Zoning | - | - | - |
| Net Adjustments | 0% | -5% | 0% |
| Peso Adjustment to Net Price | ₱0 | (₱18,375) | ₱0 |
| Adjusted Price | ₱309,075 | ₱349,125 | ₱288,958 |
| % Weight | 40% | 30% | 30% |
| Price Contribution | ₱123,630 | ₱104,738 | ₱86,687 |
| Weighted Price | ₱315,055 | | |
| **Rounded to** | **₱315,000** | **per sq.m.** | |

**For Units 2F-002, 7F-002, 8F-001, 9F-001, 10F-001 11F-001, 12F-001 and 14F-001 (Total Floor Area of 12,381.49 sq.m.)**

| | | |
|---|---|---|
| Fair Value of Ground Floor Unit | = | ₱315,000 per sq.m. |
| Less: Unit Location | = | -10% |
| Less: Unit Size | = | -12% |
| | | ------ |
| | = | -22% |
| | | ------ |
| | = | ₱315,000 @ 78% |
| | = | ₱245,700 |
| **Rounded to,** | = | **₱246,000 per sq.m.** |
| | | ------------ |

**For Parking Slots**

| | Date | Source | Location | Floor Area (Sq.M.) | Total Asking Price |
|---|---|---|---|---|---|
| 1 | Current | Ms. Grace Eboa Broker Contact No.: (0905) 360-10-49 | F1 Hotel Manila, along 32nd Street corner Lane A, Bonifacio Global City, Taguig City, Metropolitan Manila | 12.50 | ₱1,800,000 |
| 2 | Current | Ms. Grace Eboa Broker Contact No.: (0905) 360-10-49 | F1 Hotel Manila, along 32nd Street corner Lane A, Bonifacio Global City, Taguig City, Metropolitan Manila | 12.50 | ₱1,800,000 |
| 3 | Current | Ms. Grace Eboa Broker Contact No.: (0905) 360-10-49 | F1 Hotel Manila, along 32nd Street corner Lane A, Bonifacio Global City, Taguig City, Metropolitan Manila | 12.50 | ₱1,800,000 |

## *Valuation Analysis*

| | Listing No. 1 | Listing No. 2 | Listing No. 3 |
|---|---|---|---|
| Condominium Project | F1 Hotel Manila | F1 Hotel Manila | F1 Hotel Manila |
| Floor Area (sq.m.) | 12.50 | 12.50 | 12.50 |
| Total Asking Price | ₱1,800,000 | ₱1,800,000 | ₱1,800,000 |
| Less: Bargaining Allowance | -5% | -5% | -5% |
| Net Price (Per Sq.M.) | ₱1,710,000 | ₱1,710,000 | ₱1,710,000 |
| **Adjustment Factors:** | | | |
| **Legal, Financial and Economic Adjustments** | | | |
| Rights Conveyed | - | - | - |
| Financing Terms | - | - | - |
| Time (Market Condition) | - | - | - |
| Condition of Sale | - | - | - |
| **Physical Adjustments** | | | |
| **Unit Comparison** | | | |
| Unit Size | - | - | - |
| Unit Location | - | - | - |
| Architectural | - | - | - |
| Unit Improvements | - | - | - |
| View | - | - | - |
| Layout | - | - | - |
| Utility | - | - | - |
| **Building Comparison** | | | |
| Building Location | -10% | -10% | -10% |
| Building Age | 5% | 5% | 5% |
| Building Design | - | - | - |
| Amenities | | | |
| Zoning | - | - | - |
| Net Adjustments | -5% | -5% | -5% |
| Peso Adjustment to Net Price | (₱85,500) | (₱85,500) | (₱85,500) |
| Adjusted Price | ₱1,624,500 | ₱1,624,500 | ₱1,624,500 |
| % Weight | 33% | 34% | 33% |
| Price Contribution | ₱536,085 | ₱552,330 | ₱536,085 |
| Weighted Price | ₱1,624,500 | | |
| **Rounded to** | **₱1,625,000** | **per sq.m.** | |

After an analysis of the market data, and considering the adjustment factors, the market value of the condominium units and parking slots, appraised as of ***December 31, 2021,*** is estimated as follows:

| Unit No. | Floor Area (Sq.M.) | Value (Per Sq.M.) | Market Value |
|---|---|---|---|
| Condominium Units | | | |
| GF-002 | 150.00 | ₱315,000 | ₱ 47,250,000 |
| GF-003 | 345.26 | 315,000 | 108,757,000 |
| 02F-002 | 824.86 | 246,000 | 202,916,000 |
| 07F-002 | 522.69 | 246,000 | 128,582,000 |
| 08F-001 | 1,838.99 | 246,000 | 452,392,000 |
| 09F-001 | 1,838.99 | 246,000 | 452,392,000 |
| 10F-001 | 1,838.99 | 246,000 | 452,392,000 |
| 11F-001 | 1,838.99 | 246,000 | 452,392,000 |
| 12F-001 | 1,838.99 | 246,000 | 452,392,000 |
| 14F-001 | 1,838.99 | 246,000 | 452,392,000 |
| | | | ₱3,201,857,000 |
| Parking Slots | | | |
| 214 Parking Slots | | ₱1,625,000 | ₱347,750,000 |
| | | Total - | ₱3,549,607,000 |

## *Photographs of the Condominium Property*

***Vista Hub***

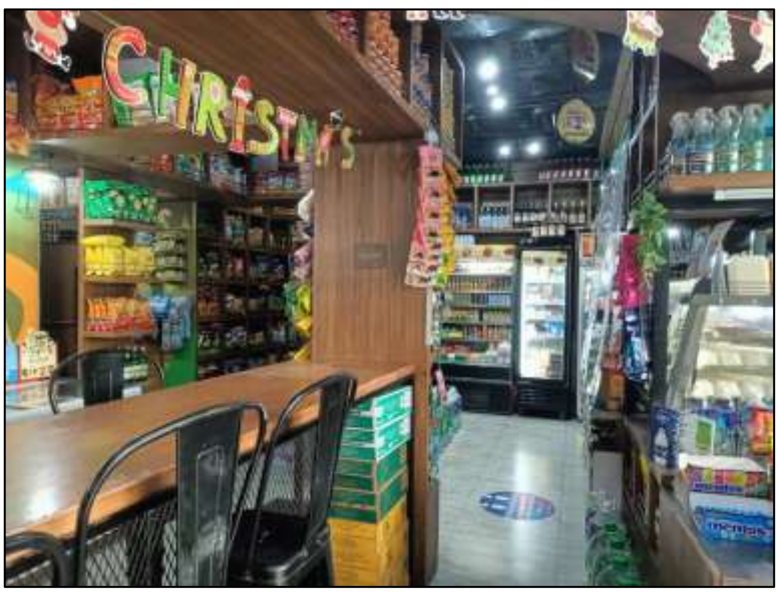
## ***Commercial Units***


***Unit GF-002***


***Interior View***

## ***Unit GF-002 Interior Views***


***Unit GF-003***



***Interior View***

## ***Unit GF-003 Interiors Views***

***Lobby***

***Elevator Service***

***<u>Office Condominium Units</u>***

***Unit 02F-002***

***Unit 07F-002***

***Unit 08F-001***

***Unit 09F-001***

***Unit 10F-001***

***Unit 11F-001***

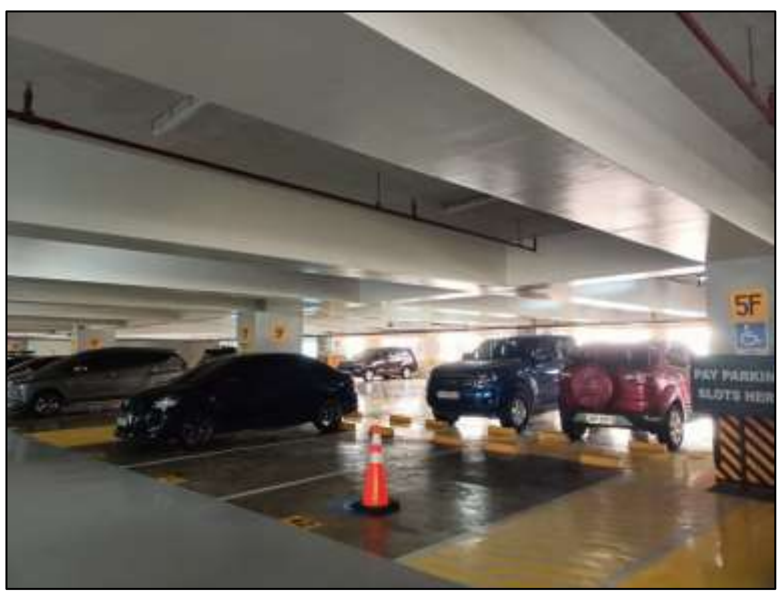
***Unit 12F-001***

***Unit 14F-001***

***Parking Areas***



4F


5F
PAY PARKIN
SLOTS HER

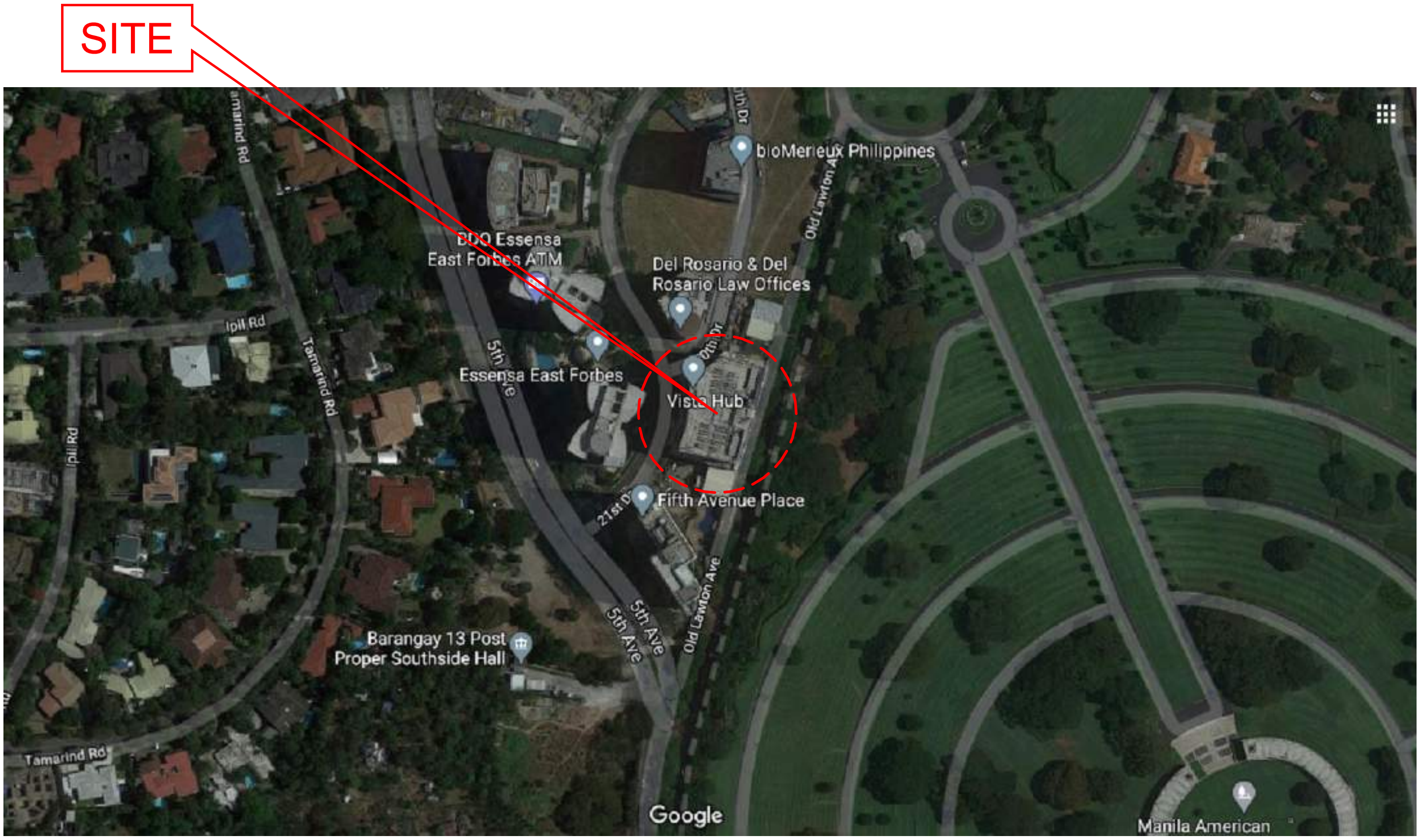

6F
6F

***Road Scenes***

***along 21st Drive***

***along 20th Drive***

SITE




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

N
S

# VISTA RESIDENCES, INC.

VISTA HUB, EAST FORBES, BONIFACIO GLOBAL CITY, TAGUIG CITY, METROPOLITAN MANILA

## VICINITY MAP

PREPARED BY:

**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM21-C10753-001.1-1
E. H. CALLEJO

# VALUATION REPORT

*presented to*

## MANUELA CORPORATION (LAS PINAS ANNEX)

### Fixed Assets

**Corners of Alabang-Zapote Road, Dona Manuela and Rosal Streets**
**Manuela 1 Subdivision, Barangay Pamplona Tres**
**Las Piñas City, Metropolitan Manila**
**FAM22-C00480-001.1-1 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Manuela Corporation***
*M Star, C. V. Starr Avenue*
*Philamlife Village, Pamplona Dos*
*Las Piñas City, Metropolitan Manila*

Attention: Mr. Brian N. Edang
Chief Financial Officer/
Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C00480-001.1-1***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *building, and building machinery and equipment,* located at the ***corners of Alabang-Zapote Road, Doña Manuela and Rosal Streets, Manuela 1 Subdivision, Barangay Pamplona Tres Las Piñas City, Metropolitan Manila,*** and replaceable assets, and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the building, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Market Value of the building, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the shape of the of the building and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost***as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

> Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Improvement Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Assets Component* | *Replacement Cost* | *Market Value* |
|---|---|---|
| ***Building*** | ***₱184,437,000*** | ***₱82,997,000*** |
| ***Building Machinery and Equipment*** | ***7,203,800*** | ***4,393,500*** |
| | --------------- | ------------- |
| ***Grand Total -*** | ***₱191,640,800*** | ***₱87,390,500*** |
| | ============ | ========== |
| ***Rounded To -*** | ***₱191,641,000*** | ***₱87,391,000*** |
| | ============ | ========== |

***THEREFORE,*** it is our opinion that ***EIGHTY-SEVEN MILLION, THREE HUNDRED NINETY-ONE THOUSAND (₱87,391,000) PESOS*** represents the ***Market Value*** of the subject Fixed Assets, appraised as of ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest on the Fixed Assets appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

MKMP:IMT/amt:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc.,** were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards, 2nd Edition (2018), the International Valuation Standards (Effective 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusion expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the report, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

| | |
|---|---|
| **JOHN C. PAR, CPV, CRA, CRB, RCE** | **JOSEPH D. ALCANTARA** |
| Certified Review Appraiser | Licensed Mechanical Engineer |
| Licensed Real Estate Appraiser | PRC ME No. 0033453 |
| PRC REA No. 0002803 | PTR No. 8533642 |
| PTR No. 8533645 | (Plant Machinery and |
| (Real Estate Valuation) | Equipment Valuation) |

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

*INVENTORY OF FIXED ASSETS*

*S U M M A R Y*

| Page No. | | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| 9 | **BUILDING** | | **₱** | **184,437,000** | **₱** | **82,997,000** |
| 10 | **BUILDING MACHINERY AND EQUIPMENT:** | | | | | |
| 10 | Escalator System | | ₱ | 4,117,000 | ₱ | 2,126,000 |
| 11 | Electrical Distribution System | | | 2,772,000 | | 2,066,000 |
| 14 | CCTV Monitoring System | | | 81,000 | | 49,000 |
| 15 | Fire Fighting System | | | 152,800 | | 91,500 |
| 16 | Water Distribution System | | | 81,000 | | 61,000 |
| | | | **₱** | **7,203,800** | **₱** | **4,393,500** |
| | ***GRAND TOTAL*** | **-** | **₱** | ***191,640,800*** | **₱** | ***87,390,500*** |
| | ***ROUNDED TO*** | **-** | **₱** | ***191,641,000*** | **₱** | ***87,391,000*** |

*I N V E N T O R Y*

## *B U I L D I N G*

| *D e s c r i p t i o n* | *Replacement Cost* | *Market Value* |
|---|---|---|
| **Starmall Annex Las Piñas Building -** | ₱ 184,437,000 | ₱ 82,997,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | three (3) |
| Estimated Total Floor Area | : | 6,831 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | concrete hollow blocks and partly tempered glass panels |
| Interior Wall Finish | : | plastered cement |
| Exterior Wall Finish | : | plastered cement |
| Roofing | : | rib-type longspan metal sheets on steel frame |
| Flooring | | reinforced concrete slab |
| Floor Finish | : | ceramic tiles, laminated wood on raised floor, and vinyl tiles |
| Partitions | : | double wall fiber cement board, glass panel, and concrete hollow blocks with plastered cement |
| Ceiling | : | fiber cement board and acoustic board on aluminum T-runner |
| Windows | : | glass on aluminum frame |
| Doors | : | frameless glass, glass on aluminum frame, and steel roll-up |
| Others | | The building is painted and provided with electrical lighting, and plumbing facilities. |
| Observed Physical Condition | : | fair |
| *Remarks* | : | *Floor area of the building was based on valuation report furnished us.* |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **ESCALATOR SYSTEM** | | |
| **1** | **Escalator -** Nippon, 600 mm step width, 4000 mm vertical rise, 30 degrees angle of inclination, driven by electric motor, complete with tempered glass balustrade, black rubber handrail, flat step, motion sensor and other standard accessories | ₱ 1,321,000 | ₱ 996,000 |
| **2** | **Escalators -** LG-Otis, 800 mm step width, 3300 mm vertical rise, 30 degrees angle of inclination, driven by electric motor, complete with stainless steel balustrade, black rubber handrail, flat step, motion sensor and other standard accessories | 2,796,000 | 1,130,000 |
| | | ₱ 4,117,000 | ₱ 2,126,000 |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | |
| **1** | **Standby Generating Set -** AKSA, Model APD 250C-6, Ser. No. 87965210, 2014 Product Date, 250 kVA (200 kW) capacity, 3 ph, 0.8 p.f., powered by 6-cylinder Cummins Diesel Engine, sound proof, complete with batteries, control and other standard accessories, skid mounted on concrete foundation | ₱ 1,818,000 | ₱ 1,424,000 |
| **Lot** | **Low Voltage Switchgear (LVSG) Panel -** metal clad enclosure, 2 vertical sections, 1450 x 850 x 2200 mm WDH, equipped with: | 715,000 | 475,000 |
| | 1st Panel | | |
| 1 | Circuit Breaker - G.E., 1000A rated capacity | | |
| 1 | Circuit Breaker - Westinghouse, 400A rated capacity | | |
| 1 | Circuit Breaker - G.E., 350A rated capacity | | |
| 1 | Circuit Breaker - Westinghouse, 300A rated capacity | | |
| 1 | Circuit Breaker - G.E., 250A rated capacity | | |
| 2 | Circuit Breakers - Westinghouse, 150A rated capacity | | |
| | 2nd Panel | | |
| 1 | Air Circuit Breaker - ABB, SACE Emax E3, SACE PR122/P-LI, 2500A rated capacity | | |
| 1 | Circuit Breaker - ABB, SACE Tmax, 800A rated capacity | | |
| 1 | Circuit Breaker - Schneider Electric, EasyPact CVS630F, 420/600A rated capacity | | |
| 1 | Miniature Circuit Breaker - Fael, C4, 4A rated capacity, 3-poles | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 1 | Energy Meter -<br>EDMI Genius, Model N680<br>System complete with cables, wirings and other electrical installations | | |
| **Lot** | **MDP Panel -**<br>metal clad enclosure, 560 x 250 x 800 mm WDH, equipped with: | ₱ 60,000 | ₱ 40,000 |
| 1 | Circuit Breaker -<br>Schneider Electric, 350A rated capacity | | |
| 2 | Circuit Breakers -<br>Schneider Electric, EasyPact EZC 250F, 225A rated capacity | | |
| 1 | Circuit Breaker -<br>Schneider Electric, EasyPact EZC 250F, 160A rated capacity<br>System complete with wirings and other electrical installations | | |
| **Lot** | **Automatic Transfer Switch -**<br>metal clad enclosure, 850 x 410 x 950 mm WDH, equipped with: | 76,000 | 59,000 |
| 2 | Circuit Breakers -<br>Schneider Electric, EasyPact CVS630F, 420/600A rated capacity | | |
| 2 | Pilot Lights | | |
| 2 | Push Buttons | | |
| 2 | Selector Switches | | |
| 2 | Miniature Circuit Breaker -<br>Sassin, C10, 10A rated capacity | | |
| 1 | Magnetic Contactor -<br>LS, Model UA-4 | | |
| 1 | Timer Relay -<br>ANLY, Model AH3-NC<br>System complete with wirings and other electrical installations | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | | Market Value | |
|---|---|---|---|---|---|
| Lot | **Manual Transfer Switch -** | ₱ | 49,000 | ₱ | 32,000 |
| | metal clad enclosure, 660 x 300 x 850 mm WDH, equipped with: | | | | |
| 2 | Circuit Breakers - | | | | |
| | G.E., approx. 350A rated capacity | | | | |
| | System complete with wirings and other electrical installations | | | | |
| Lot | **Manual Transfer Switch (All Day) -** | | 54,000 | | 36,000 |
| | metal clad enclosure, 460 x 200 x 810 mm WDH, equipped with: | | | | |
| 2 | Circuit Breakers - | | | | |
| | G.E., approx. 250A rated capacity | | | | |
| 2 | Pilot Lights | | | | |
| 1 | Voltmeter | | | | |
| 1 | Ammeter | | | | |
| | System complete with wirings and other electrical installations | | | | |
| | | ₱ | 2,772,000 | ₱ | 2,066,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **CCTV MONITORING SYSTEM** | | |
| **Lot** | **CCTV Monitoring System -** consisting of: | ₱ 81,000 | ₱ 49,000 |
| 1 | CCTV Monitor - Hikvision, 533 mm screen size | | |
| 1 | Network Video Recorder - Hikvision, 16 channels | | |
| 1 | DiskStation - Synology, Model DS215 | | |
| 8 | CCTV Cameras - Hikvision, dome type | | |
| 1 | Uninterruptible Power Supply - Vertiv Liebert Iton BX | | |
| | System complete with wiring installations, control and other standard accessories | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | | | |
| 1 | **Fire Alarm Control Panel -** Model QA16, 0.25 watts, 230 V AC, 60 Hz | ₱ | 79,100 | ₱ | 47,000 |
| 9 | **Fire Extinguishers -** HCFC 123, 4.5 kgs. capacity | | 50,400 | | 30,600 |
| 9 | **Fire Extinguishers -** dry chemical, 4.5 kgs. capacity | | 10,800 | | 6,300 |
| 3 | **Fire Extinguishers -** dry chemical, 9 kgs. capacity | | 6,000 | | 3,600 |
| 1 | **Fire Extinguisher -** dry chemical, 22.68 kgs. capacity | | 6,500 | | 4,000 |
| | | ₱ | 152,800 | ₱ | 91,500 |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 81,000 | ₱ 61,000 |
| 1 | Booster Pump - Euro Star, Type DJM 100, shallow well jet pump, 25 mm dia. S&D, driven by 0.75 kW motor | | |
| 1 | Booster Pump - Euro Star, Type DJM 100, shallow well jet pump, 25 mm dia. S&D, driven by 0.75 kW motor (Note: Located outside Powerhouse) | | |
| 1 | Bladder Tank - Global Water Solutions Ltd., Model GCNBUE-60GV, April 2016 Mfg. Date, 250 liters capacity, 550 x 1100 mm DH | | |
| | System complete with piping, valves and fittings, control and other standard accessories | | |

# *Photographs of the Fixed Assets*

***The Subject Property***

***Road Scenes***

***Alabang-Zapote Road going to Zapote***

***along Doña Manuela Street***

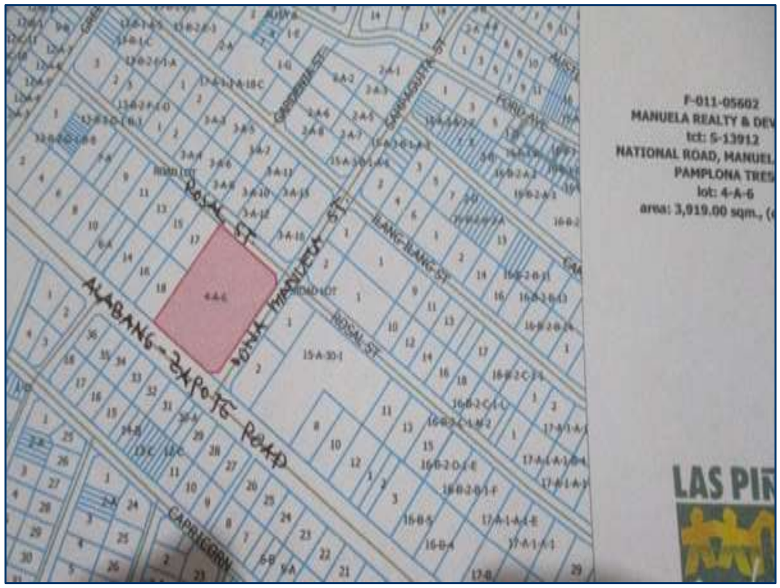
***Starmall Las Piñas-Annex Building***


***Front View***

***Rear View***


***Ground Floor (Main Entrance)***

***Second Floor***


F-011-05602
tct: S-13912
PAMPLONA TRES
lot: 4-A-6
ROSAL ST
DONA MANUELA ST
ALABANG-ZAPOTE ROAD
ILANG-ILANG ST
CAPRICORN

*Tax Map Plan*

## Building Machinery and Equipment

### Annex


*Escalators*


*Standby Generator Set*

## _Main Building_

***Passenger Elevator***

***Escalator***

*Standby Generator Set*

*Electrical Switchgear Board*

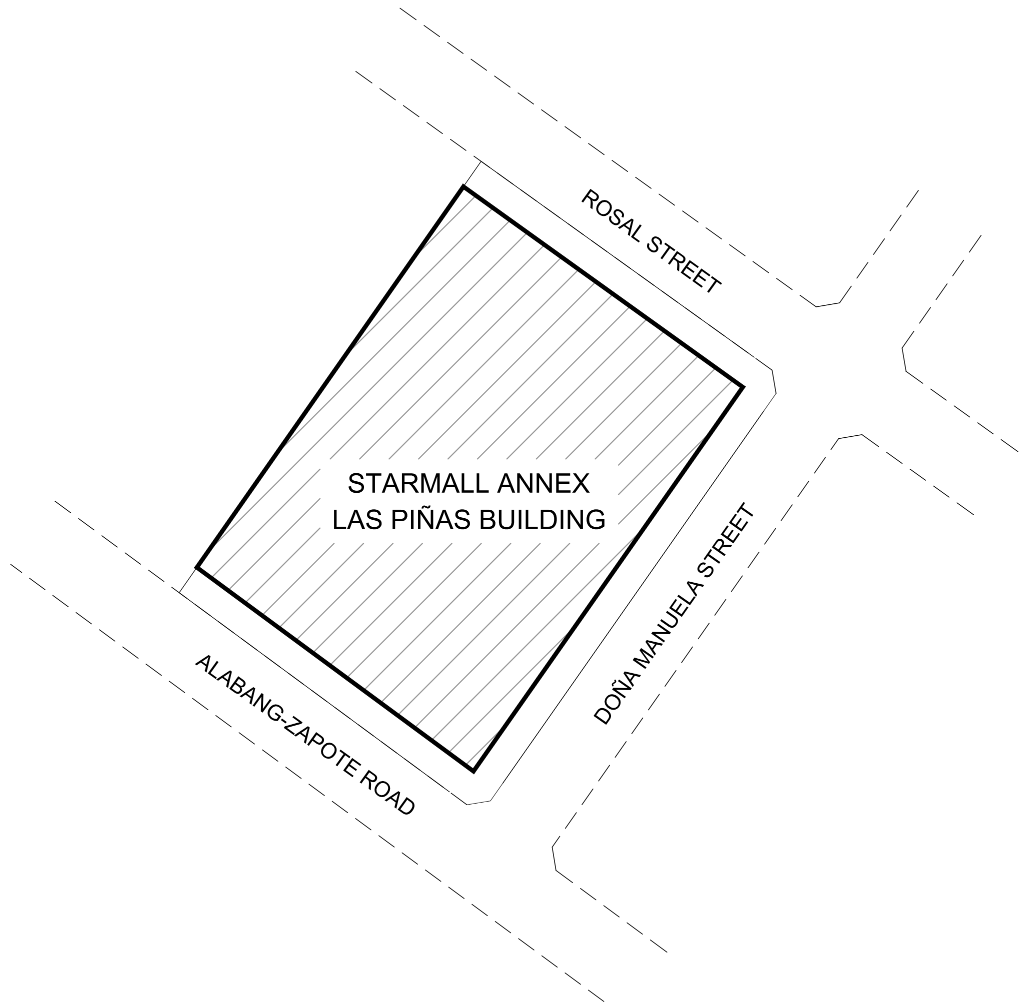
***Ventilating Fans***

***Cooling Tower***

***Cinema Equipment***

***Water Chillers***

***Fire Pump***




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

# CLIENT: MANUELA CORPORATION

BARANGAY PAMPLONA TRES, LAS PIÑAS CITY, METROPOLITAN MANILA

## PLOT PLAN

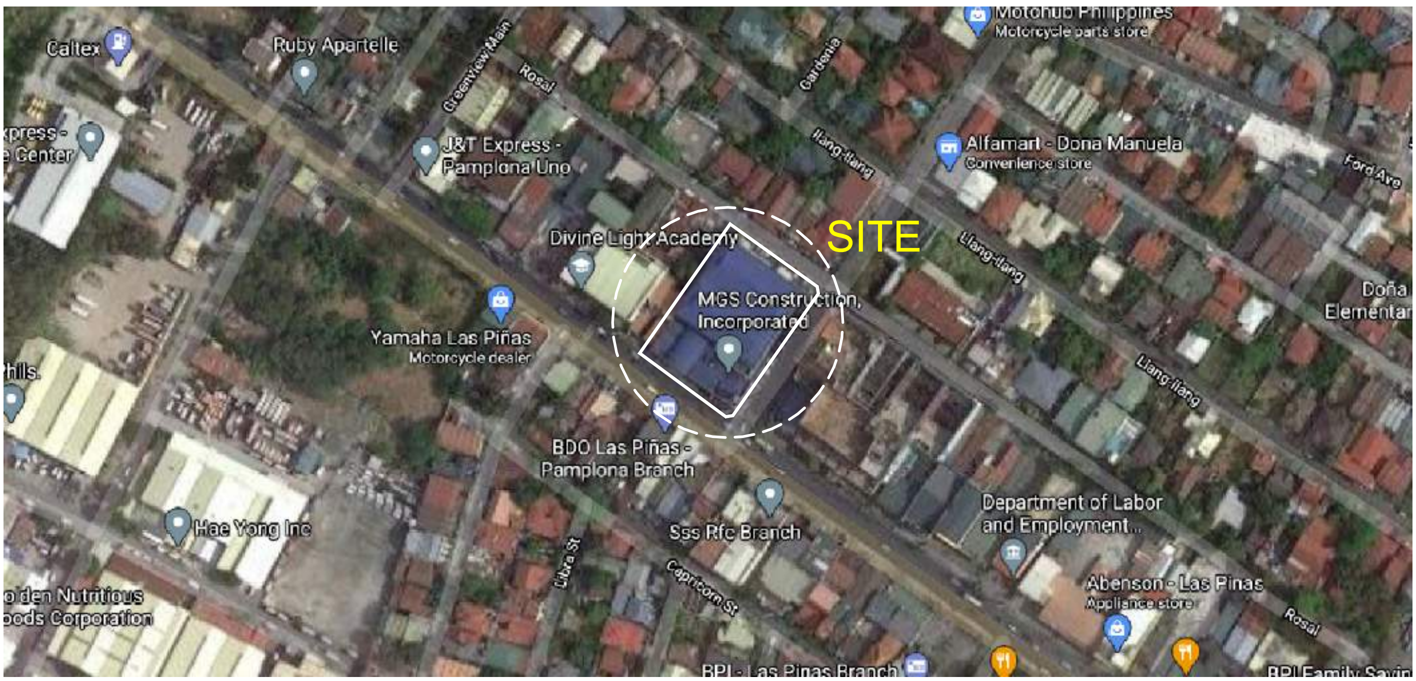
PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C00480-001.1-1
D.S. MORALES

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# CLIENT: MANUELA CORPORATION

BARANGAY PAMPLONA TRES, LAS PIÑAS CITY, METROPOLITAN MANILA

## VICINITY MAP

PREPARED BY:

## ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C00480-001.1-1
D.S. MORALES

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

# VALUATION REPORT

*presented to*

## MANUELA CORPORATION (LAS PINAS MAIN)

### Fixed Assets

**Philamlife Homes, Barangay Pamplona Dos**
**Las Piñas City, Metropolitan Manila**
**FAM22-C00480-001.1-2 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Manuela Corporation***
*M Star, C. V. Starr Avenue*
*Philamlife Village, Pamplona Dos*
*Las Piñas City, Metropolitan Manila*

Attention: Mr. Brian N. Edang
Chief Financial Officer/
Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C00480-001.1-2***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, and building machinery and equipment,* located in ***Philamlife Homes, Barangay Pamplona Dos, Las Piñas City, Metropolitan Manila,*** and replaceable assets, and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Market Value of the buildings, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the shape of the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost***as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

> Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Improvements Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Assets Components* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| ***Buildings*** | | ***₱1,092,458,000*** | ***₱764,878,000*** |
| ***Building Machinery and Equipment*** | | ***308,589,000*** | ***225,407,000*** |
| | | ---------------- | -------------- |
| | ***Grand Total -*** | ***₱1,401,047,000*** | ***₱990,285,000*** |
| | | ============= | =========== |

***THEREFORE,*** it is our opinion that ***NINE HUNDRED NINETY MILLION, TWO HUNDRED EIGHTY-FIVE THOUSAND (₱990,285,000) PESOS*** represents the ***Market Value*** of the subject Fixed Assets appraised as of ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest on the Fixed Assets appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

MKMP:IMT/amt:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc.,** were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards, 2nd Edition (2018), the International Valuation Standards (Effective 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusion expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the report, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

**JOHN C. PAR, CPV, CRA, CRB, RCE**
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645
(Real Estate Valuation)

**JOSEPH D. ALCANTARA**
Licensed Mechanical Engineer
PRC ME No. 0033453
PTR No. 8533642
(Plant Machinery and
Equipment Valuation)

# Limiting Conditions

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

### *INVENTORY OF FIXED ASSETS*

### *S U M M A R Y*

| *Page No.* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 9 | **BUILDINGS:** | | | | |
| 9 | Site I | ₱ | 627,998,000 | ₱ | 439,599,000 |
| 10 | Site II | | 464,460,000 | | 325,279,000 |
| | | ₱ | **1,092,458,000** | ₱ | **764,878,000** |
| 12 | **BUILDING MACHINERY AND EQUIPMENT:** | | | | |
| 12 | Elevator and Escalator System | ₱ | 55,090,000 | ₱ | 39,249,000 |
| 14 | Air Condidtioning System | | 86,179,000 | | 60,382,000 |
| 18 | Ventilation System | | 3,250,000 | | 2,368,000 |
| 21 | Electrical Distribution System | | 107,458,000 | | 84,408,000 |
| 34 | CCTV Monitoring System | | 1,792,000 | | 858,000 |
| 35 | Public Address/Background Music System | | 1,012,000 | | 636,000 |
| 36 | Cinema Equipment | | 39,239,000 | | 26,456,000 |
| 45 | Fire Fighting System | | 9,739,000 | | 7,342,000 |
| 47 | Water Distribution System | | 2,211,000 | | 1,721,000 |
| 48 | Sewage Treatment Plant | | 2,619,000 | | 1,987,000 |
| | | **₱** | **308,589,000** | **₱** | **225,407,000** |
| | *GRAND TOTAL* - | ***₱*** | ***1,401,047,000*** | ***₱*** | ***990,285,000*** |

*INVENTORY*

## *B U I L D I N G S*

| *D e s c r i p t i o n* | *Replacement Cost* | *Market Value* |
|---|---|---|
| ***Site I*** | | |
| **Vista Mall Las Piñas Building -** | ₱ 627,998,000 | ₱ 439,599,000 |

| | |
|---|---|
| No. of Storey (s) | : partly four (4) |
| Estimated Total Floor Area | : 20,258 sq.m. |
| General Framing | : reinforced concrete and steel |
| Walls | : concrete hollow blocks and partly glass panel |
| Interior Wall Finish | : plastered cement |
| Exterior Wall Finish | : plastered cement |
| Roofing | : pre painted long span rib type metal sheets on steel frame with heat insulation |
| Flooring | : reinforced concrete slab |
| Floor Finish | : ceramic tiles |
| Ceiling | : fiber cement board, acoustic board on aluminum T-runner, and gypsum board |
| Partitions | : concrete hollow blocks and glass panel |
| Doors | : frameless glass panel, hollow core steel and glass on aluminum frame |
| Others | : The building is provided with electrical lighting and plumbing facilities, and equipped with escalator. |
| Observed Physical Condition | : fair |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| ***Site II*** | | | | |
| **Vista Mall Parking Building -** | ₱ | 453,460,000 | ₱ | 317,422,000 |

| | |
|---|---|
| No. of Storey (s) | : six (6) with roofdeck |
| Estimated Total Floor Area | : 16,195 sq.m. |
| General Framing | : steel and reinforced concrete |
| Walls | : concrete hollow blocks |
| Interior Wall Finish | : plastered cement |
| Exterior Wall Finish | : plastered cement |
| Roofing | : reinforced concrete slab deck |
| Flooring | : reinforced concrete slab |
| Floor Finish | : ceramic tiles, spider tiles and epoxy paint coated plain cement |
| Ceiling | : fiber cement board and slab soffit |
| Partitions | : concrete hollow blocks |
| Doors | : frameless glass panels, steel roll-up, and steel panel |
| Others | : The building is provided with electrical lighting and plumbing facilities, and equiped with elevators and escalators. |
| Observed Physical Condition | : fair |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Chiller Building -** | | ₱ | 11,000,000 | ₱ | 7,857,000 |
| No. of Storey (s) | : partly two (2) | | | | |
| Estimated Total Floor Area | : 500 sq.m. | | | | |
| General Framing | : reinforced concrete | | | | |
| Walls | : concrete hollow blocks | | | | |
| Interior Wall Finish | : plastered cement | | | | |
| Exterior Wall Finish | : plastered cement | | | | |
| Roofing | : reinforced concrete with cooling roof | | | | |
| Flooring | : reinforced concrete slab | | | | |
| Floor Finish | : plain cement | | | | |
| Ceiling | : metal spandrel | | | | |
| Partitions | : concrete hollow blocks | | | | |
| Doors | : automatic steel roll-up and steel louvers | | | | |
| Others | : The building is provided with electrical lighting facilities. | | | | |
| Observed Physical Condition | : fair | | | | |
| | Total for Site II - | ₱ | 464,460,000 | ₱ | 325,279,000 |
| | Total for Sites I and II - | ₱ | 1,092,458,000 | ₱ | 764,878,000 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **ELEVATOR AND ESCALATOR SYSTEM** | | | | |
| | **IT Hub** | | | | |
| 3 | **Passenger Elevators (A, B and E) -** Otis, 20 persons/1350 kgs load capacity, 11- landings, 7.6 m/sec speed, driven by 15 kW gearless traction machine motor, complete with control panel, speed governor and other standard accessories | ₱ | 19,662,000 | ₱ | 14,910,000 |
| 1 | **Passenger Elevator (D) -** Otis, 20 persons/1350 kgs load capacity, 12- landings, 7.6 m/sec speed, driven by 15 kW gearless traction machine motor, complete with control panel, speed governor and other standard accessories | | 7,150,000 | | 5,422,000 |
| 1 | **Service Elevator (C) -** Otis, 24 persons/1600 kgs load capacity, 12-landings, 7.6 m/sec speed, driven by 17.5 kW gearless traction machine motor, complete with control panel, speed governor and other standard accessories | | 8,726,000 | | 6,617,000 |
| 1 | **Service Elevator -** Otis, 21 persons/1600 kgs load capacity, 3-landings, machine roomless, complete with control panel, speed governor and other standard accessories (Note: Not in use due to water leakage on roof, but operational) | | 2,182,000 | | 1,655,000 |
| 2 | **Escalators -** Otis, 1000 mm step width, approx. 4500 mm vertical rise, 30 degrees angle of inclination, driven by 7.5 kW motor, complete with tempered glass balustrade, black rubber handrail, flat step, motion sensor and other standard accessories | | 3,852,000 | | 2,922,000 |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **Main Building** | | |
| **1** | **Passenger Elevator -** Mitsubishi, 14 persons/1050 kgs load capacity, 3-landings, driven by gearless traction machine motor, complete with control panel, speed governor and other standard accessories | ₱ 1,391,000 | ₱ 638,000 |
| **1** | **Passenger Elevator -** Mitsubishi, 11 persons/825 kgs load capacity, 3-landings, driven by gearless traction machine motor, complete with control panel, speed governor and other standard accessories | 1,093,000 | 501,000 |
| **2** | **Escalators -** SJEC, 800 mm step width, approx. 3650 mm vertical rise, 30 degrees angle of inclination, driven by electric motor, complete with tempered glass balustrade, black rubber handrail, flat step, motion sensor and other standard accessories | 2,972,000 | 1,362,000 |
| **2** | **Escalators -** Shanghai Edunburgh Elevator Co., Ltd., Type EDE35-800, 2008.01 Date of Ex., Eq. No. ED071112-01 and ED071112-02, 0.5 m/s speed, 800 mm step width, approx. 3650 mm vertical rise, 30 degrees angle of inclination, driven by 5.5 kW motor, complete with tempered glass balustrade, black rubber handrail, flat step, motion sensor and other standard accessories | 2,972,000 | 1,362,000 |
| | **Parking Building** | | |
| **1** | **Freight Elevator -** Otis, 21 persons/1600 kgs load capacity, 7-landings, driven by gearless traction machine motor, complete with control panel, speed governor and other standard accessories | 5,090,000 | 3,860,000 |
| | | ₱ 55,090,000 | ₱ 39,249,000 |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | |
| **Lot** | **Centralized Air Conditioning System -** 740 tons of refrigeration total cooling capacity, consisting of: | ₱ 86,179,000 | ₱ 60,382,000 |
| | Main Building | | |
| 2 | Centrifugal Liquid Chillers - Trane, 270 TR cooling capacity, mounted on concrete foundation | | |
| 1 | Centrifugal Liquid Chiller - Trane, 200 TR cooling capacity, mounted on concrete foundation | | |
| 3 | Primary Chilled Water Pumps - Ajax-Elite, centrifugal, end suction, approx. 152 x 127 mm dia. S&D, driven by 7.5 kW motor, 220/380/440V, 1760 rpm | | |
| 2 | Secondary Chilled Water Pumps - Ajax-Elite, centrifugal, end suction, approx. 152 x 127 mm dia. S&D, driven by 11 kW motor, 220/380/440 V, 1755 rpm | | |
| 4 | Secondary Chilled Water Pumps - Ajax-Elite, centrifugal, end suction, approx. 203 x 127 mm dia. S&D, driven by 30 kW motor, 220/440 V, 1760 rpm | | |
| 3 | Condenser Water Pumps - Ajax-Elite, centrifugal, end suction, approx. 152 x 127 mm dia. S&D, driven by 15 kW motor, 220/380/440 V, 1760 rpm | | |
| 3 | Cooling Towers - CTI, induced draft cross flow type, approx. 300 TR cooling capacity, equipped with 15 kW fan motor | | |
| 1 | Chemical Tank - polyethylene, 220 liters capacity, 550 x 900 mm DH, with Tekna Evo Metering Pump, Model AKL 603 | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 1 | Chemical Tank - polyethylene, 110 liters capacity, 450 x 830 mm DH, with Tekna Evo Metering Pump, Model AKL 603 | | |
| 2 | Water Softener Pumps - Goulds Water Technology, Model J15S, self priming, 38 x 25 mm dia. S&D, driven by 1.1 kW motor, 115/230, 3450 rpm (Note: Not in use) | | |
| 1 | Water Softener Tank - fiberglass reinforced plastic, 900 x 1700 mm DH | | |
| 1 | Pressure Tank - fiberglass reinforced plastic, 650 x 1150 mm DH | | |
| 1 | Salt Tank - polyethylene, 850 x 1200 mm DH | | |
| 1 | Air Separator - Wellxtrol, mild steel construction, 800 x 1400 mm DH | | |
| 1 | Expansion Tank - Amtrol Inc., mild steel plate welded construction, Ser. No. 293371, 1143 x 1981 mm DL, with insulations | | |
| 1 | Air Handling Unit (AHU 1) - no nameplate, 40 TR cooling capacity, driven by electric motor | | |
| 1 | Air Handling Unit (AHU 2) - no nameplate, 40 TR cooling capacity, driven by electric motor | | |
| | <u>Cinema 1 and 2 Lobby</u> | | |
| 2 | Fan Coil Units - LG, split type, ceiling cassette, approx. 5 TR cooling capacity | | |
| | <u>Cinema 1</u> | | |
| 6 | Fan Coil Units - LG, split type, ceiling cassette, approx. 5 TR cooling capacity | | |
| | <u>Cinema 1 Projector Room</u> | | |
| 1 | Fan Coil Units - LG, split type, ceiling cassette, approx. 5 TR cooling capacity | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | Cinema 2 | | |
| 6 | Fan Coil Units - LG, split type, ceiling cassette, approx. 5 TR cooling capacity | | |
| | Cinema 2 Projector Room | | |
| 1 | Fan Coil Unit - LG, split type, ceiling cassette, approx. 5 TR cooling capacity | | |
| | IT Hub | | |
| 38 | Air-Cooled Condensing Units - LG, Multi V Series, VRF type, 15 kW cooling capacity, fan drive motor | | |
| 6 | Air-Cooled Condensing Units - LG, Multi V Series, VRF type, 13.5 kW cooling capacity, fan drive motor | | |
| 12 | Air-Cooled Condensing Units - LG, Multi V Series, VRF type, 12 kW cooling capacity, fan drive motor | | |
| 12 | Air-Cooled Condensing Units - LG, Multi V Series, VRF type, 10.5 kW cooling capacity, fan drive motor | | |
| 5 | Air-Cooled Condensing Units - LG, Multi V Series, VRF type, 9 kW cooling capacity, fan drive motor | | |
| 10 | Air-Cooled Condensing Units - LG, Multi V Series, VRF type, 7.5 kW cooling capacity, fan drive motor | | |
| 4 | Fan Coil Units - LG, ceiling cassette type, 4 TR capacity | | |
| 27 | Fan Coil Units - LG, ceiling cassette type, 3.2 TR capacity | | |
| 4 | Fan Coil Units - LG, ceiling cassette type, 2 TR capacity | | |
| 2 | Fan Coil Units - LG, ceiling cassette type, 1.3 TR capacity | | |
| | Elevator Machine Room | | |
| 2 | Fan Coil Units - LG, window type, 1 TR capacity | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | Security Office | | |
| 1 | Fan Coil Units -<br>LG, window type, 1 TR capacity | | |
| | System complete with variable frequency drives, ductings, pipes and fittings, valves, insulations, controls and other standard accessories | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| **Lot** | **Ventilation System -** consisting of: | ₱ 3,250,000 | ₱ 2,368,000 |
| | IT Hub | | |
| | Roofdeck | | |
| 1 | Pressurization Fan (PF-1) - Niagara, Model GP1 36 PLR CCW-TH, 10-05-2015 Date Mfd., Ser. No. 15-1206-4, centrifugal, 23800 CMH capacity, 1400 x 700 mm DW, driven by 5.6 kW motor, 380 V, 1740 rpm | | |
| 1 | Pressurization Fan (PF-2) - Niagara, Model GP1 36 PLR CW-TH, 10-05-2015 Date Mfd., Ser. No. 15-1206-5, centrifugal, 25500 CMH capacity, 1400 x 700 mm DW, driven by 5.6 kW motor, 380 V, 1740 rpm | | |
| 1 | Smoke Evacuation Fan (SEF-1) - Niagara, Model GP1 24 PLR CW-TH, 10-04-2015 Date Mfd., Ser. No. 15-1206-2, centrifugal, 10880 CMH capacity, 900 x 470 mm DW, driven by 2.2 kW motor, 380 V, 1730 rpm | | |
| 1 | Toilet Ehaust Fan (EF-6) - Niagara, Model GPA 22 PLR CW-TH, 10-02-2015 Date Mfd., Ser. No. 15-1206-1, centrifugal, 10200 CMH capacity, 850 x 430 mm DW, driven by 2.2 kW motor, 380 V, 1743 rpm | | |
| 1 | Toilet Ehaust Fan (EF-7) - Niagara, Model GPA 30 PLR CW-TH, 10-02-2015 Date Mfd., Ser. No. 15-1206-3, centrifugal, 18360 CMH capacity, 1100 x 570 mm DW, driven by 3.7 kW motor, 380 V, 1740 rpm | | |
| | 4th Floor/Powerhouse | | |
| 2 | Exhaust Fans - Niagara, Model HTA-550-DD, 01-26-2016 Date Mfd., Ser. Nos. 15-1802-3 and 15-1802-4, axial fan, tubular inline, 6573 CMH capacity, driven by 1.5 kW motor, 230 V, 1740 rpm | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | 3rd Floor/LVSG Room | | |
| 2 | Exhaust Fans - Niagara, Model HTA-550-DD, 01-26-2016 Date Mfd., Ser. Nos. 15-1802-1 and 15-1802-2, axial fan, tubular in-line, 6423 CMH capacity, driven by 1.5 kW motor, 230 V, 1740 rpm | | |
| | 3rd Floor Roofdeck | | |
| 1 | Kitchen Exhaust Fan (KEF-1) - Niagara, Model GP1 36 PLR CW-TH, 01-29-2016 Date Mfd., Ser. No. 15-1802-5, centrifugal, 15000 CFM capacity, 1200 x 700 mm DW, driven by 5.6 kW motor, 380 V, 1760 rpm | | |
| 1 | Kitchen Exhaust Fan (KEF-2) - Niagara, Model GP1 36 PLR CW-TH, 01-29-2016 Date Mfd., Ser. No. 15-1802-6, centrifugal, 17000 CFM capacity, 1300 x 700 mm DW, driven by 5.6 kW motor, 380 V, 1760 rpm | | |
| 1 | Kitchen Exhaust Fan (KEF-3) - Niagara, Model GPA 22 PLR CW-TH, 01-23-2016 Date Mfd., Ser. No. 15-1802-7, centrifugal, 5000 CMH capacity, 800 x 430 mm DW, driven by 1.5 kW motor, 380 V, 1740 rpm | | |
| 1 | Kitchen Exhaust Fan (KEF-4) - Niagara, Model GPA 27 PLR CCW-TH, 01-23-2016 Date Mfd., Ser. No. 15-1802-8, centrifugal, 8000 CMH capacity, 900 x 520 mm DW, driven by 2.2 kW motor, 380 V, 1735 rpm | | |
| | Basement | | |
| 1 | Exhaust Fan (EF-5) - Niagara, Model NEF-24, 10-03-2015 Date Mfd., Ser. No. 15-1206-7, axial, 9350 CMH capacity, 600 mm diameter blade, driven by 0.56 kW motor, 230 V, 1725 rpm | | |
| 1 | Exhaust Fan - Niagara, Model SISW 49 ACF CL 1 CCW-UB, centrifugal fan type, 2015 Year Mfd., 51,000 CMH capacity, Serial No. 15-1206-6, 7.5 kW motor, 3 phase, 380 volts, 1745 rpm (Note: located at Basement) | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | Basement/STP | | |
| 2 | Fresh Air Fan - Niagara, centrifugal, approx. 1,020 CMH capacity, 600 x 300 mm DW, belt driven by 1.1 kW motor, 110/220 V, 1745 rpm, with belt guard | | |
| | Basement/Parking | | |
| 8 | Jet Fans - Niagara, Model JVF-450AX, 2400 CMH, 350 watts | | |
| | Main Building | | |
| | Roofdeck | | |
| 1 | Exhaust Fan - Kruger, Model BSB 1000 UI CW 90, Ser. No. 13U3882J00488AE59, centrifugal, 18000 cfm, 699 rpm, 1300 x 660 mm DW, belt driven by 11 kW motor, 220 V, with belt guard | | |
| 1 | Exhaust Fan - Kruger, Model BSB 1000 UI CW 90, Ser. No. 13U3883J00488BE59, centrifugal, 24000 cfm, 822 rpm, 1300 x 660 mm DW, belt driven by 15 kW motor, 220 V, 1750 rpm, with belt guard | | |
| | Compressor Room | | |
| 2 | Exhaust Fans - Niagara, Model NEF-24, 03-17-2014 Date Mfd., Ser. No. 14-0291-1 and 14-0291-2, axial, 600 mm diameter blade, driven by 0.37 kW motor, 220 V, 1740 rpm | | |
| | Powerhouse | | |
| 6 | Exhaust Fans - KDK, Model 60GSC, axial, approx. 600 mm diameter blade, driven by 0.37 kW motor, 220-230 V | | |
| | Chiller Room | | |
| 6 | Exhaust Fans - KDK, Model 60GSC, axial, approx. 600 mm diameter blade, driven by 0.37 kW motor, 220-230 V | | |
| | Parking Building Pump Room | | |
| 2 | Exhaust Fans - axial, 300 mm diameter blade, driven by motor | | |
| | System complete with ductings, control and other standard accessories | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | |
| | **IT Hub** | | |
| | **4th Floor/Powerhouse** | | |
| 3 | **Standby Generating Sets -** Caterpillar, Model SR5, Ser. Nos. G1S01070, G1S01071 and G1S01072, 2015 Year Mfd., 1600 kW (2000 kVA) rated power capacity, 0.8 p.f., 3 phase, 380 V, 1800 rpm, powered by 16-cylinder Diesel Engine, Model 3516, 1900 max. rpm, sound proof, complete with batteries, control and other standard accessories, skid mounted on concrete foundation | ₱ 43,632,000 | ₱ 34,761,000 |
| 3 | **Diesel Oil Tanks -** mild steel plate welded construction, horizontally mounted, approx. 2000 liters capacity, 1500 x 1700 mm DL, complete with level gauge, manhole, pipings, valves and fittings and other standard accessories, steel support | 117,000 | 93,000 |
| Lot | **Synchronizing Panel -** rigid metal clad enclosure, powder coated finish, 10 compartments, equipped with: | 5,427,000 | 4,324,000 |
| 5 | Main Circuit Breakers - Schneider Electric, Model Masterpact NW32 H2, 3200A cap. | | |
| 1 | Main Circuit Breaker - Schneider Electric, Model Masterpact NW10 H2, 1000A cap. | | |
| 33 | Miniature Circuit Breakers - Schneider Electric, Model iC60N, 6A cap. | | |
| 3 | Paralleling and Protection Unit - DEIF, Model PPU-3 | | |
| 16 | Relays - Schneider Electric, 24 VDC | | |
| 3 | Power Meters - Intellisys | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 20 | Pilot Lights | | |
| 2 | Push Button Switches | | |
| 3 | Emergency Stops | | |
| 1 | Selector Switch | | |
| | System complete with wirings and other electrical installations | | |
| | **3rd Floor/LVSG Room** | | |
| **Lot** | **Low Voltage Switchgear/Automatic Transfer Switch (LVSG/ATS) -** | ₱ 8,929,000 | ₱ 7,113,000 |
| | 34.5 kV capacity rigid metal clad enclosure, powder coated finish, 7-vertical sections, equipped with: | | |
| | 1st Panel | | |
| 1 | Main Circuit Breaker - | | |
| | Siemens, Model 3VT4, 1000A cap. | | |
| 8 | AC Contactors - | | |
| | Himel, Model HDC6-115 | | |
| 8 | Circuit Breakers - | | |
| | Himel, 100A cap. | | |
| 3 | Miniature Circuit Breakers - | | |
| | Chint, C10, 10A cap., 2-poles | | |
| 1 | Control Transformer - | | |
| | Sakura, approx. 1000VA cap. | | |
| 16 | Capacitors - | | |
| | Alpican, 30 kVAR capacity | | |
| 1 | Power Factor Controller - | | |
| | Lovato, Model DCRG8 | | |
| | 2nd Panel | | |
| 1 | Main Air Circuit Breaker - | | |
| | Siemens, Model WL II 2000 S, 2000A cap. | | |
| 2 | Main Air Circuit Breakers - | | |
| | Siemens, Model WL II 1250 S, 1250A cap. | | |
| | 3rd Panel | | |
| 2 | Main Air Circuit Breakers - | | |
| | Siemens, Model WL II 3200 S, 3200A cap. | | |
| 1 | Programmable Automatic Transfer Switch (ATS) Controller - | | |
| | ATS 22A | | |
| 2 | Pilot Lights | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | 4th Panel | | |
| 1 | Main Air Circuit Breaker - Siemens, Model WL II 3200 S, 3200A cap. | | |
| 2 | Main Air Circuit Breakers - Siemens, Model WL II 2000 S, 2000A cap. | | |
| | 5th Panel | | |
| 2 | Main Air Circuit Breakers - Siemens, Model WL II 3200 S, 3200A cap. | | |
| 1 | Main Air Circuit Breaker - Siemens, Model WL II 2000 S, 2000A cap. | | |
| 1 | Programmable Automatic Transfer Switch (ATS) Controller - ATS 22A | | |
| 2 | Pilot Lights | | |
| | 6th Panel | | |
| 1 | Main Air Circuit Breaker - Siemens, Model WL II 2000 S, 2000A cap. | | |
| 2 | Main Air Circuit Breakers - Siemens, Model WL II 800 S, 800A cap. | | |
| | 7th Panel | | |
| 1 | Main Circuit Breaker - Siemens, Model 3VT4, 1000A cap. | | |
| 8 | AC Contactors - Himel, Model HDC6-115 | | |
| 8 | Circuit Breakers - Himel, 100A cap. | | |
| 3 | Miniature Circuit Breakers - Chint, C10, 10A cap., 2-poles | | |
| 1 | Control Transformer - Sakura, approx. 1000VA cap. | | |
| 16 | Capacitors - Alpican, 30 kVAR capacity | | |
| 1 | Power Factor Controller - Lovato, Model DCRG8 | | |
| | System complete with wirings and other electrical installations | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **1** | **Dry Type Transformer -** Dynaspec Heavy Duty Transformer, Ser. No. DT081815-437, 600 kVA rated capacity, 490 - 380 volts primary, 230 volts secondary, 3 phase, 60 Hz | ₱ 563,000 | ₱ 449,000 |
| **2** | **Cast Coil Dry Type Power Transformers -** Made in China, Jinpan International USA Limited Hainan Jinpan Electric Co., Ltd., Model SCB10-1500/34.5, Ser. Nos. 1210033968 and 1210033969, 04.27.2015 Mfg. Date, 1500/2000 kVA rated capacity, 34,500 high voltage, 400/231 low voltage | 4,580,000 | 3,648,000 |
| **1** | **Manual Distribution Panel (MDP) -** rigid metal clad encloure, powder coated finish, 770 x 300 x 1820 mm WDH, equipped with: | 257,000 | 205,000 |
| 1 | Main Circuit Breaker - Siemens, Model 3VT4, 1000A cap. | | |
| 1 | Circuit Breaker - Siemens, Model 3VT3, 630A cap. | | |
| 1 | Circuit Breaker - Siemens, Model 3VT2, 250A cap. | | |
| 1 | Circuit Breaker - Siemens, Model 3VT1, 160 A rated capacity | | |
| 2 | Circuit Breakers - Siemens, Model VT100N, 100A cap. | | |
| 1 | Circuit Breaker - Siemens, Model 3VT100N, 80 A rated capacity | | |
| 1 | Circuit Breaker - Siemens, Model 3VT63N, 50 A rated capacity | | |
| | System complete with wirings and other electrical installations | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| **1** | **Main Distribution Panel (MDP) for Tenant -** rigid metal clad encloure, powder coated finish, 960 x 630 x 1800 mm WDH, equipped with: | ₱ 386,000 | ₱ 308,000 |
| 2 | Main Circuit Breakers - Siemens, Model 3VT5, 1600A cap. | | |
| 1 | Circuit Breaker - Siemens, Model 3VT3, 630A cap. | | |
| | System complete with wirings and other electrical installations | | |
| **1** | **Distribution Panel (DP) for Tenant -** rigid metal clad encloure, powder coated finish, 960 x 630 x 1800 mm WDH, equipped with: | 475,000 | 378,000 |
| 2 | Main Circuit Breakers - Siemens, Model 3VT5, 1600A cap. | | |
| 1 | Circuit Breaker - Siemens, Model 3VT4, 1000A cap. | | |
| 1 | Circuit Breaker - Siemens, Model 3VT2, 250A cap. | | |
| | System complete with wirings and other electrical installations | | |
| | **2nd Floor/HVSG Room** | | |
| **1** | **High Voltage Switchgear (HVSG) -** 34.5 kV capacity, rigid metal clad enclosure, powder coated finish, 3-vertical sections, equipped with: | 3,377,000 | 2,690,000 |
| 1 | Vacuum Circuit Breaker - Siemens, 1250A cap. | | |
| 2 | Load Break Switches | | |
| 1 | Protection Relay - Schneider Electric, Sepam | | |
| 5 | Pilot Lights | | |
| 1 | Selector Switch | | |
| | System complete with wirings and other electrical installations | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 1 | **Capacitor Bank -** rigid metal clad encloure, powder coated finish, 600 x 650 x 1300 mm WDH, equipped with: | ₱ 225,000 | ₱ 179,000 |
| 1 | Miniature Circuit Breaker - Schneider Electric, Model iC65N, 10A cap. | | |
| 2 | Single Pole Circuit Breakers - Max Guard, Model F1 C20, 20A cap. | | |
| 1 | Magnetic Contactor - Schneider Electric, Model LAD22N | | |
| 4 | Battery Chargers - Powerbox, Model BAC06 | | |
| 4 | Capacitor Batteries | | |
| 1 | Pilot Light | | |
| 1 | Voltmeter | | |
| | System complete with wirings and other electrical installations | | |
| | **Main Building** | | |
| | **Powerhouse** | | |
| 1 | **Standby Generating Set -** Caterpillar, Model 600, Ser. No. CAT00C18CLNB00403, 2012 Year Mfd., 600 kW (750 kVA) rated power capacity, 0.8 p.f., 3 phase, 240/139 V, 1800 rpm, powered by 6-cylinder Diesel Engine, Model C18, Engine No. ELM01788, 1800 max. rpm, complete with batteries, control and other standard accessories, skid mounted on concrete foundation | 5,151,000 | 3,589,000 |
| 1 | **Standby Generating Set -** Caterpillar, Model DE400SE0, Ser. No. CAT00C13KDH401971, 05/2017 Date Mfd., 400 kW (500 kVA) rated power capacity, 0.8 p.f., 3 phase, 240/139 V, 1800 rpm, powered by 4-cylinder Diesel Engine, Model C13, Engine No. PWE03148, complete with batteries, control and other standard accessories, skid mounted on concrete foundation | 3,434,000 | 2,976,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 1 | **Standby Generating Set -** Caterpillar, Model 250S, Ser. No. CAT00000H8NS06233, 2006 Year Mfd., 250.4 kW (313 kVA) rated power capacity, 0.8 p.f., 3 phase, 240/139 V, 1800 rpm, powered by 6-cylinder Diesel Engine, Model 3306 DI, Engine No. JAA01164, complete with batteries, control and other standard accessories, skid mounted on concrete foundation | ₱ 2,149,000 | ₱ 1,153,000 |
| 1 | **Standby Generating Set -** Caterpillar, Model 800S, Ser. No. CAT00000JRTY04845, 2015 Year Mfd., 800 kW (1000 kVA) rated power capacity, 0.8 p.f., 3 phase, 240/139 V, 1800 rpm, powered by 12-cylinder Diesel Engine, Model 3412STA, Engine No. 1EZ17435, complete with batteries, control and other standard accessories, skid mounted on concrete foundation | 6,868,000 | 5,472,000 |
| 1 | **Diesel Oil Tank -** mild steel plate welded construction, horizontally mounted, 1000 x 1220 mm DL, complete with level gauge, pipings, valves and fittings and other standard accessories, steel support | 18,000 | 13,000 |
| 1 | **Power Transformer -** ABB, cast resin transformer, 2000 kVA capacity, 34.5 kV rated high voltage, 240/139 V rated low voltage, pad mounted | 2,721,000 | 2,168,000 |
| 1 | **High Voltage Switchgear (HVSG) -** 34.5 kV capacity, rigid metal clad enclosure, powder coated finish, complete with bus bar, wirings and other electrical installations | 3,377,000 | 2,690,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Lot** | **Low Voltage Switchgear -** | ₱ 2,930,000 | ₱ 2,334,000 |
| | metal clad enclosure, 2530 x 2200 x 1400 mm WDH, equipped with: | | |
| 1 | Air Circuit Breaker - | | |
| | ABB, SACE Emax E6, 6300A cap. | | |
| 3 | Circuit Breakers - | | |
| | ABB, SACE Tmax, 1250A cap. | | |
| 1 | Circuit Breaker - | | |
| | ABB, SACE Tmax, 1600A cap. | | |
| 2 | Circuit Breakers - | | |
| | ABB, SACE Tmax, 1000A cap. | | |
| 1 | Circuit Breaker - | | |
| | Schneider Electric, EasyPact EZC400H, 320A cap. | | |
| | System complete with wirings and other electrical installations | | |
| **Lot** | **Automatic Transfer Switch -** | 243,000 | 194,000 |
| | metal clad enclosure, 900 x 480 x 1160 mm WDH, equipped with: | | |
| 2 | Circuit Breakers - | | |
| | approx. 800A cap., micrologic 2.0 | | |
| 1 | Miniature Circuit Breaker - | | |
| | Schneider Electric, iC60N, C 10A, 10A cap., 3 poles | | |
| 1 | Multifunction Digital Voltage Controller - | | |
| | ANLY, Type AEVR | | |
| 1 | Relay | | |
| 3 | Timer Relays - | | |
| | ANLY, Model AH3-RC | | |
| 1 | Miniature Circuit Breaker - | | |
| | Schneider Electric, iC60N, C 10A, 10A cap., 2 poles | | |
| 2 | Pilot Lights | | |
| 1 | Selector Switch | | |
| | System complete with wirings and other electrical installations | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| **Lot** | **Manual Transfer Switch -** metal clad enclosure, 770 x 310 x 1020 mm WDH, equipped with: | ₱ 224,000 | ₱ 178,000 |
| 2 | Circuit Breakers - Schneider Electric, Compact NS800N, 800A cap., micrologic 2.0 | | |
| | System complete with wirings and other electrical installations | | |
| **Lot** | **Automatic Transfer Switch -** metal clad enclosure, 710 x 350 x 970 mm WDH, equipped with: | 103,000 | 82,000 |
| 2 | Circuit Breakers - approx. 500A cap. | | |
| 1 | Miniature Circuit Breaker - Schneider Electric, iC60N, C 10A, 10A cap., 3 poles | | |
| 1 | Multifunction Digital Voltage Controller - ANLY, Type AEVR | | |
| 1 | Relay | | |
| 3 | Timer Relays - ANLY, Model AH3-RC | | |
| 1 | Miniature Circuit Breaker - Schneider Electric, iC60N, C 10A, 10A cap., 2 poles | | |
| 2 | Pilot Lights | | |
| 1 | Selector Switch | | |
| | System complete with wirings and other electrical installations | | |
| **Lot** | **Automatic Transfer Switch (Old) -** metal clad enclosure, equipped with: | 32,000 | 22,000 |
| 1 | Circuit Breaker - Westinghouse, 250A cap. | | |
| 1 | Circuit Breaker - Westinghouse, 200A cap. | | |
| 2 | Timer Relays - ANLY, Model AH3 | | |

### BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 2 | Pilot Lights | | |
| 1 | Selector Switch | | |
| | System complete with wirings and other electrical installations | | |
| **Lot** | **Standalone Panel (for Genset Chiller) -** metal clad enclosure, 700 x 520 x 2000 mm WDH, equipped with: | ₱ 149,000 | ₱ 84,000 |
| 1 | Circuit Breaker - ABB, 1600A cap. | | |
| | System complete with wirings and other electrical installations | | |
| **Lot** | **Manual Transfer Switch (Old) -** metal clad enclosure, 500 x 200 x 760 mm WDH, equipped with: | 32,000 | 18,000 |
| 2 | Circuit Breakers - GE, approx. 200A cap. | | |
| 2 | Pilot Lights | | |
| 1 | Voltmeter | | |
| 1 | Ammeter | | |
| 2 | Selector Switches | | |
| | System complete with wirings and other electrical installations | | |
| | **Parking Building** | | |
| **1** | **Standby Generating Set -** Stamford, Ser. No. X14H323612, 372 kW (465 kVA) rated power capacity, 0.8 p.f., 3 phase, 460 V, 1800 rpm, powered by 6-cylinder Cummins Diesel Engine, Model KTA19-G2, Engine No. 41212564, complete with batteries, control and other standard accessories, skid mounted on concrete foundation | 3,194,000 | 2,449,000 |

### BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| Lot | **Automatic Transfer Switch -** metal clad enclosure, 850 x 1020 x 1800 mm WDH, equipped with: | ₱ 276,000 | ₱ 212,000 |
| 2 | Circuit Breakers - Siemens, 800A cap. | | |
| 2 | Control Transformers - approx. 1000VA cap. | | |
| 9 | Miniature Circuit Breakers - Siemens, 5SX41, C6, 6A cap. | | |
| 1 | AC Line Voltage Relay - ANLY, Type AVR165 | | |
| 3 | Relays - Omron, LY4NJ | | |
| 2 | Timer Relays - ANLY, Model AH3-NB | | |
| 2 | Pilot Lights | | |
| 2 | Selector Switches | | |
| | System complete with wirings and other electrical installations | | |
| **1** | **Distribution Transformer -** Wescor Transformer, Ser. No. 1364213, 50 kVA capacity, 480/240 V | 99,000 | 73,000 |
| **1** | **Power Transformer -** ABB, cast resin transformer, 2500 kVA capacity | 3,111,000 | 2,385,000 |
| Lot | **Low Voltage Switchgear -** metal clad enclosure, 4000 A, 460 V, 3P, 60 Hz, 6 vertical sections, 4100 x 1100 x 1800 mm WDH, equipped with: | 2,628,000 | 2,015,000 |
| | 1st Panel | | |
| 2 | Air Circuit Breakers - ABB, SACE Emax, 4000A cap. | | |
| 1 | Power Meter - Schneider Electric, EasyLogic PM 1200 | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | 2nd Panel | | | | |
| 1 | Circuit Breaker - ABB, SACE Tmax, 1000A cap. | | | | |
| 1 | Circuit Breaker - ABB, SACE Tmax, 800A cap. | | | | |
| | 3rd Panel | | | | |
| 2 | Circuit Breakers - ABB, 800A cap. | | | | |
| | 4th Panel | | | | |
| 1 | Circuit Breaker - ABB, SACE A3, 800A cap. | | | | |
| 1 | Circuit Breaker - ABB, SACE A3, 400 A rated capacity | | | | |
| | 5th Panel | | | | |
| 2 | Circuit Breakers - ABB, SACE A3, 320A cap. | | | | |
| 1 | Circuit Breaker - ABB, SACE A2, 250A cap. | | | | |
| 1 | Circuit Breaker - ABB, SACE A2, 160 A rated capacity | | | | |
| | 6th Panel | | | | |
| 1 | Circuit Breaker - ABB, SACE Tmax, 1000A cap. System complete with wirings and other electrical installations | | | | |
| **Lot** | **Medium Voltage Switchgear (MVSG,LBS-2) -** metal clad enclosure, 36 kV, 630 A, 3P, complete with bus bar, wirings and other electrical installations | ₱ | 1,859,000 | ₱ | 1,425,000 |
| | **3rd Floor Powerhouse** | | | | |
| **1** | **Distribution Transformer -** approx. 350 kVA capacity | | 393,000 | | 321,000 |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| Lot | **Main Distribution Panel (MDP) -** metal clad enclosure, 900 x 550 x 1910 mm WDH, equipped with: | ₱ 223,000 | ₱ 182,000 |
| 1 | Main Circuit Breaker - 1200A cap. | | |
| 3 | Circuit Breakers - approx. 400 A rated capacity | | |
| 1 | Circuit Breaker - approx. 100A cap. | | |
| | System complete with wirings and other electrical installations | | |
| Lot | **Low Voltage Switchgear (LVSG) -** metal clad enclosure, 970 x 550 x 1910 mm WDH, equipped with: | 276,000 | 225,000 |
| 1 | Main Circuit Breaker - 800A cap. | | |
| 1 | Circuit Breaker - approx. 800A cap. | | |
| 1 | Circuit Breaker - approx. 400 A rated capacity | | |
| 2 | Circuit Breakers - Siemens, 3VT250N, 200A cap. | | |
| | System complete with wirings and other electrical installations | | |
| | | ₱ 107,458,000 | ₱ 84,408,000 |

### BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **CCTV MONITORING SYSTEM** | | |
| **Lot** | **CCTV Monitoring System -** consisting of: | ₱ 1,792,000 | ₱ 858,000 |
| 1 | CCTV Monitor - Hikvision, 1016 mm screen size | | |
| 1 | CCTV Monitor - My View, 610 mm screen size | | |
| 2 | CCTV Monitors - BENQ, 610 mm screen size | | |
| 1 | CCTV Monitor - Samsung, 800 mm screen size | | |
| 2 | CCTV Monitors - Samsung, 559 mm screen size | | |
| 1 | Network Video Recorder (NVR) - Hikvision, Model DS-7732NI-I4(B), Serial No. C48343671, 16 channels | | |
| 1 | Network Video Recorder (NVR) - Hikvision, Model DS-9632NI-I8, 16-channels | | |
| 2 | Network Video Recorders (NVR) - Hikvision, 16 channels | | |
| 2 | Network Video Recorders (NVR) - Rover Systems | | |
| 1 | Patch Panel - Hikvision, 16 ports | | |
| 273 | CCTV Cameras - dome type | | |
| 41 | CCTV Cameras - bullet type | | |
| | System complete with wiring installations, control and other standard accessories | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **PUBLIC ADDRESS/ BACKGROUND MUSIC SYSTEM** | | |
| Lot | **Public Address / Background Music Equipment -** mild steel construction with glass frontage, consisting of: | ₱ 1,012,000 | ₱ 636,000 |
| 1 | Digital Multi-Audio Player - Empertech, Model KB-SAP4 | | |
| 1 | Mixer Pre-Amplifier - Empertech, Model KB-D114 | | |
| 1 | Power Amplifier - Empertech, Model KB-D3600A | | |
| 1 | Speaker Selector - Empertech, Model KB-D13A, 16-zone | | |
| 2 | Combo Managed PoE Switch - IP-Com, Model F1226P, 24-port 10/100 Mbps, 2-port Gigabit/SFP | | |
| 2 | Uninterruptible Power Supplies - made in China, Model Blazer 1000VA, 1000VA cap. | | |
| 1 | Gooseneck Microphone - Empertech, Model MC-Z10 | | |
| 1 | ControlSpace Control Center - Bose | | |
| 1 | ControlSpace Engineered Sound Processor - Bose, Model ESP-4120 | | |
| 1 | Integrated Audio Player CD/MP3/DAB/FM - Empertech, Model KB-SAP4 | | |
| 2 | Adaptable Power Amplifiers - Bose, PowerShare, Model PS602P | | |
| 1 | Mixer Pre-Amplifier - Empertech, Model KB-D11P | | |
| 1 | Power Amplifier - Empertech, Model KB-D3600A | | |
| 1 | Speaker Selector - Empertech, Model KB-D13B, 16-zone | | |
| 38 | Speakers - approx. 300 watts | | |
| | System complete with wiring installations, control and other standard accessories | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **CINEMA EQUIPMENT** | | |
| **4** | **LED Display Monitors -**<br>Samsung, 991 mm screen size<br>(Note: Located at Cinema Hallway, for Trailer/Cinema Movie Schedule) | ₱ 108,000 | ₱ 68,000 |
| **6** | **LED Display Monitors -**<br>Prestiz, 991 mm screen size<br>(Note: Located at Cinema Hallway, for Trailer/Cinema Movie Schedule) | 84,000 | 54,000 |
| | **Ticket Booth** | | |
| **Lot** | **Ticket Booth Equipment -**<br>consisting of: | 401,000 | 247,000 |
| 4 | Cinema Movie Schedule Monitors -<br>Samsung, 991 mm screen size | | |
| 3 | POS Machines -<br>HP, EliteDesk, core i5, complete with 2 - 508 mm HP monitor, cash drawer, keyboard and Citizen Systems Japan Co., Ltd, Model JM40-M01 label printer | | |
| 1 | CCTV Monitor -<br>HKC, 546 mm screen size | | |
| 1 | Digital Video Recorders -<br>16 channels | | |
| 8 | CCTV Cameras -<br>dome type<br>System complete with wiring installations, control and other standard accessories | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **Cinema 1** | | |
| **Lot** | **Cinema Equipment -** consisting of: | ₱ 4,500,000 | ₱ 2,475,000 |
| 1 | Digital Cinema Projector - NEC Display Solutions, Ltd., Model NC2000C, November 2013 Date Mfd., 200-240 V, 50/60 Hz, 27 A | | |
| 1 | Equipment Rack - mild steel construction, equipped with: | | |
| 1 | Monitor - Dell, 457 mm screen size | | |
| 1 | Gigabit Switch - D-Link, Model DGS-1016D, 16-port | | |
| 1 | ShowVault - Doremi, Model ShowVault-4, 100-240 V, 2.8-1.2 A, 50-60 Hz | | |
| 1 | Uninterruptible Power Supply | | |
| 1 | Uninterruptible Power Supply - Chuphotic, Venus | | |
| 1 | Projector Screen - fabric, perforated, approx. 7.5 x 5.5 m LH | | |
| 113 | Theater Seats - fabric upholstered seat, leatherette headrest, folding seat with cup holder complete with keyboard, mouse and other standard accessories | | |
| **Lot** | **Cinema Sound System -** mild steel construction, 560 x 720 x 1740 mm LWH, equipped with: | 3,304,000 | 1,817,000 |
| 1 | Dolby Atmos Cinema Processor - Dolby CP850 | | |
| 1 | Monitor/Crossover - CM Series | | |
| 1 | DVD Player - Pioneer, Model DV-2042K | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| 6 | Power Amplifiers -<br>Crown Dsi 2000 | | | | |
| 1 | Automatic Voltage Regulator -<br>Stavol, Model SVC-10kVA, 10 kVA capacity | | | | |
| 3 | Speakers -<br>JBL, Model 4739, 4 ohms | | | | |
| 2 | Cinema Speakers -<br>JBL, Model 4642A Subwoofer | | | | |
| 22 | Cinema Speakers -<br>JBL, wall-mounted | | | | |
| 4 | Cinema Speakers -<br>JBL, ceiling-mounted | | | | |
| 18 | Cinema Speakers -<br>ceiling-mounted | | | | |
| | complete with wires, cables and other standard accessories | | | | |
| **Lot** | **Cinema Sound System -**<br>mild steel construction, 560 x 720 x 1740 mm LWH, equipped with: | ₱ | 947,000 | ₱ | 521,000 |
| 1 | Dolby Atmos Interface -<br>Dolby, 32 signal/clip channels | | | | |
| 9 | Power Amplifiers -<br>Crown Dsi 2000 | | | | |
| 1 | Automatic Voltage Regulator -<br>Stavol, Model SVC-10kVA, 10 kVA capacity | | | | |
| | complete with wires, cables and other standard accessories | | | | |
| **Lot** | **Cinema Sound System -**<br>mild steel construction, 560 x 720 x 1740 mm LWH, equipped with: | | 995,000 | | 547,000 |
| 11 | Power Amplifiers -<br>Crown Dsi 2000 | | | | |
| 1 | Automatic Voltage Regulator -<br>Stavol, Model SVC-10kVA, 10 kVA capacity | | | | |
| | complete with wires, cables and other standard accessories | | | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **Cinema 2** | | |
| **Lot** | **Cinema Equipment -** consisting of: | ₱ 3,251,000 | ₱ 2,438,000 |
| 1 | Digital Cinema Projector - NEC Display Solutions, Ltd., Model NP-NC1201L-A, April 2017 Date Mfd., 200-240 V, 50/60 Hz, 9.2 A | | |
| 1 | Equipment Rack - mild steel construction, equipped with: | | |
| 1 | Monitor - Dell, 457 mm screen size | | |
| 1 | Gigabit Switch - D-Link, Model DGS-1016D, 16-port | | |
| 1 | ShowVault - Doremi, Model ShowVault-4, 100-240 V, 2.8-1.2 A, 50-60 Hz | | |
| 1 | Uninterruptible Power Supply | | |
| 1 | Uninterruptible Power Supply - Chuphotic, Venus | | |
| 1 | Uninterruptible Power Supply - Socomec, Model ITY-E-TW030B-U, 3000 VA capacity | | |
| 1 | Projector Screen - fabric, perforated, approx. 6.43 x 5 m LH | | |
| 40 | VIP Recliner Seats - leatherette upholstered seat complete with keyboard, mouse and other standard accessories | | |
| **Lot** | **Cinema Sound System -** mild steel construction, 560 x 720 x 1740 mm LWH, equipped with: | 3,714,000 | 2,786,000 |
| 1 | Dolby Atmos Cinema Processor - Dolby CP850 | | |
| 1 | Monitor/Crossover - CM Series | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 1 | DVD Player - Pioneer, Model DV-2042K | | |
| 6 | Power Amplifiers - Crown Dsi 2000 | | |
| 1 | Automatic Voltage Regulator - Stavol, Model SVC-10kVA, 10 kVA capacity | | |
| 1 | Uninterruptible Power Supply - Socomec, Model ITY-E-TW030B-U, 3000 VA capacity | | |
| 5 | Cinema Speakers - JBL, Model 4642A Subwoofer | | |
| 22 | Cinema Speakers - JBL, wall-mounted | | |
| 4 | Cinema Speakers - JBL, ceiling-mounted | | |
| 18 | Cinema Speakers - ceiling-mounted | | |
| | complete with wires, cables and other standard accessories | | |
| **Lot** | **Cinema Sound System -** mild steel construction, 560 x 720 x 1740 mm LWH, equipped with: | ₱ 888,000 | ₱ 666,000 |
| 1 | Dolby Atmos Interface - Dolby, 32 signal/clip channels | | |
| 9 | Power Amplifiers - Crown Dsi 2000 | | |
| 1 | Automatic Voltage Regulator - Stavol, Model SVC-10kVA, 10 kVA capacity | | |
| | complete with wires, cables and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Lot** | **Cinema Sound System -** mild steel construction, 560 x 720 x 1740 mm LWH, equipped with: | ₱ 995,000 | ₱ 746,000 |
| 11 | Power Amplifiers - Crown Dsi 2000 | | |
| 1 | Automatic Voltage Regulator - Stavol, Model SVC-10kVA, 10 kVA capacity complete with wires, cables and other standard accessories | | |
| | **Cinema 3** | | |
| **Lot** | **Cinema Equipment -** consisting of: | 7,278,000 | 5,459,000 |
| 1 | Digital Cinema Projector - NEC Display Solutions, Ltd., Model NP-NC1700L, 2017.06.19 Date Mfd., 200-240 V, 50/60 Hz, 10.7 A, with: | | |
| 1 | Chiller - NEC Display Solutions, Ltd., Model NP-17CU01, 2017.04.20 Date Mfd., 200-240/220-240 V, 50/60 Hz, 9.2/10.3 A | | |
| 1 | Equipment Rack - mild steel construction, equipped with: | | |
| 1 | Monitor - Dell, 457 mm screen size | | |
| 1 | Gigabit Switch - D-Link, Model DGS-1016D, 16-port | | |
| 1 | ShowVault - Doremi, Model ShowVault-4, 100-240 V, 2.8-1.2 A, 50-60 Hz | | |
| 1 | Uninterruptible Power Supply | | |
| 1 | Uninterruptible Power Supply - Chuphotic, Venus | | |
| 1 | Projector Screen - fabric, perforated, approx. 13.2 x 6 m LH | | |
| 282 | Theater Seats - fabric upholstered seat, leatherette headrest, folding seat with cup holder complete with keyboard, mouse and other standard accessories | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Lot** | **Cinema Sound System -** mild steel construction, 560 x 720 x 1740 mm LWH, equipped with: | ₱ 1,902,000 | ₱ 1,427,000 |
| 1 | Digital Cinema Processor - Dolby CP750 | | |
| 1 | Monitor/Crossover - CM Series | | |
| 1 | DVD Player - Pioneer, Model DV-2042K | | |
| 7 | Power Amplifiers - Crown Dsi 2000 | | |
| 1 | Automatic Voltage Regulator - Stavol, Model SVC-10kVA, 10 kVA capacity | | |
| 3 | Speakers - JBL, Model 4739, 4 ohms | | |
| 2 | Cinema Speakers - JBL, Model 4642A Subwoofer | | |
| 12 | Cinema Speakers - QSC, wall-mounted complete with wires, cables and other standard accessories | | |
| | **<u>Cinema 4</u>** | | |
| **Lot** | **Cinema Equipment -** consisting of: | 8,970,000 | 5,778,000 |
| 1 | Digital Cinema Projector - NEC Display Solutions, Ltd., Model NP-NC1700L, 200-240 V, 50/60 Hz, 10.7 A, with: | | |
| 1 | Chiller - NEC Display Solutions, Ltd., Model NP-17CU01, 200-240/220-240 V, 50/60 Hz, 9.2/10.3 A | | |
| 1 | Equipment Rack - mild steel construction, equipped with: | | |
| 1 | Monitor - Dell, 457 mm screen size | | |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | Replacement Cost | | Market Value | |
|---|---|---|---|---|---|
| 1 | Gigabit Switch -<br>D-Link, Model DGS-1016D, 16-port | | | | |
| 1 | ShowVault -<br>Doremi, Model ShowVault-4, 100-240 V, 2.8-1.2 A, 50-60 Hz | | | | |
| 1 | Uninterruptible Power Supply | | | | |
| 1 | Uninterruptible Power Supply -<br>Chuphotic, Venus | | | | |
| 1 | Digital Cinema Projector -<br>Christie Digital Systems Canada Inc., Model CP2000-SB, Sep. 2009 Year Mfd., Ser. No. 239098007, 200-230 V, 50/60 Hz, 2 A<br>(Note: Not in use) | | | | |
| 1 | Digital Cinema Image Processor -<br>Christie Digital Systems Canada Inc., Model Cine-IPM 2K<br>(Note: Not in use) | | | | |
| 1 | Projector Screen -<br>fabric, perforated, approx. 13.2 x 6 m LH | | | | |
| 284 | Theater Seats -<br>fabric upholstered seat, leatherette headrest, folding seat with cup holder<br>complete with keyboard, mouse and other standard accessories | | | | |
| **Lot** | **Cinema Sound System -**<br>mild steel construction, 560 x 720 x 1740 mm LWH, equipped with: | ₱ | 1,902,000 | ₱ | 1,427,000 |
| 1 | Digital Cinema Processor -<br>Dolby CP750 | | | | |
| 1 | Monitor/Crossover -<br>CM Series | | | | |
| 1 | DVD Player -<br>Pioneer, Model DV-2042K | | | | |
| 7 | Power Amplifiers -<br>Crown Dsi 2000 | | | | |
| 1 | Automatic Voltage Regulator -<br>Stavol, Model SVC-10kVA, 10 kVA capacity | | | | |

**_BUILDING MACHINERY AND EQUIPMENT_**

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 3 | Speakers -<br>JBL, Model 4739, 4 ohms | | |
| 2 | Cinema Speakers -<br>JBL, Model 4642A Subwoofer | | |
| 12 | Cinema Speakers -<br>JBL, wall-mounted<br>complete with wires, cables and other standard accessories | | |
| | | ₱ 39,239,000 | ₱ 26,456,000 |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | |
| Lot | **Fire Fighting Equipment -** consisting of: | ₱ 9,316,000 | ₱ 7,144,000 |
| 1 | Fire Pump - Aurora Pentair Water, vertical turbine type, 500 gpm flow rate capacity, 6 stage, 1775 rpm, driven by 56 kW motor, 380 V, 1770 rpm | | |
| 1 | Fire Pump Controller - Eaton, Catalog No. FD70-75-H-L1, Ser. No. 16C3650E, 56 kW capacity, 3 phase, 60 Hz, 120 V | | |
| 1 | Jockey Pump - submersible, driven by 5.6 kW motor | | |
| 1 | Jockey Pump Controller - Eaton, Catalog No. XTJP-7.5-H-L1, Ser. No. 16C3650J, 5.6 kW capacity, 3 phase, 60 Hz, 120 V | | |
| 1 | Fire Alarm Control Panel - Notifier by Honeywell, complete with telephone, digital voice command and other standard accessories | | |
| 1220 | Sprinkler Heads - pendent type | | |
| 202 | Sprinkler Heads - upright type | | |
| 22 | Fire Hose Cabinets - front glass door, 51 mm hose dia. x 30 m length | | |
| 22 | Strobe Lights | | |
| 22 | Fire Alarm Bells | | |
| 319 | Smoke Detectors | | |
| 1 | Fire Alarm Control - Simplex, Model 4005 | | |
| 1 | Addressable Control Panel - Cooper, Model CF3000, Ser. No. 0002655, 230 volts | | |
| 1 | Fire Telephones | | |
| 1 | Multifunction Amplier - TOA, Model VM 2240 | | |
| 1 | AVR - Voltplus, Model VSM-1000A 1000VA cap. | | |

### BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | | Market Value | |
|---|---|---|---|---|---|
| | Parking Building | | | | |
| 1 | Fire Pump - AC Fire Pump, vertical turbine type, 750 gpm flow rate capacity, 6 stage, 369.6 ft. head, 1770 rpm, driven by 75 kW motor, 460 V, 1780 rpm | | | | |
| 1 | Fire Pump Controller - Tornatech, Model GPY-400/100/3/60, Ser. No. Z 127706, 08-Aug-2014 Mfg. Date, 75 kW, 460 V | | | | |
| 1 | Jockey Pump - submersible, driven by 5.6 kW motor | | | | |
| 1 | Jockey Pump Controller - Tornatech, Model No. JP3-460/7.5/3/60, Ser. No. Z 127707, 08-Aug-14 Mfg. Date, 5.6 kW, 460 V System complete with piping, valves, fittings, controls and other standard accessories | | | | |
| **50** | **Fire Extinguishers -** dry chemical, 4.5 kgs. capacity | ₱ | 60,000 | ₱ | 30,000 |
| **30** | **Fire Extinguishers -** HCFC 123, 4.5 kgs. capacity | | 168,000 | | 78,000 |
| **30** | **Fire Extinguishers -** HCFC 123, 4.5 kgs. capacity, ceiling mounted | | 195,000 | | 90,000 |
| | | ₱ | 9,739,000 | ₱ | 7,342,000 |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 2,211,000 | ₱ 1,721,000 |
| | IT Hub | | |
| | Fire Pump Room | | |
| 3 | Potable Pumps - no nameplate, horizontal multi-stage centrifugal type, 3 stage, 51 mm dia. S&D, driven by 5.6 kW motor, 3540 rpm | | |
| 1 | Diaphragm Pressure Tank - Teral Inc., Model DPT20-3.7, 20 liters capacity, 270 x 400 mm DH | | |
| | Non-Potable Pump Room | | |
| 3 | Non-Potable Pumps - Lowara, Model 33SV3G1506T, vertical in-line, 48 $m^3$/hr flow rate capacity, 100.2 meter head, driven by 15 kW motor, 3525 rpm | | |
| 1 | Bladder Tank - Global Water Solution Ltd., Model SFB-850LV, 850 liters capacity, 150 Psi max. working pressure, 900 mm x 1500 DH | | |
| | Parking Building | | |
| 2 | Booster Pumps - Lowara, Model 15SV04F0556T, vertical inline multistage, 10-29 $m^3$/hr flow rate, 78.7-39.1 m head, 3500 rpm, 64 mm dia. S&D, driven by 5.5 kW motor | | |
| 1 | Bladder Tank - Global Water Solution Ltd., Model SFB-850LV, 850 liters capacity, 150 Psi max. working pressure, 900 mm x 1500 DH | | |
| | System complete with piping, valves and fittings, control and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **SEWAGE TREATMENT PLANT** | | |
| **Lot** | **STP Equipment -**<br>26 - 30 m³/day capacity, consisting of:<br>IT Hub | ₱ 2,619,000 | ₱ 1,987,000 |
| 1 | Roots Blower -<br>Longtech, Type LT-100, 2019 Year Mfd., driven by 7.5 kW motor, 380/660 V, 1760 rpm | | |
| 1 | Roots Blower -<br>Hey Wel Mechanical Co., Ltd., Type RSS-65A, 2015 Year Mfd., driven by 5.5 kW motor, 220/380/440 V, 1750 rpm | | |
| 2 | Sand Filters -<br>Westinghouse, Model WWTFRP3072BU, 150 Psi max. pressure capacity | | |
| 1 | Chemical Tank -<br>polyethylene, 110 liters capacity, 450 x 830 mm DH, with Iwaki Co., Ltd. Metering Pump, Model ES-B16VC-230N1, 16 watts | | |
| 2 | Fill Pumps -<br>submersible, approx. 1.5 kW | | |
| 2 | Decanter Pumps -<br>submersible, approx. 1.5 kW | | |
| 1 | Effluent Pump -<br>submersible, approx. 1.5 kW | | |
| 1 | Mixer Pump -<br>submersible, approx. 1.5 kW | | |
| 3 | Sump Pit Pumps -<br>submersible, approx. 7.5 kW motor | | |
| 3 | Elevator Pit Pumps -<br>submersible, approx. 1.5 kW motor | | |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | Parking Building | | |
| | STP Room | | |
| 2 | Roots Blowers - Longtech, Type LTS-100, 2013.07 Date Mfd., Ser. No. 13040 and 13041, driven by 11 kW motor, 220/380/440 V, 1760 rpm | | |
| 1 | Chemical Tank - polyethylene, 110 liters capacity, 450 x 830 mm DH, with Iwaki Co., Ltd. Metering Pump, Model ES-B16VC-230N1, 16 watts | | |
| 2 | Sand Filters - Westinghouse, fiberglass reinforced plastic, Model WWTFRP3072BU, 700 x 1700 mm DH | | |
| | System complete with piping, valves and fittings, control and other standard accessories | | |

# *Photographs of the Fixed Assets*

***The Subject Property***

*Site I (Taken along CV Starr Avenue)*

*Site II (Taken along Philamlife Avenue)*

## ***Road Scenes***

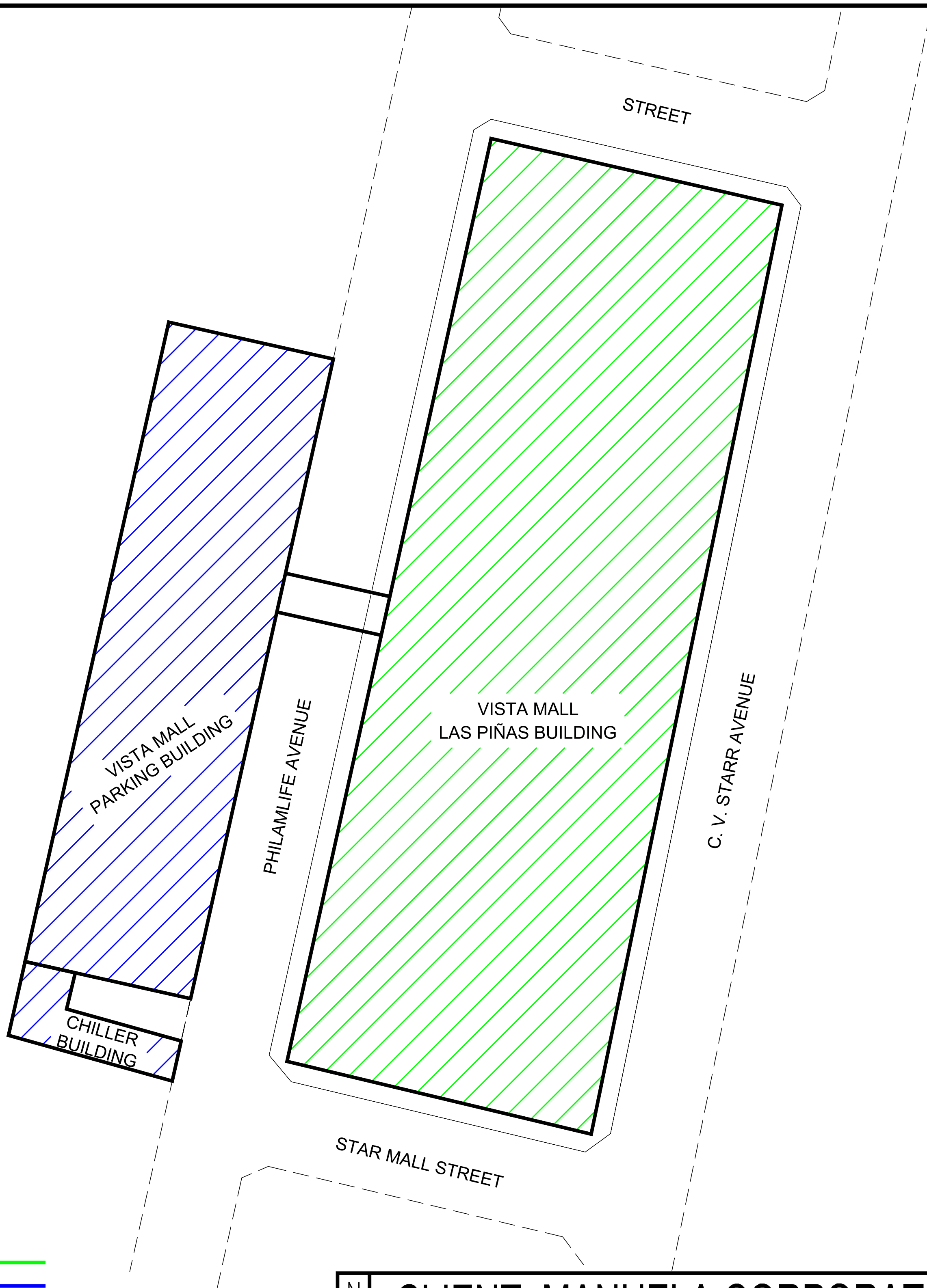
***Site I (along CV Starr Avenue)***

***Site II (along Philamlife Avenue)***

***Vista Mall Las Piñas Building***

*Vista Mall Parking Building*

*Chiller Building*




LEGEND:
SITE I
SITE II

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# CLIENT: MANUELA CORPORATION

BARANGAY PAMPLONA DOS, LAS PIÑAS CITY, METROPOLITAN MANILA

## PLOT PLAN

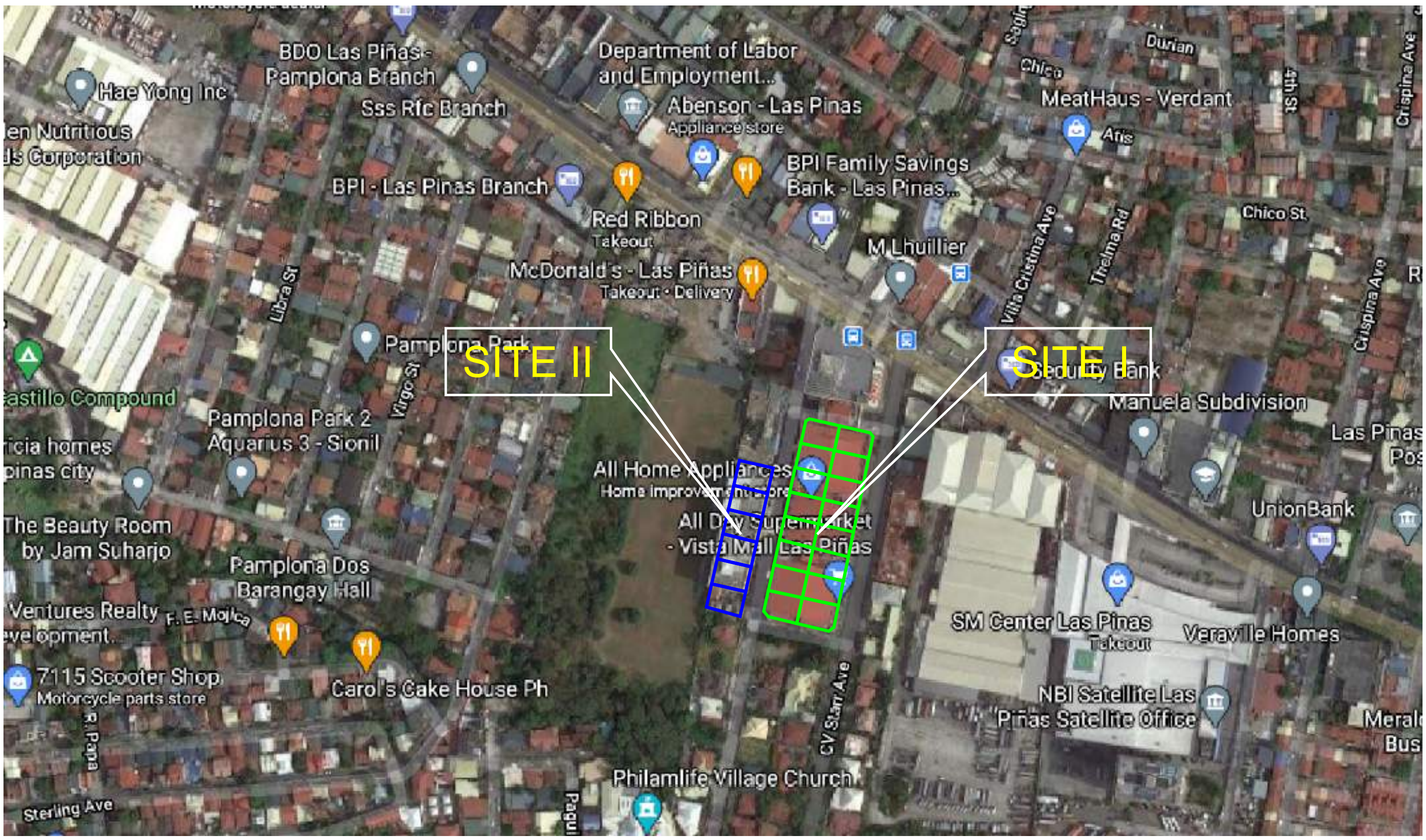
PREPARED BY:

**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C00480-001.1-2
D.S. MORALES




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# CLIENT: MANUELA CORPORATION

BARANGAY PAMPLONA DOS, LAS PIÑAS CITY, METROPOLITAN MANILA

## VICINITY MAP

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C00480-001.1-2
D.S. MORALES

# VALUATION REPORT

*presented to*

## COMMUNITIES PAMPANGA, INC.
## (VISTA MALL PAMPANGA)

**Fixed Assets**

**Barangay San Agustin, San Fernando City**
**Province of Pampanga**
**FAM22-C10752-001.2 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Communities Pampanga, Inc.***
*Lower Ground Floor*
*Building B, EVIA Lifestyle Center*
*Daang Hari, Almanza Dos*
*Las Piñas City, Metropolitan Manila*

Attention: Mr. Brian N. Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C10752-001.2***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, other land improvements, and building machinery and equipment,* located in ***Barangay San Agustin, San Fernando City, Province of Pampanga,*** and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Buildings and Other Land Improvements Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Based upon the investigation and an analysis of all relevant factors, and as supported by the accompanying inventory report, it is our opinion that ***ONE BILLION, NINETY-FIVE MILLION, FOUR HUNDRED FIFTEEN THOUSAND (₱1,095,415,000) PESOS*** represents the ***Market Value*** of the Fixed Assets, appraised as of ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest in the Company or the appraised Fixed Assets or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

CLDG:KEAM/jœ:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc**., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), International Valuation Standards (IVS, Effective as of 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

| | |
|---|---|
| **JOHN C. PAR, CPV, CRA, CRB, RCE** | **JOSEPH D. ALCANTARA** |
| Certified Review Appraiser | Licensed Mechanical Engineer |
| Licensed Real Estate Appraiser | PRC ME No. 0033453 |
| PRC REA No. 0002803 | PTR No. 8533642 |
| PTR No. 8533645 | (Plant Machinery and Equipment Valuation) |
| (Real Estate Valuation) | |

# Limiting Conditions

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

*INVENTORY OF FIXED ASSETS*

*S U M M A R Y*

| Page No. | | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| 9 | **BUILDINGS** | **₱** | **1,065,556,000** | **₱** | **925,777,000** |
| 12 | **OTHER LAND IMPROVEMENTS** | **₱** | **59,831,000** | **₱** | **45,711,000** |
| 13 | **BUILDING MACHINERY AND EQUIPMENT:** | | | | |
| 13 | Elevators/Escalator | ₱ | 25,486,000 | ₱ | 16,666,000 |
| 14 | Air Conditioning System | | 85,832,000 | | 56,134,000 |
| 16 | Ventilation System | | 3,297,000 | | 2,156,000 |
| 18 | Electrical Distribution System | | 35,654,000 | | 23,622,000 |
| 20 | Water Distribution System | | 3,164,000 | | 2,072,000 |
| 21 | Fire Fighting Equipment | | 7,416,600 | | 5,073,000 |
| 23 | Sewage Treatment Plant | | 534,000 | | 349,000 |
| 24 | CCTV System | | 296,000 | | 180,000 |
| 25 | PA/BGM System | | 207,000 | | 126,000 |
| 26 | Cinema Equiments | | 26,736,000 | | 17,195,000 |
| 32 | Others | | 540,000 | | 354,000 |
| | | **₱** | **189,162,600** | **₱** | **123,927,000** |
| | *GRAND TOTAL -* | ***₱*** | ***1,314,549,600*** | ***₱*** | ***1,095,415,000*** |

*I N V E N T O R Y*

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Mall Building -** | | ₱ 1,063,680,000 | ₱ 924,220,000 |
| No. of Storey (s) | : three (3) | | |
| Estimated Total Floor Area | : 33,240 sq.m. | | |
| General Framing | : mainly reinforced concrete | | |
| Walls | : concrete hollow blocks | | |
| Exterior finish | : plastered cement and araal stones on columns | | |
| Interior finish | : plastered cement and glass panels | | |
| Roofing | : rib-type long span metal sheets on steel frame and reinforced concrete roof deck | | |
| Flooring | : reinforced concrete slab | | |
| Floor Finish | : glazed (homogenous) ceramic tiles, epoxy paint and plain cement | | |
| Partitions | : concrete hollow blocks, glass panels on stall units | | |
| Ceiling | : acoustic board on aluminum T-runner and gypsum boards | | |
| Doors | : frameless glass entrance, tempered glass on aluminum frames and steel with view glass | | |
| Windows | : tempered glass on aluminum frames | | |
| Others | : The building is provided with electrical lighting, plumbing fixtures, water sprinklers and smoke alarm system, escalators, 24-hours security system, CCTV cameras, centralized airconditioning and standby generators. | | |
| Observed Physical Condition | : very good, well maintained | | |

## *BUILDINGS*

| *Description* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **STP Building -** | | ₱ 100,000 | ₱ 80,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 10 sq.m. | | |
| General Framing | : reinforced concrete | | |
| Walls | : concrete hollow blocks | | |
| Interior Wall Finish | : plastered | | |
| Exterior Wall Finish | : plastered | | |
| Roofing | : roof tile | | |
| Flooring | : reinforced concrete slab | | |
| Floor Finish | : plain cement | | |
| Partitions | : concrete hollow blocks | | |
| Windows | : concrete louver blocks | | |
| Doors | : steel flush type | | |
| Others | : The building is painted and provided with electrical lighting facilities. | | |
| Observed Physical Condition | : fair | | |
| **MRF Building -** | | 1,200,000 | 998,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 80 sq.m. | | |
| General Framing | : reinforced concrete | | |
| Walls | : concrete hollow blocks | | |
| Interior Wall Finish | : plastered | | |
| Exterior Wall Finish | : plastered | | |
| Roofing | : roof tile | | |
| Flooring | : reinforced concrete slab | | |
| Floor Finish | : plain cement | | |
| Partitions | : concrete hollow blocks | | |
| Windows | : concrete louver blocks | | |
| Doors | : steel flush type | | |
| Others | : The building is painted and provided with electrical lighting facilities. | | |
| Observed Physical Condition | : fair | | |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **LPG Tank Farm -** | | ₱ | 576,000 | ₱ | 479,000 |
| No. of Storey (s) | : one (1) | | | | |
| Estimated Floor Area | : 48 sq.m. | | | | |
| General Framing | : reinforced concrete | | | | |
| Walls | : concrete hollow blocks | | | | |
| Interior Wall Finish | : plastered | | | | |
| Exterior Wall Finish | : plastered | | | | |
| Roofing | : roof tile | | | | |
| Flooring | : reinforced concrete slab | | | | |
| Floor Finish | : plain cement | | | | |
| Windows | : concrete louver blocks | | | | |
| Doors | : Steel louver | | | | |
| Others | : The building is painted and provided with electrical lighting facilities. | | | | |
| Observed Physical Condition | : fair | | | | |
| | | ₱ | 1,065,556,000 | ₱ | 925,777,000 |

### *OTHER LAND IMPROVEMENTS*

| *Description* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Roadways, Parking Areas and other open pavements** | : These consist of reinforced concrete slabs, laid on compacted aggregate base course, and other road and parking furnitures. Total area is about 18,946 sq.m. | ₱ 56,838,000 | ₱ 43,424,000 |
| **Perimeter Fence** | : These consist of concrete hollow blocks and concrete pre-cast, hinged to reinforced concrete columns with footings. Total area is about 1,663 sq.m. | 2,993,000 | 2,287,000 |
| | | ₱ 59,831,000 | ₱ 45,711,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **ELEVATORS/ESCALATORS** | | | | |
| **2** | **Freight Elevators -** Nippon, 2000 kgs load capacity, 3-landings, complete with traction motors, access card reader, controls and other standard accessories | ₱ | 5,454,000 | ₱ | 3,566,000 |
| **1** | **Passenger Elevator -** Nippon, 1600 kgs load capacity, 3-landings, complete with traction motors, access card reader, controls and other standard accessories | | 2,648,000 | | 1,732,000 |
| **8** | **Escalators -** Nippon, 1000 mm step width, 13000 mm length, 5500 height, driven by approx. 11 kW motor with sensor | | 17,384,000 | | 11,368,000 |
| | | ₱ | 25,486,000 | ₱ | 16,666,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | |
| **Lot** | **Air Conditioning System -** 1672 TR total cooling capacity, water chiller type, consisting of: | ₱ 85,832,000 | ₱ 56,134,000 |
| 2 | Water Chillers - LG, Model RCWFCH3, centrifugal type, cooling 650 TR cooling capacity | | |
| 1 | Water Chiller - LG, Model RCWW040, screw type, cooling 372 TR cooling capacity | | |
| 2 | Chilled Water Pumps - centrifugal, 152 x 203 mm dia. S&D, WEG, 74.6 kW motor | | |
| 1 | Chilled Water Pump - centrifugal, 127 x 152 mm dia. S&D, WEG, 44.8 kW motor | | |
| 2 | Condenser Water Pumps - centrifugal, 152 x 203 mm dia. S&D, WEG, 74.6 kW motor | | |
| 1 | Condenser Water Pump - centrifugal, 127 x 152 mm dia. S&D, WEG, 44.8 kW motor | | |
| 2 | Cooling Towers - BAC, 850 TR cooling cap., 5200 x 2600 x 3000 mm LWH | | |
| 2 | Air Handling Units - Fuji Air, 70 TR cooling cap., 30 kW motor | | |
| 1 | Air Handling Unit - Fuji Air, 60 TR cooling cap., 22.4 kW motor | | |
| 1 | Air Handling Unit - Fuji Air, 55 TR cooling cap., 22.4 kW motor | | |
| 9 | Air Handling Units - Fuji Air, 50 TR cooling cap., 18.65 kW motor | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | ***Description*** | ***Replacement Cost*** | ***Market Value*** |
|---|---|---|---|
| 1 | Air Handling Unit -<br>Fuji Air, 7.5 TR cooling cap. | | |
| 5 | Air Handling Units -<br>Fuji Air, 5 TR cooling cap. | | |
| 4 | Air Cooled Units -<br>Fuji Air, 30 TR cooling cap., 7.5 kW motor<br>system complete with pipings, ductings, controls and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| **Lot** | **Ventilation System -** consisting of: | ₱ 3,297,000 | ₱ 2,156,000 |
| 4 | Smoke Evacuation Fans - Niagara, Model NEF 36, SISW, 10600 CFM, driven by 5.59 kW motor | | |
| 1 | Pump Room Exhaust Fan - Niagara, wall mounted, propeller type, 3000 CFM driven by 0.75 kW motor | | |
| 3 | Chiller Room Exhaust Fans - Niagara, wall mounted, propeller type, 6000 CFM driven by 1.2 kW motor | | |
| 3 | Genset Room Exhaust Fans - Niagara, wall mounted, propeller type, 12000 CFM driven by 2.2 kW motor | | |
| 1 | Transformer Room Exhaust Fan - Niagara, SISW, centrifugal type, 12700 CFM driven by 7.5 kW motor | | |
| 3 | Genset Room Fresh Air Fans - Niagara, wall mounted, propeller type, 12000 CFM driven by 2.2 kW motor | | |
| 1 | EE Room Exhaust Fan - Niagara, DIDW, centrifugal type, 300 CFM driven by 0.5 kW motor | | |
| 1 | Toilet Exhaust Fan - Niagara, DIDW, centrifugal type, 2000 CFM driven by 1.5 kW motor | | |
| 1 | Genset Room Exhaust Fan - Niagara, DIDW, centrifugal type, 3800 CFM driven by 4 kW motor | | |
| 1 | Engineering Office Exhaust Fan - Niagara, DIDW, centrifugal type, 10000 CFM driven by 7.5 kW motor | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 2 | Toilet Exhaust Fans - Niagara, DIDW, centrifugal type, 1130 CFM driven by 1.2 kW motor | | |
| 2 | Chiller Rooms Exhaust Fans - Niagara, DIDW, centrifugal type, 1000 CFM driven by 0.75 kW motor | | |
| 2 | Exhaust Fans - Niagara, DIDW, centrifugal type, 2000 CFM driven by 1.5 kW motor | | |
| 2 | Kitchen Exhaust Fans - Niagara, SISW, centrifugal type, 12000 CFM driven by 11.2 kW motor | | |
| 2 | Kitchen Exhaust Fans - Niagara, SISW, centrifugal type, 28000 CFM driven by 18.6 kW motor | | |
| 2 | Kitchen Exhaust Fans - Niagara, SISW, centrifugal type, 10500 CFM driven by 7.5 kW motor | | |
| 12 | Fresh Air Fans - Niagara, wall mounted, propeller type, 2000 CFM, driven by 0.50 kW motor | | |
| | system complete with pipings, ductings, controls and other standard accessories | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | | | |
| **2** | **Standby Generator Sets -**<br>1500 kW (1875 kVA) stand-by rated capacity, 2015 Year Mfd., 0.8 pf, 1800 rpm, 3-phase, 60 Hz, powered by 18-cylinder V-type Diesel Engine, Stamford | ₱ | 27,334,000 | ₱ | 18,104,000 |
| 2 | Day Tanks -<br>mild steel, 2450 x 1200 mm LD, 2700 liters capacity complete with batteries, controls and other standard accessories | | | | |
| **1** | **Power Transformer -**<br>Trafindo, 2015 Year Mfd., oil immersed, pad mounted, 1.5 MVA capacity | | 2,677,000 | | 1,775,000 |
| **Lot** | **Generator Set Synchronizing Panel -**<br>metal clad enclosure, 2-vertical panels, 1000 x 800 x 2000 mm LWH, equipped with: | | 1,517,000 | | 1,006,000 |
| 4 | Air Circuit Breakers -<br>Schneider Electric, Easypact MVS32H, 3200A | | | | |
| **Lot** | **Low Voltage Switchgear -**<br>metal clad enclosure, 1000 x 1300 x 2100 mm LWH, 8-vertical panels, free standing, consisting of: | | 4,126,000 | | 2,737,000 |
| 2 | Capacitor Banks -<br>400 kVAR capacity, 8 steps | | | | |
| 2 | Air Circuit Breakers (MDP 1 & 2) -<br>Siemens, Model 3WT8, 1250A | | | | |
| 1 | Air Circuit Breaker (Capacitor Bank) -<br>Siemens, Model 3WT8, 1250A | | | | |
| 2 | Air Circuit Breakers (ATS 1 & 2) -<br>Siemens, Model 3WT8, 3200A | | | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | ***Description*** | ***Replacement Cost*** | ***Market Value*** |
|---|---|---|---|
| 1 | Air Circuit Breaker (Dept. Store) - Siemens, Model 3WT8, 1000A | | |
| 1 | Air Circuit Breaker (Tie Breaker) - Siemens, Model 3WT8, 3200A | | |
| 1 | Air Circuit Breaker (MCC) - Siemens, Model 3WT8, 3200A complete with busbars, wires, cables, pilot lights and other standard accessories | | |
| | | ₱ 35,654,000 | ₱ 23,622,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | |
| **Lot** | **Water Distribution System (Phase 1) -** consisting of: | ₱ 665,000 | ₱ 436,000 |
| 3 | Potable Water Pumps - Goulds, centrifugal type, 114 mm discharge, 3.73 kW motor | | |
| 1 | Bladder Tank - GWS, 500 liters capacity, 650 x 1000 mm DH complete with piping, valves, fittings, controls and other standard accessories | | |
| **Lot** | **Water Distribution System (Phase 2) -** consisting of: | 2,179,000 | 1,426,000 |
| 3 | Potable Water Pumps - Capari, vertical in-line, 114 mm discharge, Seipee, 7.5 kW motor | | |
| 3 | Non-Potable Water Pumps - Capari, vertical in-line 114 mm discharge, Seipee, 7.5 kW motor | | |
| 2 | Bladder Tanks - GWS, 500 liters capacity, 650 x 1000 mm DH complete with piping, valves, fittings, controls and other standard accessories | | |
| **2** | **Make-Up Water Tanks -** mild steel construction, 3000 x 3000 x 2000 mm LWH, approx. 18000 liters capacity, mounted on concrete foundation | 320,000 | 210,000 |
| | | ₱ 3,164,000 | ₱ 2,072,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | |
| **Lot** | **Fire Fighting Equipment -** consisting of: | ₱ 5,814,000 | ₱ 3,802,000 |
| 1 | Fire Pump - American Marsh Pump, vertical turbine, 203 mm dia. discharge, Nidec, Model 15701534-100, 3-phase, 93.22 kW, 380V, 60 Hz, 1780 RPM | | |
| 1 | Jockey Pump - submersible, 5.6 kW, 3-phase, 380V, 60 Hz | | |
| 1 | Fire Pump Controller - Torna Tech, Model GPY-380/125/3/60, Ser. No. Z 143943, 93.22 kW, 380V, 3-phase, 60 Hz | | |
| 1 | Jockey Pump Controller - Torna Tech, Model JP3-380/7.5/3/60, 5.6 kW, 380V, 3-phase, 60 Hz | | |
| 1 | Fire Pump - Aurora Pump, centrifugal, vertical turbine, 127 mm dia. discharge, 3-phase, 37.5 kW, 380V, 60 Hz | | |
| 1 | Jockey Pump - submersible, 1.5 kW, 3-phase, 380V, 60 Hz | | |
| 1 | Fire Pump Controller - Eaton, 37.5 kW, 380V, 3-phase, 60 Hz | | |
| 1 | Jockey Pump Controller - Eaton, 1.5 kW, 380V, 3-phase, 60 Hz | | |
| 1 | FDAS - EST 3, 6 zones | | |
| 10 | Fire Hose Cabinets - aluminum steel framing with glass frontage, each equipped with long single jacket rubber line fire hose and 4.5 kgs. dry chemical fire extinguisher | | |
| 2 | Fire Mans Suit Cabinets - steel framing with glass frontage, each equipped with 2-firemans suit, 2-4.9 kgs. oxygen tank, 1-fireman axe, 2-gas mask | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 761 | Sprinkler Heads<br>system complete with smoke detectors, fire alarm bells, pipings, valves controls and other standard accessories | | | | |
| **63** | **Fire Extinguishers -**<br>dry chemical, 4.5 kgs cap. | ₱ | 75,600 | ₱ | 56,000 |
| **5** | **Fire Extinguishers -**<br>HCFC, 4.5 kgs cap. | | 28,000 | | 20,000 |
| **23** | **Fire Extinguishers -**<br>HCFC, ceiling mounted, 4.5 kgs cap. | | 166,000 | | 118,000 |
| **Lot** | **Siesmic Sensor -**<br>consisting of: | | 1,333,000 | | 1,077,000 |
| 1 | Accelerometer | | | | |
| 1 | CPU -<br>Windows 10, i5, 8GB ram | | | | |
| 1 | Monitor -<br>Lenovo, 558 mm screen dia. | | | | |
| | | ₱ | 7,416,600 | ₱ | 5,073,000 |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **SEWAGE TREATMENT PLANT** | | |
| **Lot** | **STP Equipment -** consisting of: | ₱ 534,000 | ₱ 349,000 |
| 4 | Roots Blowers - approx. 90 mm discharge dia., 5.5 kW motor, mounted on steel base | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **CCTV SYSTEM** | | |
| **Lot** | **CCTV Equipment -** consisting of: | ₱ 296,000 | ₱ 180,000 |
| 2 | Digital Video Recorders - DVS | | |
| 1 | Digital Video Recorder - Hikvision, 40 channels | | |
| 2 | CCTV Monitors - Sony, 813 mm screen size | | |
| 32 | CCTV Cameras - Dome type | | |
| 1 | UPS - 600 VA complete with cables, wirings and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **PA/BGM SYSTEM** | | |
| **Lot** | **PA/BGM Equipment -** consisting of: | ₱ 207,000 | ₱ 126,000 |
| 1 | DVD Player - Samsung | | |
| 1 | DVD Player - Sony | | |
| 2 | Amplifiers - TOA, Model VM-2240 | | |
| 1 | Amplifier - Audio Wav, Model MJX AMP 130 | | |
| 1 | Remote Microphone - TOA, Model RM-200M | | |
| 92 | Speakers - TOA, Model PC 658R complete with cables, wirings and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **CINEMA EQUIPMENTS** | | |
| | ***Cinema 1*** | | |
| **Lot** | **Cinema Equipment -** consisting of: | ₱ 6,257,000 | ₱ 4,035,000 |
| 1 | Cinema Projector - Christie, Model CP 2215, 2015 Year Mfd., 15000 lumens | | |
| 1 | Projector Screen - fabric, steel frame, 10100 x 6000 mm LH | | |
| 144 | Cinema Seats - steel frame, paadded folding seat and back with cup holder | | |
| | Dolby Sound System | | |
| 1 | Digital Cinema Processor - Dolby, Model C-750 | | |
| 1 | Digital Cinema Monitor - QSC, Model DCM-10D | | |
| 1 | DVD Player - Pioneer, Model DV-3052V | | |
| 3 | Professional Amplifiers - QSC, Model ISA-1350 | | |
| 2 | Professional Amplifiers - QSC, Model ISA-750 | | |
| 5 | Professional Amplifiers - QSC, Model ISA-450 | | |
| 3 | Front Channel Speakers - QSC, Model SC-323C | | |
| 2 | Subwoofers - QSC, Model SB5218 | | |
| 8 | Surround Speakers - QSC, Model SR-1030 | | |
| 8 | Surround Speakers - QSC, Model SR-1020 | | |
| 1 | UPS - Netpro, 1kVA cap. | | |
| | system complete with wirings, racks and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | *Cinema 2* | | | | |
| **Lot** | **Cinema Equipment -** consisting of: | ₱ | 7,259,000 | ₱ | 4,681,000 |
| 1 | Cinema Projector - Christie, Model CP 2215, 2015 Year Mfd., 15000 lumens | | | | |
| 1 | Projector Screen - fabric, steel frame, 10100 x 6000 mm LH | | | | |
| 144 | Cinema Seats - steel frame, paadded folding seat and back with cup holder | | | | |
| | Dolby Sound System | | | | |
| 1 | Digital Cinema Processor - Dolby, Model C-750 | | | | |
| 1 | Digital Cinema Monitor - QSC, Model DCM-10D | | | | |
| 1 | DVD Player - Pioneer, Model DV-3052V | | | | |
| 3 | Professional Amplifiers - QSC, Model ISA-1350 | | | | |
| 5 | Professional Amplifiers - QSC, Model ISA-750 | | | | |
| 8 | Professional Amplifiers - QSC, Model ISA-450 | | | | |
| 3 | Front Channel Speakers - QSC, Model SC-323C | | | | |
| 2 | Subwoofers - QSC, Model SB-5218 | | | | |
| 16 | Surround Speakers - QSC, Model SR-1030 | | | | |
| 14 | Surround Speakers - QSC, Model SR-1020 | | | | |
| 1 | UPS - Netpro, 1.4kVA cap. system complete with wirings, racks and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | ***Cinema 3*** | | |
| **Lot** | **Cinema Equipment -** consisting of: | ₱ 6,315,000 | ₱ 4,072,000 |
| 1 | Cinema Projector - Christie, Model CP 2215, 2015 Year Mfd., 15000 lumens | | |
| 1 | Projector Screen - fabric, steel frame, 10100 x 6000 mm LH | | |
| 144 | Cinema Seats - steel frame, paadded folding seat and back with cup holder | | |
| | Dolby Sound System | | |
| 1 | Digital Cinema Processor - Dolby, Model C-750 | | |
| 1 | Digital Cinema Monitor - QSC, Model DCM-10D | | |
| 1 | DVD Player - Pioneer, Model DV-3052V | | |
| 3 | Professional Amplifiers - QSC, Model ISA-1350 | | |
| 5 | Professional Amplifiers - QSC, Model ISA-750 | | |
| 2 | Professional Amplifiers - QSC, Model ISA-450 | | |
| 3 | Front Channel Speakers - QSC, Model SC-323C | | |
| 2 | Subwoofers - QSC, Model SB5218 | | |
| 8 | Surround Speakers - QSC, Model SR-1030 | | |
| 8 | Surround Speakers - QSC, Model SR-1020 | | |
| 1 | UPS - Netpro, 1kVA cap. system complete with wirings, racks and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | ***Cinema 4 (VIP)*** | | | | |
| **Lot** | **Cinema Equipment -** | ₱ | 5,678,000 | ₱ | 3,661,000 |
| | consisting of: | | | | |
| 1 | Cinema Projector - | | | | |
| | NEC, Laser Projector, 2017 Year Mfd., 15000 lumens | | | | |
| 1 | Projector Screen - | | | | |
| | fabric, steel frame, 8500 x 4600 mm LH | | | | |
| 30 | Cinema Seats - | | | | |
| | lazyboy, leatherette cover with cup holder | | | | |
| | Dolby Sound System | | | | |
| 1 | Digital Cinema Processor - | | | | |
| | Dolby, Model C-750 | | | | |
| 1 | Digital Cinema Monitor - | | | | |
| | QSC, Model DCM-10D | | | | |
| 1 | DVD Player - | | | | |
| | Pioneer, Model DV-3052V | | | | |
| 2 | Professional Amplifiers - | | | | |
| | QSC, Model ISA-750 | | | | |
| 8 | Professional Amplifiers - | | | | |
| | QSC, Model ISA-450 | | | | |
| 3 | Front Channel Speakers - | | | | |
| | QSC, Model SC-2150 | | | | |
| 2 | Subwoofers - | | | | |
| | QSC, Model SB-5218 | | | | |
| 14 | Surround Speakers - | | | | |
| | QSC, Model SR-1020 | | | | |
| 1 | UPS - | | | | |
| | Netpro, 1kVA cap. | | | | |
| | system complete with wirings, racks and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | ***Theater Management System*** | | |
| **Lot** | **Rosetta Bridge -** consisting of: | ₱ 862,000 | ₱ 524,000 |
| | Main TMS Rack - steel, open rack, approx. 1220 mm height, equipped with: | | |
| 1 | Ethernet Switch - Allied Telesis, Model X600/24TS, 24 ports | | |
| 1 | UPS - 1 kVA | | |
| 1 | Managers PC - tower type complete with hardisk, keyboard and monitor | | |
| | Switch Racks - steel, closed type, 610 mm height, equipped with: | | |
| 1 | Ethernet Switch - Allied Telesis, Model X600/24TS, 24 ports | | |
| 4 | CPUs - Powerlogic, with keyboard | | |
| 4 | Monitors - AOC | | |
| 4 | UPS - Netpro 1kVA complete with wirings and other standard accessories | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | ***Ticketing Booth*** | | | | |
| **Lot** | Ticketing Booth - | ₱ | 365,000 | ₱ | 222,000 |
| | consisting of: | | | | |
| 2 | Desktops - | | | | |
| | Dell, i3 | | | | |
| 2 | Monitors - | | | | |
| | Lenovo, 813 mm screen dia. | | | | |
| 1 | Desktop - | | | | |
| | HP, i5 | | | | |
| 1 | Monitor - | | | | |
| | HP, led, 813 mm screen dia. | | | | |
| 3 | Display Monitors - | | | | |
| | Lenovo, led, 813 mm screen dia. | | | | |
| 3 | Thermal Ticket Printers - | | | | |
| | Citizen, Model CL-5621 | | | | |
| 3 | UPS - | | | | |
| | APC/PCM, 1kVA | | | | |
| 2 | LED TVs - | | | | |
| | Samsung, 1016 mm dia. | | | | |
| 4 | LED TVs - | | | | |
| | Samsung, 813 mm dia. | | | | |
| | complete with wirings and other standard accessories | | | | |
| | | ₱ | 26,736,000 | ₱ | 17,195,000 |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **OTHERS** | | |
| **2** | **Lift Pumps -** submersible type, 11.2 kW motor | ₱ 540,000 | ₱ 354,000 |

# Photographs of the Fixed Assets

## The Subject Property


*Vista Mall Pampanga*


*Front View*

***Right Side View***

***Road Scene along MacArthur Highway***

## *Interior Views*

## ***Interior Views***

***STP Building***

***MRF Building***

***LPG Tank Farm***

***Typical Driveways***

***Fence on the left side***

***Typical Parking***

***Building Machinery and Equipment***

***Cooling Tower***

***Electrical Distribution Panel***

***Chiller***

***Fire Pump***

***Fire Pump Controller***

***Cinema Seats***

***Cinema Equipment***


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# COMMUNITIES PAMPANGA, INC.

BARANGAY SAN AGUSTIN, SAN FERNANDO CITY, PROVINCE OF PAMPANGA

## PLOT PLAN

PREPARED BY:

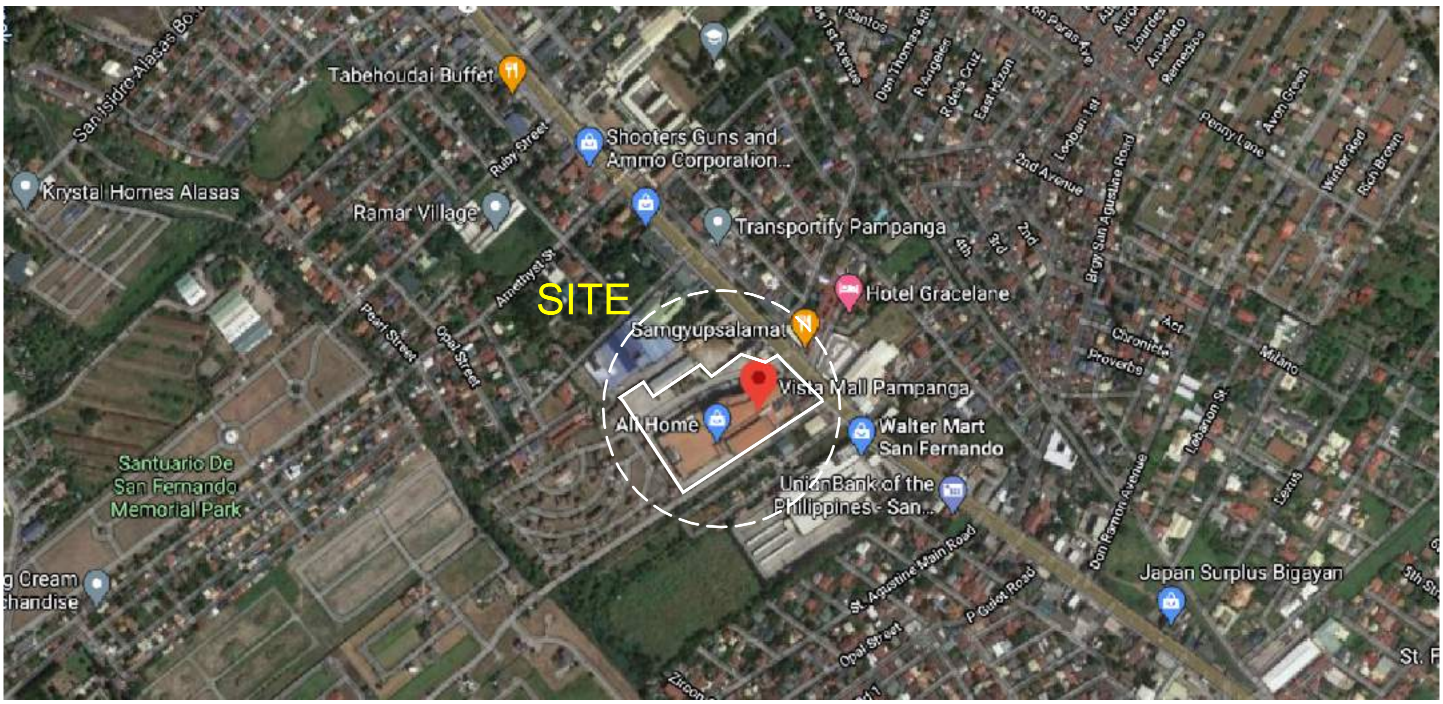
**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10752-001.2
D.S. MORALES

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# COMMUNITIES PAMPANGA, INC.

BARANGAY SAN AGUSTIN, SAN FERNANDO CITY, PROVINCE OF PAMPANGA

## VICINITY MAP

PREPARED BY:

# ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10752-001.2
D.S. MORALES

# VALUATION REPORT

*presented to*

## MASTERPIECE ASIA PROPERTIES, INC.
## (STARMALL SAN JOSE DEL MONTE)

**Fixed Assets**

**Quirino Highway, Barangay Kaypian**
**San Jose Del Monte City, Province of Bulacan**
**FAM22-C10754-001.1-1 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Masterpiece Asia Properties, Inc.***
*5th Level Admin Office*
*Star Mall Alabang, South Super Highway*
*Barangay Alabang, Muntinlupa City*
*Metropolitan Manila*

Attention: Mr. Brian Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C10754-001.1-1***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, other land improvements, and building machinery and equipment,* located in ***Barangay Kaypian, San Jose Del Monte City, Province of Bulacan,*** and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Fair Value of the buildings, other land improvements, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## Bases of Value

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## Scope of Investigation and Consideration

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Buildings and Other Land Improvements Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Assets Components* | *Replacement Cost* | *Market Value* |
|---|---|---|
| *Buildings* | ***₱2,287,883,000*** | ***₱1,852,446,000*** |
| *Other Land Improvements* | ***30,902,000*** | ***21,888,000*** |
| *Building Machinery and Equipment* | ***197,030,700*** | ***131,862,900*** |
| | ---------------- | ---------------- |
| *Grand Total -* | ***₱2,515,815,700*** | ***₱2,006,196,900*** |
| | ============ | ============ |
| *Rounded To -* | ***₱2,515,816,000*** | ***₱2,006,197,000*** |
| | ============ | ============ |

***THEREFORE,*** it is our opinion that ***TWO BILLION, SIX MILLION, ONE HUNDRED NINETY-SEVEN THOUSAND (₱2,006,197,000) PESOS*** represents the ***Market Value*** of the subject Fixed Assets, appraised as of ***December 31, 2021,*** subject to the attached limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest in the Company or the appraised Fixed Assets or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

CLDG:KEAM/jœ:raca

# General Service Conditions

The services provided by Asian Appraisal Company, Inc., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), the International Valuation Standards (IVS, Effective 31 January 2020 Edition) and the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition) and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose/s for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# Certificate of Appraiser

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

**JOHN C. PAR, CPV, CRA, CRB, RCE**
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645
(Real Estate Valuation)

**JOSEPH D. ALCANTARA**
Licensed Mechanical Engineer
PRC ME No. 0033453
PTR No. 8533642
(Plant Machinery and
Equipment Valuation)

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

## *INVENTORY OF FIXED ASSETS*

### *S U M M A R Y*

| *Page No.* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 9 | **BUILDINGS** | | **₱** | **2,287,883,000** | **₱** | **1,852,446,000** |
| 15 | **OTHER LAND IMPROVEMENTS** | | **₱** | **30,902,000** | **₱** | **21,888,000** |
| 16 | **BUILDING MACHINERY AND EQUIPMENT:** | | | | | |
| 16 | | Elevators and Escalators | ₱ | 22,978,000 | ₱ | 15,027,000 |
| 17 | | Air Conditioning System | | 89,580,000 | | 58,553,000 |
| 19 | | Ventilation System | | 1,789,000 | | 1,170,000 |
| 20 | | Electrical Distribution System | | 48,221,000 | | 34,880,000 |
| 22 | | Water Distribution System | | 513,000 | | 336,000 |
| 23 | | Fire Fighting System | | 3,810,000 | | 2,493,000 |
| 24 | | Sewage Treatment Plant | | 246,400 | | 161,000 |
| 25 | | CCTV System | | 769,000 | | 468,000 |
| 26 | | PA/BGM Equipment | | 122,200 | | 74,000 |
| 27 | | Cinema Equipment | | 28,433,000 | | 18,334,000 |
| 31 | | Others | | 569,100 | | 366,900 |
| | | | **₱** | **197,030,700** | **₱** | **131,862,900** |
| | | ***GRAND TOTAL*** - | ***₱*** | ***2,515,815,700*** | ***₱*** | ***2,006,196,900*** |
| | | ***ROUNDED TO*** - | ***₱*** | ***2,515,816,000*** | ***₱*** | ***2,006,197,000*** |

*I N V E N T O R Y*

## *BUILDINGS*

| *Description* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Starmall Phase 1 (Main) -** | | ₱ 1,234,420,000 | ₱ 959,762,000 |

| | |
|---|---|
| No. of Storey (s) | : three (3) |
| Estimated Total Floor Area | : 39,820 sq.m. |
| General Framing | : reinforced concrete |
| Walls | : concrete hollow blocks with plastered cement |
| Interior Wall Finish | : glass panel, painted plastered cement CHB and gypsum board |
| Exterior Wall Finish | : plastered cement CHB, composite panels |
| Roofing | : rib-type long span metal sheet on steel purlins |
| Flooring | : plain cement on reinforced concrete slab |
| Floor Finish | : cereamic and homogenous tiles, and plain cement |
| Partitions | : concrete hollow blocks with plastered cement |
| Windows | : glass panel and fixed glass |
| Doors | : steel roll-up, plywood flush-type, and swing glass |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : Very good and well-maintained |



ASIAN APPRAISAL

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Starmall Phase 2 (Alfresco Garden) -** | ₱ | 99,789,000 | ₱ | 80,081,000 |

| | |
|---|---|
| No. of Storey (s) | : three (3) |
| Estimated Total Floor Area | : 3,219 sq.m. |
| General Framing | : reinforced concrete |
| Walls | : concrete hollow blocks with plastered cement |
| Interior Wall Finish | : glass panel, painted plastered cement CHB and gypsum board |
| Exterior Wall Finish | : plastered cement CHB and composite panels |
| Roofing | : rib-type long span metal sheet on steel purlins |
| Flooring | : plain cement on reinforced concrete slab |
| Floor Finish | : cereamic and homogenous tiles, and plain cement |
| Partitions | : concrete hollow blocks with plastered cement |
| Windows | : glass panel and fixed glass |
| Doors | : steel roll-up, plywood flush-type, swing glass |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : Very good and well-maintained |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Starmall Phase 3 (Mall Extension and Carpark) -** | ₱ | 951,126,000 | ₱ | 810,835,000 |

| | |
|---|---|
| No. of Storey (s) | : three (3) |
| Estimated Total Floor Area | : 43,233 sq.m. |
| General Framing | : reinforced concrete |
| Walls | : concrete hollow blocks with plastered cement |
| Interior Wall Finish | : glass panel, painted plastered cement CHB and gypsum board |
| Exterior Wall Finish | : plastered cement CHB and composite panels |
| Roofing | : rib-type long span metal sheet on steel purlins |
| Flooring | : plain cement on reinforced concrete slab |
| Floor Finish | : cereamic and homogenous tiles, plain cement |
| Partitions | : concrete hollow blocks with plastered cement |
| Windows | : glass panel and fixed glass |
| Doors | : steel roll-up, plywood flush-type, swing glass |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : Very good and well-maintained |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Passenger Terminal Sheds -** | ₱ | 648,000 | ₱ | 417,000 |

| | |
|---|---|
| No. of Storey (s) | : one (1) |
| Estimated Floor Area | : 36 sq.m. |
| General Framing | : steel framed |
| Roofing | : rib-type long span metal sheet on steel purlins |
| Flooring | : plain cement on reinforced concrete slab |
| Floor Finish | : plain cement |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : Very good and well-maintained |

| | | | | |
|---|---|---|---|---|
| **Tricycle Terminal Sheds -** | | 432,000 | | 278,000 |

| | |
|---|---|
| No. of Storey (s) | : one (1) |
| Estimated Floor Area | : 48 sq.m. |
| General Framing | : steel framed |
| Roofing | : rib-type long span metal sheet on steel purlins |
| Flooring | : plain cement on reinforced concrete slab |
| Floor Finish | : plain cement |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : Very good and well-maintained |

## ***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Guardhouse -** | ₱ | 48,000 | ₱ | 31,000 |
| **Gas House -** | | 400,000 | | 281,000 |

**Guardhouse -**

| | |
|---|---|
| No. of Storey (s) | : one (1) |
| Estimated Floor Area | : 6 sq.m. |
| General Framing | : timber framed |

**Gas House -**

| | |
|---|---|
| No. of Storey (s) | : one (1) |
| Estimated Floor Area | : 50 sq.m. |
| General Framing | : reinforced concrete |
| Flooring | : plain cement on reinforced concrete slab |
| Floor Finish | : plain cement |
| Doors | : steel louver |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : Very good and well-maintained |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Sewerage Treatment Plant -** | | ₱ 1,020,000 | ₱ 761,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 51 sq.m. | | |
| General Framing | : reinforced concrete | | |
| Walls | : concrete hollow blocks with plastered cement | | |
| Interior Wall Finish | : plastered cement CHB | | |
| Exterior Wall Finish | : plastered cement CHB | | |
| Roofing | : rib-type long span metal sheet on steel purlins | | |
| Flooring | : plain cement on reinforced concrete slab | | |
| Floor Finish | : plain cement | | |
| Windows | : concrete louver vents | | |
| Doors | : steel | | |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. | | |
| Observed Physical Condition | : Very good and well-maintained | | |
| | | ₱ 2,287,883,000 | ₱ 1,852,446,000 |

### *OTHER LAND IMPROVEMENTS*

| *Description* | | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|---|
| **Parking Area and Ramps** | : | These consist of plain cement laid on well-compacted earth base course driveway and parking area with underground drainange system. It is approximately 11,518 sq.m. | ₱ | 17,277,000 | ₱ | 12,151,000 |
| **Fence and Gate** | : | These consist of plastered finish concrete hollow blocks and gate on steel tubular frame hinged on reinforced concrete post. It is approximately 3 meters in height. | | 450,000 | | 336,000 |
| **Retaining Wall/ Rip-rap** | : | These consist of vertial bars that retains the earth/soil and is the held the postion by a footing or base slab. It is approximately 2,000 sq.m | | 3,000,000 | | 2,237,000 |
| **Landscaping** | : | Surrounded by concrete gutter and planted with natural plants. | | 175,000 | | 131,000 |
| **Fountain Area** | : | This consists of fountain nozzlesand pumps, circular in shape/design and surrounded by steel grating. | | 10,000,000 | | 7,033,000 |
| | | | ₱ | 30,902,000 | ₱ | 21,888,000 |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **ELEVATORS AND ESCALATORS** | | | | |
| **1** | **Scenic Elevator -** Nippon, 1000 kgs load capacity, 3-landings, complete with traction motor, access card reader, controls and other standard accessories | ₱ | 1,348,000 | ₱ | 882,000 |
| **1** | **Passenger Elevator -** Nippon, approx. 1500 kgs load capacity, 6 landings, complete with traction motor, access card reader, controls and other standard accessories | | 1,986,000 | | 1,299,000 |
| **2** | **Escalators -** SJEC, Ser. Nos. 11669197 and 11668726, 1000 mm step width, 13000 mm length, 6000 mm height, driven by approx. 7.5 kW motor | | 4,578,000 | | 2,994,000 |
| **6** | **Escalators -** SJEC, 1000 mm step width, 13000 mm length, 7000 mm height, driven by approx. 11 kW motor<br><br>Ser. Nos. 116610558, 193-16616M3102, 193-16616M3101, 193-16616M3106, 193-16616M3105, 193-16616M3104 | | 15,066,000 | | 9,852,000 |
| | | ₱ | 22,978,000 | ₱ | 15,027,000 |



ASIAN APPRAISAL

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | |
| **Lot** | **Air Conditioning System -** water chilled type, 2230 TR total cooling capacity, consisting of: | ₱ 88,913,000 | ₱ 58,149,000 |
| 2 | Water Chillers - Trane, Model RTHDCC2D, helical rotary type, cooling 315 TR cooling capacity each | | |
| 4 | Water Chillers - Trane, Model CVHE 400, centrifugal type, cooling 400 TR cooling capacity each | | |
| 6 | Chilled Water Pumps - centrifugal, 178 x 127 mm dia. S&D, 37 kW motor | | |
| 6 | Condenser Water Pumps - horizontal split case, 228 x 152 mm dia. S&D, Elektrim, 30 kW motor | | |
| 2 | Cooling Towers - 300 TR cooling cap., approx. 6000 x 5000 x 9000 mm LWH | | |
| 2 | Cooling Towers - 250 TR cooling cap., approx. 5000 x 5000 x 7000 mm LWH | | |
| 2 | Air Handling Units - Carrier, 30 TR cooling cap. | | |
| 4 | Air Handling Units - Carrier, 40 TR cooling cap. | | |
| 2 | Air Handling Units - Carrier, 74 TR cooling cap. | | |
| 2 | Air Handling Units - Carrier, 59 TR cooling cap. | | |
| 1 | Air Handling Units - Carrier, 61.2 TR cooling cap. | | |
| 2 | Air Handling Units - Carrier, 78.5 TR cooling cap. | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| 14 | FCUs -<br>Carrier, Model 40LM-CLDCCAR05TEXA12PW,<br>5.0 TR cooling cap.<br>system complete with pipings, ductings, controls and other standard accessories | | | | |
| **1** | **Air Conditioning Unit -**<br>Carrier, split type, ceiling mounted, 0.7 TR | ₱ | 60,000 | ₱ | 36,000 |
| **1** | **Air Conditioning Unit -**<br>Carrier, split type, ceiling mounted, 1 TR | | 61,000 | | 37,000 |
| **1** | **Air Conditioning Unit -**<br>Carrier, split type, ceiling mounted, 1.4 TR | | 61,600 | | 37,000 |
| **2** | **Air Conditioning Units -**<br>Carrier, split type, ceiling mounted, 1.5 TR | | 124,200 | | 76,000 |
| **2** | **Air Conditioning Units -**<br>Carrier, split type, ceiling mounted, 1.8 TR | | 126,200 | | 76,000 |
| **2** | **Air Conditioning Units -**<br>Carrier, split type, ceiling mounted, 5 TR | | 234,000 | | 142,000 |
| | | ₱ | 89,580,000 | ₱ | 58,553,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| **Lot** | **Ventilation System -** consisting of: | ₱ 1,789,000 | ₱ 1,170,000 |
| 4 | Smoke Evacuation Fans - SISW, approx. 6000 CFM airflow, driven by 4.1 kW motor | | |
| 1 | Exhaust Fan - SISW, approx. 15000 CFM airflow, driven by 11 kW motor | | |
| 3 | Exhaust Fans - SISW, approx. 8000 CFM airflow, driven by 5.59 kW motor | | |
| 4 | Exhaust Fans - SISW, approx. 3000 CFM airflow, driven by 2.23 kW motor | | |
| | system complete with pipings, ductings, controls and other standard accessories | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | | | |
| **2** | **Standby Generator Sets -** Stamford, 1620 kW (2025 kVA) stand-by rated capacity, 0.8 pf, 1800 rpm, 3-phase, 60 Hz, powered by 16-cylinder V-type Diesel Engine | ₱ | 27,914,000 | ₱ | 20,466,000 |
| 2 | Day Tank - mild steel, approx. 5000 x 1000 mm LD, 3700 liters capacity complete with batteries, controls and other standard accessories | | | | |
| **1** | **Standby Generator Set -** Stamford, 1452 kW (1815 kVA) stand-by rated capacity, 0.8 pf, 1800 rpm, 3-phase, 60 Hz, powered by 16-cylinder V-type Diesel Engine | | 12,515,000 | | 9,176,000 |
| 1 | Day Tank - mild steel, approx. 5000 x 1000 mm LD, 3700 liters capacity | | | | |
| **4** | **Transformers -** Wescor, dry type, 125 kVA capacity | | 612,000 | | 404,000 |
| **1** | **Transformer -** Wescor, dry type, 300 kVA capacity | | 359,000 | | 310,000 |
| **Lot** | **Low Voltage Switchgear -** metal clad enclosure, free standing, consisting of: | | 4,149,000 | | 2,752,000 |
| 2 | Air Circuit Breakers (Genset) - Siemens, Model 3WT8, 3800A | | | | |
| 1 | Air Circuit Breaker (EE) - Siemens, Model 3WT8, 2000A | | | | |
| 1 | Air Circuit Breaker (AC) - Siemens, Model 3WT8, 2000A | | | | |
| 1 | Air Circuit Breaker (TIE) - Siemens, Model 3WT8, 3800A | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 1 | Air Circuit Breaker (EE Room) - Siemens, Model 3WT8, 2500A | | |
| 1 | Air Circuit Breaker (MBD) - Siemens, Model 3WT8, 3800A | | |
| 1 | Air Circuit Breaker (MBD Emergency) - Siemens, Model 3WT8, 3800A complete with busbars, wires, cables, pilot lights and other standard accessories | | |
| **Lot** | **Low Voltage Switchgear (Phase 3) -** metal clad enclosure, free standing, consisting of: | ₱ 2,672,000 | ₱ 1,772,000 |
| 2 | Air Circuit Breakers (MDP 1 & 2) - Siemens, Model 3WT8, 1000A | | |
| 1 | Air Circuit Breaker (ALL Home) - Siemens, Model 3WT8, 1000A | | |
| 1 | Air Circuit Breaker (PPWC) - Siemens, Model 3WT8, 1250A | | |
| 1 | Air Circuit Breaker (Super Store) - Siemens, Model 3WT8, 1600A | | |
| 1 | Air Circuit Breaker (Trans) - Siemens, Model 3WT8, 4000A | | |
| 1 | Air Circuit Breaker (Intertie) - Siemens, Model 3WT8, 4000A complete with busbars, wires, cables, pilot lights and other standard accessories | | |
| | | ₱ 48,221,000 | ₱ 34,880,000 |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | ***Description*** | ***Replacement Cost*** | ***Market Value*** |
|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 513,000 | ₱ 336,000 |
| 3 | Water Pumps - multistage, 64 mm dia. discharge, 3.7 kW motor | | |
| 1 | Pressure Tank - MD Global, Model SF 850V, 850 liters capacity, 700 x 1500 mm DH complete with piping, valves, fittings, controls and other standard accessories | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | | | |
| **Lot** | **Fire Fighting Equipment -** consisting of: | ₱ | 3,690,000 | ₱ | 2,413,000 |
| 1 | Fire Pump - AC Fire Pump, centrifugal, vertical turbine, 152 mm dia. discharge, Nidec, Model 10711042-100, 3- | | | | |
| 1 | Jockey Pump - submersible, approx. 5 kW, 3-phase, 400V, 60 Hz | | | | |
| 1 | Fire Pump Controller - Eaton, Model FD70-100C-L1, Ser. No. 16BP921E, 74.57 kW, 380V, 3-phase, 60 Hz | | | | |
| 1 | FDAS - Honeywell 3, 6 zones | | | | |
| 20 | Fire Hose Cabinets - aluminum steel framing with glass frontage, each equipped with long single jacket rubber line fire hose and 4.5 kgs. dry chemical fire extinguisher | | | | |
| 800 | Sprinkler Heads, approx. system complete with smoke detectors, fire alarm bells, pipings, valves controls and other standard accessories | | | | |
| **100** | **Fire Extinguishers -** dry chemical, 4.5 kgs | | 120,000 | | 80,000 |
| | | ₱ | 3,810,000 | ₱ | 2,493,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | ***Description*** | ***Replacement Cost*** | ***Market Value*** |
|---|---|---|---|
| | **SEWAGE TREATMENT PLANT** | | |
| **Lot** | **STP Equipment -** consisting of: | ₱ 246,400 | ₱ 161,000 |
| 2 | Roots Blowers - approx. 90 mm discharge dia., 7.5 kW motor, mounted on steel base | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **CCTV SYSTEM** | | |
| **Lot** | **CCTV Equipment -** | ₱ 769,000 | ₱ 468,000 |
| | consisting of: | | |
| 1 | Digital Video Recorders -<br>HiKVision, Model DS 7316HQHI-F4/N, 16 channels | | |
| 1 | CCTV Monitor -<br>HiKVision, 1397 mm screen dia. | | |
| 5 | CCTV Monitors -<br>Samsung, 533 mm screen dia. | | |
| 2 | CCTV Monitors -<br>Chang Chong, 1397 mm screen dia. | | |
| 45 | CCTV Cameras -<br>Dome type | | |
| 53 | CCTV Cameras -<br>Bullet type | | |
| 1 | UPS -<br>600 VA<br>complete with cables, wirings and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | ***Description*** | ***Replacement Cost*** | ***Market Value*** |
|---|---|---|---|
| | **PA/BGM SYSTEM** | | |
| **Lot** | **PA/BGM Equipment -** | ₱ 122,200 | ₱ 74,000 |
| | consisting of: | | |
| 2 | Amplifiers - | | |
| | Kevler, Model BGM 500UB | | |
| 8 | Amplifiers - | | |
| | Kevler, Model PA 500 | | |
| 1 | Microphone - | | |
| | Carol, Model MUD 546 | | |
| | complete with speakers, cables, wirings and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|---|
| | **CINEMA EQUIPMENT** | | | |
| **Lot** | **Cinema Equipment -**<br>consisting of: | ₱ | 8,034,000 | 5,180,000 |
| 1 | Cinema Projector -<br>NEC, Model NP NC1700L, 2019 Year Mfd., 35000 lumens | | | |
| 1 | Projector Screen -<br>fabric, steel frame, approx. 7000 x 5000 mm LH | | | |
| 142 | Cinema Seats -<br>steel frame, recliner seat with tablet | | | |
| | Video and Sound System | | | |
| 1 | Digital Processor -<br>Dolby, Model CP 850 | | | |
| 1 | Server -<br>Doremi, Model ShowVault 3 | | | |
| 1 | Audio Processor -<br>Datasat, Model AP 20 | | | |
| 6 | Amplifiers -<br>Crown, Model Dsi 2000 | | | |
| 1 | Amplifiers -<br>QSC, Model USA ISA 750 | | | |
| 1 | Server -<br>Doremi, Model ShowVault 3 | | | |
| 1 | UPS -<br>APC, Model 1400<br>system complete with sound system, wirings, racks and other standard accessories | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| **Lot** | **Cinema 1 (Formerly 2) Equipment -** consisting of: | ₱ | 8,075,000 | ₱ | 5,207,000 |
| 1 | Cinema Projector - NEC, Model NP NC1700L, 2019 Year Mfd., 35000 lumens | | | | |
| 1 | Projector Screen - fabric, steel frame, approx. 7000 x 5000 mm LH | | | | |
| 148 | Cinema Seats - steel frame, recliner seat with tablet | | | | |
| | Video and Sound System | | | | |
| 1 | Digital Processor - Dolby, Model CP 850 | | | | |
| 1 | Server - Doremi, Model ShowVault 3 | | | | |
| 1 | Audio Processor - Datasat, Model AP 20 | | | | |
| 6 | Amplifiers - Crown, Model Dsi 2000 | | | | |
| 1 | Amplifier - QSC, Model USA ISA 750 | | | | |
| 1 | Server - Doremi, Model ShowVault 3 | | | | |
| 1 | UPS - APC, Model 1400 system complete with sound system, wirings, racks and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| **Lot** | **Cinema 3 Equipments -** | ₱ | 6,265,000 | ₱ | 4,040,000 |
| | consisting of: | | | | |
| 1 | Cinema Projector - | | | | |
| | Christie, Model CP 2215, 2019 Year Mfd., 35000 lumens | | | | |
| 1 | Projector Screen - | | | | |
| | fabric, steel frame, approx. 7000 x 11000 mm LH | | | | |
| 150 | Cinema Seats - | | | | |
| | steel frame, recliner seat with tablet | | | | |
| | Video and Sound System | | | | |
| 1 | Digital Processor - | | | | |
| | Dolby, Model CP 650 | | | | |
| 1 | Server - | | | | |
| | Doremi, Model ShowVault 3 | | | | |
| 1 | Audio Processor - | | | | |
| | Datasat, Model AP 20 | | | | |
| 6 | Amplifiers - | | | | |
| | Crown, Model Dsi 2000 | | | | |
| 1 | Amplifiers - | | | | |
| | QSC, Model USA 1310 | | | | |
| | system complete with sound system, wirings, racks and other standard accessories | | | | |
| **Lot** | **Cinema 4 Equipments -** | | 6,059,000 | | 3,907,000 |
| | consisting of: | | | | |
| 1 | Cinema Projector - | | | | |
| | Christie, Model CP 2215, 2019 Year Mfd., 35000 lumens | | | | |
| 1 | Projector Screen - | | | | |
| | fabric, steel frame, approx. 7000 x 11000 mm LH | | | | |
| 120 | Cinema Seats - | | | | |
| | steel frame, paadded folding seat and back with cup holder | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | ***Description*** | ***Replacement Cost*** | ***Market Value*** |
|---|---|---|---|
| | Video and Sound System | | |
| 1 | Digital Processor - Dolby, Model CP 650 | | |
| 1 | Server - Doremi, Model ShowVault 3 | | |
| 1 | Audio Processor - Datasat, Model AP 20 | | |
| 6 | Amplifiers - Crown, Model Dsi 2000 | | |
| 1 | Amplifiers - QSC, Model USA 1310 system complete with sound system, wirings, racks and other standard accessories | | |
| | | ₱ 28,433,000 | ₱ 18,334,000 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | ***Description*** | | ***Replacement Cost*** | | ***Market Value*** |
|---|---|---|---|---|---|
| | **OTHERS** | | | | |
| **1** | **Fountain Pump -** submersible, 1.5 kW motor | ₱ | 7,100 | ₱ | 4,600 |
| **1** | **Fountain Pump -** submersible, 3.74 kW motor | | 13,100 | | 8,000 |
| **2** | **Fountain Pumps -** submersible, 2.24 kW motor | | 26,000 | | 16,800 |
| **2** | **Sump Pumps -** submersible, 5.6 kW motor | | 125,200 | | 80,800 |
| **2** | **Sump Pumps -** submersible, 3.73 kW motor | | 121,200 | | 78,200 |
| **5** | **Lift Pumps -** submersible, 0.75 kW motor | | 276,500 | | 178,500 |
| | | ₱ | 569,100 | ₱ | 366,900 |

# *Photographs of the Fixed Assets*

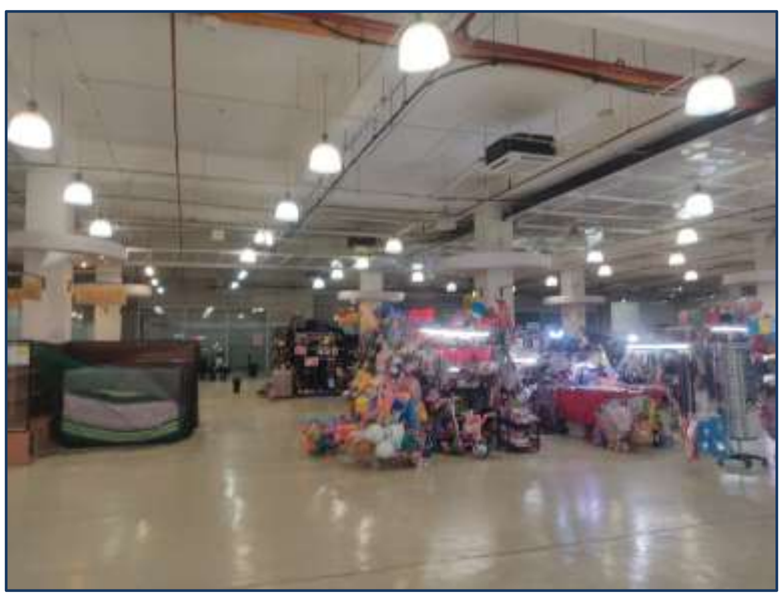
***The Subject Property***


## *Other Views of the Subject Property*


***Other Views of the Subject Property***


***Interior Views***

## *Interior Views*




***Transport Terminal Sheds***


***Gas House***

***Guardhouse***

***Fountain***

***Parking***

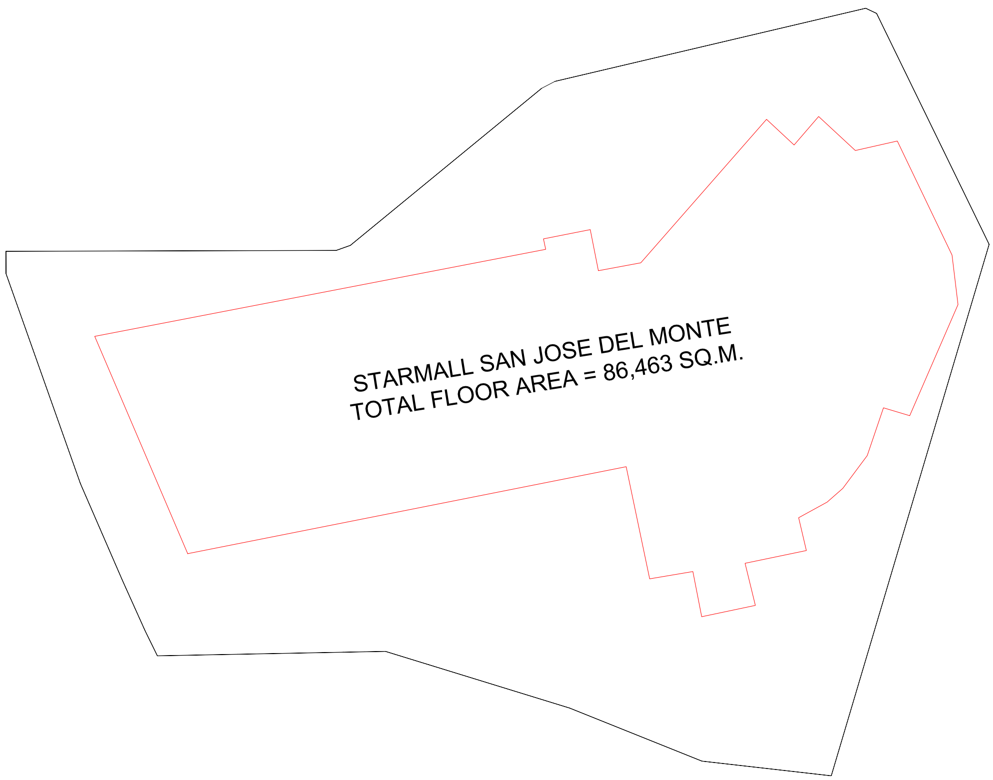

***Driveways***

***Road Scenes***

*along Quirino Highway*

*along Kaypian Road*

***along Asuncion Diaz Abella Road***




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY KAYPIAN, SAN JOSE DEL MONTE CITY, PROVINCE OF BULACAN

## PLOT PLAN

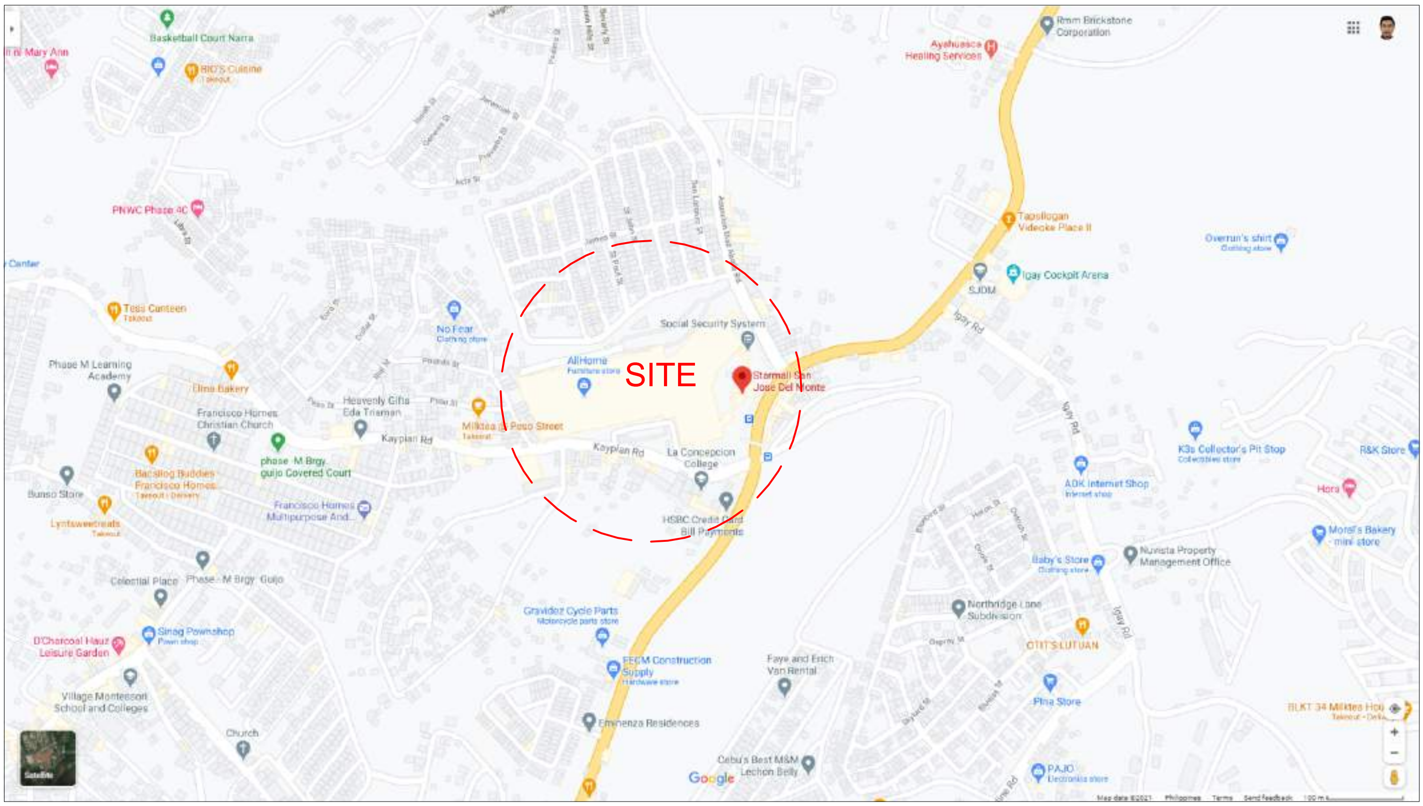
PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-1
E. H. CALLEJO




| N ↑ S | MASTERPIECE ASIA PROPERTIES, INC. |
|---|---|
| | BARANGAY KAYPIAN, SAN JOSE DEL MONTE CITY, PROVINCE OF BULACAN |
| | VICINITY MAP<br>PREPARED BY:<br>ASIAN APPRAISAL<br>MTE BUILDING, NO. 2735 ZENAIDA STREET<br>BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA |
| | NOT TO SCALE — FAM22-C10754-001.1-1<br>E. H. CALLEJO |

NOTE:
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# VALUATION REPORT

*presented to*

## MASTERPIECE ASIA PROPERTIES, INC.
## (VISTA MALL IMUS)

**Fixed Assets**

**Emilio Aguinaldo Highway**
**Barangay Palico IV, Imus City, Province of Cavite**
**FAM22-C10754-001.1-2 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Masterpiece Asia Properties, Inc.***
*5th Level Admin Office*
*Star Mall Alabang, South Super Highway*
*Barangay Alabang, Muntinlupa City*
*Metropolitan Manila*

Attention: Mr. Brian Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C10754-001.1-2***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, other land improvements, and building machinery and equipment,* located on ***Emilio Aguinaldo Highway, Barangay Palico IV, Imus City, Province of Cavite,*** but exclusive of all other properties, and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Buildings and Other Land Improvements Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Property Components* | *Replacement Cost* | *Market Value* |
|---|---|---|
| ***Buildings*** | ***₱410,593,000*** | ***₱267,793,000*** |
| ***Other Land Improvements*** | ***22,909,000*** | ***14,738,000*** |
| ***Building Machinery and Equipment*** | ***25,355,000*** | ***20,354,200*** |
| | --------------- | --------------- |
| ***Grand Total -*** | ***₱458,857,000*** | ***₱302,885,200*** |
| | ============ | ============ |
| ***Rounded To -*** | ***₱458,857,000*** | ***₱302,885,000*** |
| | ============ | ============ |

***THEREFORE,*** it is our opinion that ***THREE HUNDRED TWO MILLION, EIGHT HUNDRED EIGHTY-FIVE THOUSAND (₱302,885,000) PESOS*** represents the ***Market Value*** of the subject Fixed Assets, appraised as of ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached service conditions, certificate of appraisers and limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest in the Company or the appraised Fixed Assets or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

NAR:JDA/jce:raca

## *General Service Conditions*

The services provided by Asian Appraisal Company, Inc., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), the International Valuation Standards (IVS, Effective 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose/s for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

## *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

**JOHN C. PAR, CPV, CRA, CRB, RCE**
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645
(Real Estate Valuation)

**JOSEPH D. ALCANTARA**
Licensed Mechanical Engineer
PRC ME No. 0033453
PTR No. 8533642
(Plant Machinery and
Equipment Valuation)

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

*INVENTORY OF FIXED ASSETS*

*S U M M A R Y*

| *Page No.* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 9 | **BUILDINGS** | **₱ 410,593,000** | **₱ 267,793,000** |
| 13 | **OTHER LAND IMPROVEMENTS** | **₱ 22,909,000** | **₱ 14,738,000** |
| 14 | **BUILDING MACHINERY AND EQUIPMENT:** | | |
| 14 | Electrical Distribution System | ₱ 21,572,000 | ₱ 17,542,000 |
| 16 | Ventilation System | 109,000 | 82,100 |
| 17 | Water Distribution System | 459,000 | 346,100 |
| 18 | Fire Fighting System | 2,650,000 | 1,998,000 |
| 19 | CCTV Security System | 254,000 | 152,000 |
| 20 | Waste Water Treatment | 311,000 | 234,000 |
| | | **₱ 25,355,000** | **₱ 20,354,200** |
| | ***GRAND TOTAL -*** | ***₱ 458,857,000*** | ***₱ 302,885,200*** |
| | ***ROUNDED TO -*** | ***₱ 458,857,000*** | ***₱ 302,885,000*** |

*INVENTORY*

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Vista Mall Imus -** | ₱ | 407,605,000 | ₱ | 265,793,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | one (1), with mezzanine and roof deck |
| Estimated Floor Area | : | 13,064.27 sq.m. |
| General Framing | : | reinforced concrete hollow blocks and steel |
| Walls | : | reinforced concrete hollow blocks and glass façade |
| Interior Wall Finish | : | mainly plastered cement, partly with concrete cement and decorative stone, and glass panel |
| Exterior Wall Finish | : | mainly plastered cement, and partly glass façade |
| Roofing | : | mainly pre-painted rib-type long span sheets on steel frame supplemented with thermal insulation and partly reinforced concrete deck |
| Flooring | : | reinforced concrete slab |
| Floor Finish | : | homogenous and ceramic tiles, & plain cement with epoxy paint |
| Partitions | : | reinforced concrete hollow blocks with plastered cement finish |
| Ceiling | : | slab soffit, gypsum and partly with decorative wood |
| Windows | : | fixed glass |
| Doors | : | tempered glass, louvered steel, and steel |
| Others | : | The building is painted and provided with electrical lighting, plumbing facilities. It is equipped with fire alarm system, and closed circuit televisions (CCTV). |
| Remarks | : | Large portion of the mall occupied by the several tenants/lessee. Finishes of each units were reportedly improved by the tenants/lessee. |
| Observed Physical Condition | : | good |
| *Note* | : | *Floor area of the building was computed based on the plans and in correlation with the documents furnished us.* |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Material Recovery Facility (MRF) -** | ₱ | 303,000 | ₱ | 203,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | one (1) |
| Estimated Floor Area | : | 25 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | reinforced concrete hollow blocks |
| Exterior Wall Finish | : | plastered cement |
| Interior Wall Finish | : | plastered cement |
| Roofing | : | pre-painted rib-type metal sheets on steel |
| Flooring | : | reinforced concrete slab |
| Floor Finish | : | plain cement |
| Windows | : | steel louver vent |
| Doors | : | steel |
| Others | : | The building is painted and provided with electrical lighting facility. |
| Observed Physical Condition | : | fair |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Sewerage Treatment Plant (STP) Building -** | ₱ | 338,000 | ₱ | 226,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | one (1) |
| Estimated Floor Area | : | 24 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | reinforced concrete hollow blocks |
| Exterior Wall Finish | : | plastered cement |
| Interior Wall Finish | : | plastered cement |
| Roofing | : | pre-painted rib-type galvanized iron sheets on steel frame |
| Flooring | : | reinforced concrete slab |
| Floor Finish: | : | plain cement |
| Windows | : | concrete louvers |
| Doors | : | steel louvers |
| Others | : | The building is painted and provided with electrical lighting facility. |
| Observed Physical Condition | : | good |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Waiting Shed (2-units) and Canopy -** | ₱ | 2,347,000 | ₱ | 1,571,000 |

No. of Storey (s) : one (1)
Estimated Floor Area : 176 sq.m. - waiting shed
185 sq.m. - canopy
General Framing : concrete and steel
Walls : open-walled
Roofing : pre-painted rib-type metal sheets on steel
Flooring : reinforced concrete slab
Floor Finish : plain cement
Others : The building is painted and provided with electrical lighting facility.
Observed Physical Condition fair

| | | | | |
|---|---|---|---|---|
| | ₱ | 410,593,000 | ₱ | 267,793,000 |

### *OTHER LAND IMPROVEMENTS*

| *Description* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Driveways and Open Parking Areas** | : This consist of reinforced concrete pavement laid on well-compacted earth and gravel base course on driveways and parking area with an estimated surface area of 7,506.44 sq.m. | ₱ | 22,519,000 | ₱ | 14,487,000 |
| **Lamp Post** | : This is constructed of tubular steel post on concrete pedestal with Light Emitting Diode (LED) lighting system approx. 5 meters in height. | | 390,000 | | 251,000 |
| | | ₱ | 22,909,000 | ₱ | 14,738,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | <u>*STARMALL-IMUS*</u> | | |
| | **<u>ELECTRICAL DISTRIBUTION SYSTEM</u>** | | |
| **2** | **Standby Generator Sets -** Caterpillar, Model C18, Ser. Nos. CAT00C18KLXK00734 and CAT00C18VLXK00432, open type, 720 kW capacity, 0.8 pf, 3-phase, 1800 rpm, powered by 6-cylinder Diesel Engine, complete with controls, batteries and other accessories | ₱ 12,362,000 | ₱ 10,052,000 |
| **Lot** | **LVSG-1 Panel -** metal clad enclosure, equipped with: | 3,673,000 | 2,987,000 |
| 1 | Main Circuit Breaker - GE, Type MPD41W16, 4000A rated capacity | | |
| 2 | Main Circuit Breakers (ATS) - GE, Type MPD41W16, 4000A rated capacity | | |
| 1 | Main Circuit Breaker (Cap. Bank) - 1000A rated capacity | | |
| | <u>Capacitor Bank</u> | | |
| 1 | Capacitor Bank No. 1 - approx. 500 kVAR, 10-steps, 400V, with controller complete with power meters, wirings, bus bars, connectors, contactors, current transformers, and other standard accessories | | |
| **Lot** | **LVSG-2 Panel -** metal clad enclosure, equipped with: | 3,854,000 | 3,134,000 |
| 1 | Main Circuit Breaker - GE, Type MPD41W16, 4000A rated capacity | | |
| 2 | Main Circuit Breakers (ATS) - GE, Type MPD41W16, 4000A rated capacity | | |
| 1 | Main Circuit Breaker (Cap. Bank) - 1000A rated capacity | | |
| 1 | Molded Case Circuit Breaker - 700A rated capacity | | |
| 1 | Molded Case Circuit Breaker - 175A rated capacity | | |
| 5 | Molded Case Circuit Breakers - 125A rated capacity | | |
| 1 | Molded Case Circuit Breaker - 75A rated capacity | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| 2 | Molded Case Circuit Breakers -<br>40A rated capacity<br>Capacitor Bank | | | | |
| 1 | Capacitor Bank No. 1 -<br>approx. 500 kVAR, 10-steps, 400V, with controller complete with power meters, wirings, bus bars, connectors, contactors, current transformers, and other standard accessories | | | | |
| **2** | **Main Distribution Panels -**<br>metal clad enclosure, equipped with: | ₱ | 1,683,000 | ₱ | 1,369,000 |
| 1 | Main Circuit Breaker -<br>GE, Type MPD41W16, 4000A rated capacity<br>complete with wirings, bus bars, connectors, contactors, current transformers, and other standard accessories | | | | |
| | | ₱ | 21,572,000 | ₱ | 17,542,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| 2 | **Wall-Mounted Exhaust Fans -** Kruger, 300 mm blade dia., 0.37 kW motor, complete with shutters, gear guard, controls and other standard accessories (Note: Located at Powerhouse) | ₱ 28,200 | ₱ 21,200 |
| 1 | **Exhaust Fan -** Niagara, Model GPA-30 PLR, Ser. Nos. 14-1641, 11,000 CFM, 3.7 kW motor, complete with controls and other standard accessories (Note: Located at Roof Deck) | 80,800 | 60,900 |
| | | ₱ 109,000 | ₱ 82,100 |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 459,000 | ₱ 346,100 |
| 1 | Water Boosting System - duplex, skid-mounted, equipped with: | | |
| 2 | Transfer Pumps - Goulds, Type 15SV04F055, vertical multi-stage, 29 m³/h capacity, 39.1 m TDH, 50 mm dia. S&D, 5.5 kW motor | | |
| 1 | Hydropneumatic Tank - Global Water Soln., Model SFB-850LV, mild steel, 850 L capacity, approx. 800 x 2000 mm DH complete with suction and discharged manifold, piping, valves, control and other standard accessories | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | |
| **Lot** | **Fire Alarm and Detection System -** consisting of: | ₱ 2,650,000 | ₱ 1,998,000 |
| 1 | Fire Pump - Aurora, Model 11FGM0, Ser. No. 2421855-0, vertical turbine, 4-stages, 500 GPM capacity, 150 mm discharge dia., 45 kW motor, 60 hz., 3-phase | | |
| 1 | Electric Fire Pump Controller - Eaton, Cat. No. FD70-60-H-L1, Ser. No. 16C2957E, 45 kW, 380 V | | |
| 1 | Jockey Pump - submersible, 50 mm discharge dia., 3.7 kW motor | | |
| 1 | Jockey Pump Controller - Eaton, Cat. No. XTJP-5-H-L1, Ser. No. 16C2957J, 3.7 kW, 380 V (Note: Jockey Pump Controller is under repair) | | |
| 1 | Fire Alarm System Control Panel - Simplex 4007, 2-zones, complete with zone indication unit, and other standard accessories | | |
| 2 | Manual Push Stations | | |
| 2 | Fire Alarm Horn w/ Strobe Light | | |
| Lot | Automatic Fire Sprinkler System - complete with standpipes, pipings, connectors, valves an other accessories | | |
| 4 | Fire Hose Cabinets - full glass frontage, approx. 50 feet length, complete with nozzle and other accessories | | |
| | System complete with piping, valves, wirings, control and other standard accessories | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **CCTV SECURITY SYSTEM** | | |
| **Lot** | **CCTV Equipment -** | ₱ 254,000 | ₱ 152,000 |
| | consisting of: | | |
| 2 | Network Video Recorder - Hikvision, 16-channel | | |
| 3 | CCTV Monitors - Sony, 813 mm diagonal size (Note: Defective and has been pulled out) | | |
| 2 | CCTV Monitors - Samsung, 813 mm diagonal size | | |
| 1 | CCTV Monitors - TCL, 813 mm diagonal size | | |
| 3 | CCTV Cameras - bullet | | |
| 6 | CCTV Cameras - bullet | | |
| 1 | Uninterruptible Power Supply - approx. 1000 VA | | |
| | Systems complete with cabling installation and other standard accessories | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **WASTE WATER TREATMENT** | | |
| **Lot** | **Waste Water Treatment Plant (STP) -** consisting of: | ₱ 311,000 | ₱ 234,000 |
| 2 | Roots Blowers - Tsurumi, Model TSR2-065,Ser. Nos. 14015 and 14013, 125 mm dia., 3.7 kW motor, with silencer, and other standard accessories | | |
| 2 | Transfer Pumps - submersible, non clog, approx. 0.75 kW motor System complete with piping, air diffuser, valves, motor control center, and other standard accessories | | |

# *Photographs of the Fixed Assets*

***The Subject Property***

***Road Scene along Emilio Aguinaldo Highway***

***Interior Views***

*Ground Floor*

*Other View*

***Mezzanine***

***Material Recovery Facility (MRF)***

***Sewage Treatment Plant (STP) Building***

***Waiting Shed and Canopy***

***Driveways/Walkways/Open Parking***

***View along Bacoor – Imus Diversion Road***

## *Building Machinery and Equipment*

*Standby Generator Sets*

*Low Voltage Switchgear Panel*

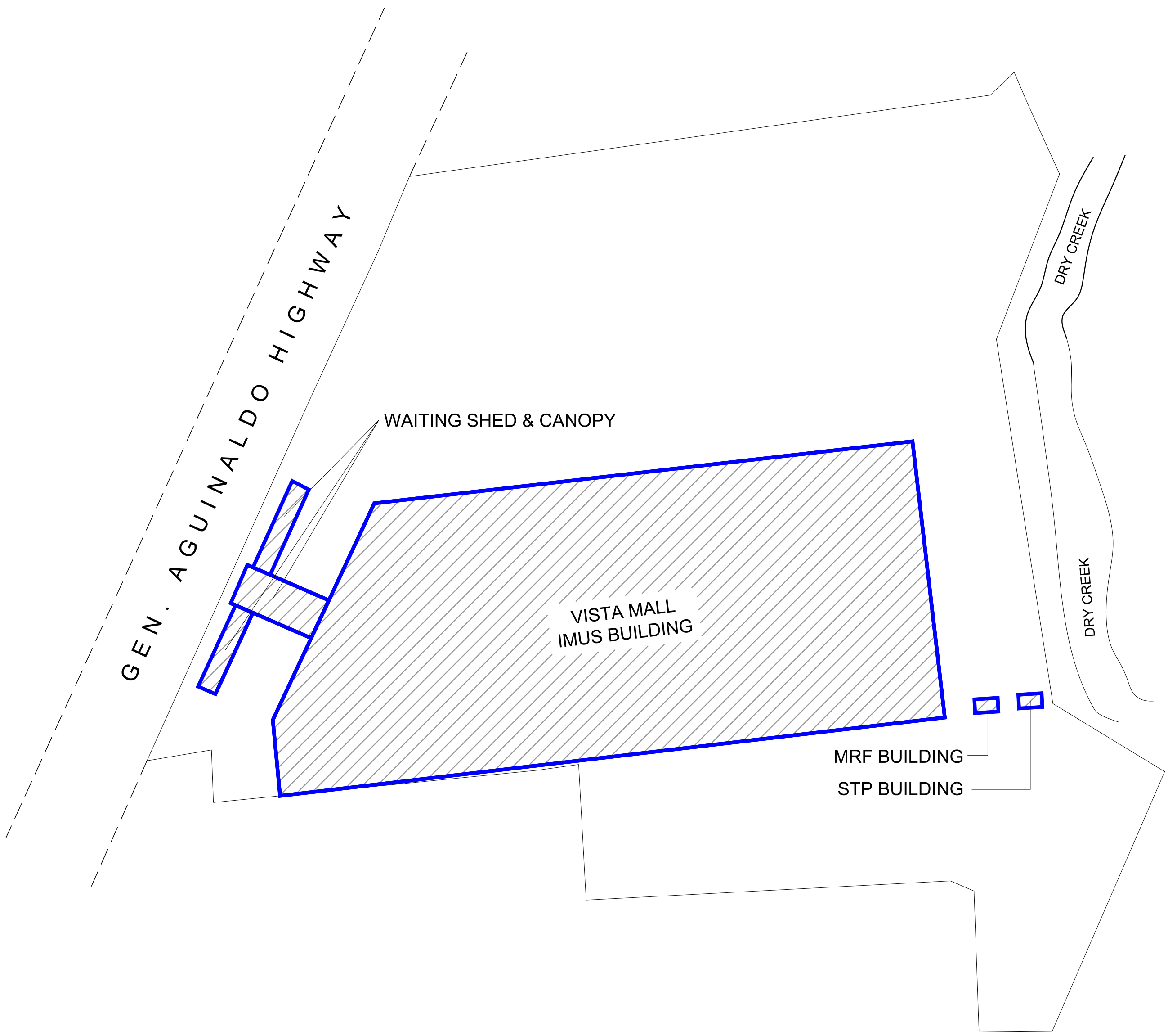
***Exhaust Fan***

***Fire Pump***

***Water Booster Pumps***

***Roots Blowers***

***Hydropneumatic Tank***




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY PALICO IV, IMUS CITY, PROVINCE OF CAVITE

PLOT PLAN

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-2
E.H. CALLEJO


NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY PALICO IV, IMUS CITY, PROVINCE OF CAVITE

## VICINITY MAP

PREPARED BY:

**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-2
E.H. CALLEJO

# VALUATION REPORT

*presented to*

## MASTERPIECE ASIA PROPERTIES, INC. (VISTA HUB MOLINO)

**Fixed Assets**

**Daang Hari Road, Barangay Molino IV**
**Bacoor City, Province of Cavite**
**FAM22-C10754-001.1-3 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Masterpiece Asia Properties, Inc.***
*5th Level Admin Office*
*Starmall Alabang, South Super Highway*
*Barangay Alabang, Muntinlupa City*
*Metropolitan Manila*

Attention: Mr. Brian Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C10754-001.1-3***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, other land improvement, and building machinery and equipment,* located on ***Daang Hari Road, Barangay Molino IV, Bacoor City, Province of Cavite,*** but exclusive of all other properties, and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Buildings and Other Land Improvement Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Assets Component* | *Replacement Cost* | *Market Value* |
|---|---|---|
| ***Buildings*** | ***₱614,391,000*** | ***₱559,787,000*** |
| ***Other Land Improvement*** | ***1,048,000*** | ***1,013,000*** |
| ***Building Machinery and Equipment*** | ***162,097,500*** | ***128,011,100*** |
| | --------------- | --------------- |
| ***Grand Total -*** | ***₱777,536,500*** | ***₱688,811,100*** |
| | ============ | ============ |
| ***Rounded To -*** | ***₱777,537,000*** | ***₱688,811,000*** |
| | ============ | ============ |

***THEREFORE,*** it is our opinion that ***SIX HUNDRED EIGHTY-EIGHT MILLION, EIGHT HUNDRED ELEVEN THOUSAND (₱688,811,000) PESOS*** represent the ***Market Value*** of the subject Fixed Assets, appraised as of ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest on the Fixed Assets appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

BCM:LDF/jce:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc**., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), the International Valuation Standards (IVS, Effective January 31, 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP, 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, workpapers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusion expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the report, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

| | |
|---|---|
| **JOHN C. PAR, CPV, CRA, CRB, RCE** | **JOSEPH D. ALCANTARA** |
| Certified Review Appraiser | Licensed Mechanical Engineer |
| Licensed Real Estate Appraiser | PRC ME No. 0033453 |
| PRC REA No. 0002803 | PTR No. 8533642 |
| PTR No. 8533645 | (Plant Machinery and |
| (Real Estate Valuation) | Equipment Valuation) |

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

## *INVENTORY OF FIXED ASSETS*

### *S U M M A R Y*

| *Page No.* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 9 | **BUILDINGS** | **₱** | **614,391,000** | **₱** | **559,787,000** |
| 11 | **OTHER LAND IMPROVEMENT** | **₱** | **1,048,000** | **₱** | **1,013,000** |
| 12 | **BUILDING MACHINERY AND EQUIPMENT:** | | | | |
| 12 | Elevator System | ₱ | 14,492,000 | ₱ | 11,111,000 |
| 13 | Air Conditioning System | | 79,398,500 | | 61,684,900 |
| 16 | Ventilation System | | 2,386,000 | | 1,740,000 |
| 18 | Electrical Distribution System | | 54,329,300 | | 44,354,300 |
| 29 | CCTV Security System | | 862,000 | | 481,000 |
| 30 | PA/BGM System | | 163,000 | | 91,000 |
| 31 | Fire Fighting System | | 4,261,700 | | 3,306,900 |
| 33 | Water Distribution System | | 3,578,000 | | 2,827,000 |
| 34 | Sewage Treatment Plant | | 2,233,000 | | 2,075,000 |
| 35 | Others | | 394,000 | | 340,000 |
| | | **₱** | **162,097,500** | **₱** | **128,011,100** |
| | *GRAND TOTAL -* | ***₱*** | ***777,536,500*** | ***₱*** | ***688,811,100*** |
| | *ROUNDED TO -* | ***₱*** | ***777,537,000*** | ***₱*** | ***688,811,000*** |

*INVENTORY*

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Vista Hub Molino Building -** | ₱ | 614,240,000 | ₱ | 559,641,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | seven (7) |
| Estimated Total Floor Area | : | 17,600 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | concrete hollow blocks and glass panels |
| Interior Wall Finish | : | plastered cement, bricks stone cladding and wood strip cladding |
| Exterior Wall Finish | : | plastered cement and ceramic tiles |
| Roofing | : | reinforced concrete slab |
| Flooring | : | reinforced concrete slab |
| Floor Finish | : | ceramic tiles (glazed and unglazed) plain cement and plain cement with epoxy paint |
| Partition | : | concrete hollow blocks, glass on powder coated aluminum frames and fiber cement board |
| Windows | : | glass on powder coated aluminum frame (awning type) |
| Ceiling | : | slab soffit and gypsum board |
| Doors | : | frameless glass panel (swing type), wood panel, steel door (louvered type), steel door and steel door with bottom louver |
| Others | : | The building is painted and provided with electrical lighting and plumbing facilities, fire fighting and fire alarm systems, CCTV security monitoring system, centralized air conditioning system and with four (4) unit passenger elevators. Reportedly, the construction was completed sometime in 2017 |
| Observed Physical Condition | : | very good |
| *Remarks* | : | *No actual measurement of the building was done. Floor area of the building was based on the documents furnished us. As of inspection date, the construction of improvement of the 4th and 5th floor are completed.* |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **STP Building -** | | ₱ 151,000 | ₱ 146,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 10 sq.m. | | |
| General Framing | : reinforced concrete | | |
| Walls | : concrete hollow blocks | | |
| Interior Wall Finish | : plastered cement | | |
| Exterior Wall Finish | : plastered cement | | |
| Roofing | : rib-type metal sheets on steel frame | | |
| Flooring | : reinforced concrete slab | | |
| Floor Finish | : plain cement | | |
| Windows | : concrete louver vents | | |
| Doors | : steel door (louvered type) | | |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. | | |
| Observed Physical Condition | : very good | | |
| *Remarks* | : *No plan was provided, floor area computation was based on actual measurement conducted on site.* | | |
| | | ₱ 614,391,000 | ₱ 559,787,000 |

### *OTHER LAND IMPROVEMENT*

| *Description* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Sewerage Treatment Plant (STP)** | : This consists of irregular-shaped underground tanks built of reinforced concrete with approximate area of 62 sq.m. and depth of 8 meters or a total volume of 499 cu.m. underground tanks built of reinforced concrete with approximate area of 62 sq.m. and depth of 8 meters or a total volume of 499 cu.m. | ₱ 1,048,000 | ₱ 1,013,000 |
| *Remarks* | : *No plans were provided, dimensions of the improvement was based on actual measurement while depth was based on the information relayed by the engineer on site.* | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **ELEVATOR SYSTEM** | | | | |
| **3** | **Passenger Elevators -** Nippon, 21 person/1600 kgs. load capacity, machine room-less, 7-landings, complete with 20 kVA AVR Servo Motor Control, electric drive motor, elevator control panel, limit switches and other standard accessories | ₱ | 10,869,000 | ₱ | 8,469,000 |
| **1** | **Service Elevator -** Nippon, 21 person/1600 kgs. load capacity, machine room-less, 7-landings, complete with 20 kVA AVR Servo Motor Control, electric drive motor, elevator control panel, limit switches and other standard accessories | | 3,623,000 | | 2,642,000 |
| | | ₱ | 14,492,000 | ₱ | 11,111,000 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | | | |
| **Lot** | **Air Conditioning System -** Variable Refrigerant Flow (VRF), consisting of: | ₱ | 77,911,000 | ₱ | 60,706,000 |
| 20 | Air-Cooled Condensing Units - Samsung, inverter scroll hermatic compressor, Model AM160FXVAHH, 2016 Yr Mfd., 45 kW (153,500 Btu/hr) cooling capacity | | | | |
| 5 | Air-Cooled Condensing Units - Samsung, inverter scroll hermatic compressor, Model AM140FXVAHH, 2016 Yr Mfd., 40 kW (136,500 Btu/hr) cooling capacity | | | | |
| 24 | Air-Cooled Condensing Units - Samsung, inverter scroll hermatic compressor, Model AM120FXVAHH, 2016 Yr Mfd., 33.6 kW (114,600 Btu/hr) cooling capacity | | | | |
| 20 | Air-Cooled Condensing Units - Samsung, inverter scroll hermatic compressor, Model AM220FXVAHH, 2016 Yr Mfd., 61.6 kW (210,200 Btu/hr) cooling capacity | | | | |
| 5 | Air-Cooled Condensing Units - Samsung, inverter scroll hermatic compressor, Model AM060HXMDBC, 2016 Yr Mfd., 16 kW (54,600 Btu/hr) cooling capacity | | | | |
| 15 | Air-Cooled Condensing Units - Samsung, inverter scroll hermatic compressor, Model AM040HXMDBC, 2016 Yr Mfd., 11 kW (37,500 Btu/hr) cooling capacity | | | | |
| 1 | Air-Cooled Condensing Unit - Samsung, inverter scroll hermatic compressor, 17 TOR capacity, approx. 4.96 kW compressor motor | | | | |
| 1 | Air-Cooled Condensing Unit - Samsung, inverter scroll hermatic, compressor, 5.5 TOR capacity, approx. 2 x 6.13 kW compressor motor | | | | |
| 1 | Air-Cooled Condensing Unit - Samsung, inverter scroll hermatic compressor, 7 TOR capacity, approx. 2 x 6.13 kW compressor motor | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 330 | Fan Coil Units (FCU-A) - Samsung, ceiling cassete type, 1.86 kW cooling capacity, 1050 cfm supply air, complete with cooling coil, fan motor with return air plenum and filters | | | | |
| 68 | Fan Coil Units (FCU-B) - Samsung, ceiling cassete type, 1.5 kW cooling capacity, 930 cfm supply air, complete with cooling coil, fan motor with return air plenum and filters | | | | |
| 10 | Fan Coil Units (FCU-C) - Samsung, wall mounted, 1.12 kW cooling capacity, 558 cfm supply air, complete with cooling coil, fan motor with return air plenum and filters (Note: Located at Male and Female CR) | | | | |
| 30 | Fan Coil Units (FCU-1A) - Samsung, ceiling concealed ducted type, approx. 6 kW cooling capacity, complete with cooling coil, fan motor with return air plenum and filters | | | | |
| 12 | Air-Cooled Condensing Units - Daikin, Model RCN125HYL/TL, approx. 950 mm dia. Fan, 11 kW fan motor | | | | |
| 12 | Fan Coil Units - Daikin, ducted split type, 10 TR cooling capacity, 4100 cfm airflow capacity | | | | |
| | System complete with ductings, controls, pipings and other standard accessories | | | | |
| **1** | **Air Conditioning Unit -** ceiling casette, inverter type, 1.5 kW cooling capacity (Note: Located at Admin Office/Fire Command Center) | ₱ | 32,300 | ₱ | 21,300 |
| **3** | **Air Conditioning Units -** wall mounted, split type, inverter, 1.12 kW cooling capacity (Note: Located at Wet, Security Office, and Engineers Office) | | 256,200 | | 168,600 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **10** | **Air Conditioning Units -**<br>ceiling casette, inverter type, 2.23 kW cooling capacity<br>(Note: Located at Second Floor) | ₱ | 1,199,000 | ₱ | 789,000 |
| | | ₱ | 79,398,500 | ₱ | 61,684,900 |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| Lot | **Ventilation System -** consisting of: | ₱ 2,386,000 | ₱ 1,740,000 |
| 2 | Toilet Exhaust Fans (TEF-1) - Kruger, Model FSA 450 CM CW 360, single inlet centrifugal type, 465 mm D, 6120 cmh, belt driven by 1.1 kW motor (Note: Located at Roof Deck) | | |
| 2 | Pressurized Air Blowers (PB-1) - Kruger, Model FDA 630 CM CW 90, centrifugal type, 750 mm D, 25,500 cmf, belt driven by 7.5 kW motor (Note: Located at Roof Deck) | | |
| 22 | Toilet Exhaust Fans (TEF) - sirocco type, ceiling mounted, approx. 120 cmh, driven by 0.006 kW motor | | |
| 3 | Exhaust Fans (EF-1) - propeller industrial type, 750 mm D, approx. 14,025 cmh, type, belt driven by 0.56 kW motor | | |
| 3 | Exhaust Fans (EF-2) - propeller industrial type, 750 mm D, approx. 10,200 cmh, type, belt driven by 0.56 kW motor | | |
| 2 | Exhaust Fans (EF - 3) - propeller industrial type, 350 mm D, approx. 2,940 cmh, type, driven by 0.127 kW motor | | |
| 3 | Exhaust Fans (EF-4) - propeller industrial type, 350 mm D, approx. 1,270 cmh, type, driven by 0.051 kW motor | | |
| 20 | Exhaust Fans (EF-5) - sirocco type, ceiling mounted, approx. 330 cmf, driven by 0.033 kW motor | | |
| 3 | Supply Fans (SF-1) - propeller industrial type, 750 mm D, approx. 13,600 cmh, type, belt driven by 0.56 kW motor | | |
| 3 | Supply Fans (SF-2) - propeller industrial type, 750 mm D, approx. 10,200 cmh, type, belt driven by 0.56 kW motor | | |
| 4 | Kitchen Exhaust Fans (KEF-1) - cabinet type in-line, 1,700 cmh, type, belt driven by 0.40 kW motor | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 2 | Kitchen Exhaust Fans (KEF-2) - cabinet type in-line, 1,020 cmh, type, belt driven by 0.165 kW motor | | |
| 2 | Jet Fans (JF-1) - centrifugal type, turbo single nozzle, 2800 cmh, type, driven by 0.35 kW motor complete with ductings, controls and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | |
| | **Second Floor - Power House** | | |
| **3** | **Standby Generating Sets (Genset 1 to 3) -** Stamford, Model HCI634H1, Ser. Nos. A16F253185, A16F253617 and A16F241714, 884 kW (1105 kVA) rated capacity, powered by 8-cylinder Cummins diesel engine, 1800 rpm, 60 Hz, 0.80 p.f., silent type, mounted on concrete foundation | ₱ 23,949,000 | ₱ 18,999,000 |
| **Lot** | **Power Control Panel -** Cummins, Model DMC-1000, 2016 Mfd. Yr., Ser. No. 2016C-C25003026-01, metal clad enclosure, free standing, 110 - 415 V, 50/60 Hz, complete with: | 3,215,000 | 2,551,000 |
| Lot | Switchgear Panel - metal clad enclosure, 4 vertical section, 8 swing-out door, consisting of: | | |
| 6 | Air Circuit Breakers (Feeder No. 1, 2 and 4, Genset No. 1, 2 and 3) - Schneider, Masterpact, NW16H1, 1600 A, 3-pole | | |
| 1 | Air Circuit Breaker (Feeder No. 3) - Schneider, Masterpact, NW12H1, 1250A, 3-pole | | |
| 1 | Air Circuit Breaker (Feeder No. 5) - Schneider, Masterpact, NW08H1, 600 A, 3-pole | | |
| 1 | Circuit Breaker (for Fuel Pump) - Schneider, Micrologic 2.0, NS1000, 1000A, 3-pole complete with, pilot lights, switches, wirings, digital power meter, and other standard accessories | | |
| **2** | **Power Transformers -** Shilihn, August 2016 Mfd. Date, Ser. Nos. E160410 and E160467, 750 kVA rated capacity, cast resin dry type, 400Y/231 V, 34.5 kV, 12.6 A, complete with exhaust fan and insulation, mounted on concrete foundation | 2,194,000 | 1,740,000 |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| **Lot** | **High Voltage Switchgear Panel -** metal clad enclosure, 34.5 kV AC incoming rated capacity, mounted on concrete foundation, complete with: | ₱ | 2,371,000 | ₱ | 1,881,000 |
| 1 | Vacuum Circuit Breaker - Susol, VH-36H25E13, August 2016 Mfd. Date, Ser. No. 160811-9608.01, 35 kV rated capacity, 50/60 Hz, draw-out type complete with, pilot lights, switches, wirings, digital power meter, and other standard accessories | | | | |
| **Lot** | **Low Voltage Switchgear Panel -** metal clad enclosure, free standing, 8 vertical section, consisting of: | | 2,743,000 | | 2,176,000 |
| 1 | Circuit Breaker (ATS - 1) - Schneider, 400A, 4-pole | | | | |
| 1 | Circuit Breaker (ACB - 400 V) - Schneider, Easypact, 1000A, 4-pole | | | | |
| 1 | Circuit Breaker (LVSG -1) - Schneider, Easypact, 1400A, 4-pole | | | | |
| 1 | Circuit Breaker (MCCB - 1) - Schneider, 300A, 4-pole | | | | |
| 1 | Circuit Breaker (MCCB - 2) - Schneider, 225A, 4-pole | | | | |
| 2 | Circuit Breakers (TIE - CB) - Schneider, Easypact, 1400A, 4-pole | | | | |
| 2 | Circuit Breakers (MCCB) - Schneider, 500A, 4-pole | | | | |
| 2 | Circuit Breakers (MCCB) - Schneider, 225A, 4-pole | | | | |
| 2 | Circuit Breakers (ATS - 4 and 400V) - Schneider, Easypact, 1200A, 4-pole | | | | |
| 1 | Circuit Breaker (LVSG - 2) - Schneider, Easypact, 1200A, 4-pole complete with, pilot lights, switches, wirings, bus bar and other standard accessories | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Lot** | **Low Voltage Switchgear Panels -** metal clad enclore, free standing, 1 vertical section, consisting of: | ₱ | 673,000 | ₱ | 534,000 |
| 2 | Air Circuit Breakers - Siemens, ETU 35WT, 1000A | | | | |
| 1 | Circuit Breaker - Siemens, 3VT4, 1000A complete with, pilot lights, digital power meter, switches, wirings and other standard accessories (Note: LVSG Panel for All Home Extension) | | | | |
| **Lot** | **Circuit Breaker Panel (MDP) -** metal clad enclore, consisting of: | | 122,000 | | 97,000 |
| 2 | Circuit Breakers - Schneider, 500A | | | | |
| 1 | Circuit Breaker - Schneider, 250A | | | | |
| 4 | Circuit Breakers - Schneider, 100A complete with, wirings and other standard accessories | | | | |
| **1** | **KWH Multi-function Meter -** G.E., Model kV2c, Fitzall, digital, 3-phase, CL200 | | 24,300 | | 19,000 |
| | **First Floor - Electrical Room** | | | | |
| **Lot** | **Circuit Breaker Panel (MCG) -** metal clad enclosure, consisting of: | | 29,300 | | 23,000 |
| 1 | Circuit Breaker - Schneider, 350A complete with, wirings and other standard accessories | | | | |
| **Lot** | **Circuit Breaker Panel (GPP) -** metal clad enclosure, consisting of: | | 69,000 | | 55,000 |
| 1 | Main Circuit Breaker - Schneider, EZC 250F, 250A | | | | |
| 2 | Circuit Breakers - Schneider, EZC 100F, 100A | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| 8 | Circuit Breakers -<br>Schneider, EZC 100F, 60A<br>complete with, wirings and other standard accessories | | | | |
| **Lot** | **Circuit Breaker Panel (GLPB) -**<br>metal clad enclosure, consisting of: | ₱ | 16,200 | ₱ | 13,000 |
| 1 | Main Circuit Breaker -<br>Schneider, 100A | | | | |
| 30 | Miniature Circuit Breakers -<br>Schneider, 20A<br>complete with, wirings and other standard accessories | | | | |
| **Lot** | **Circuit Breaker Panel (GLPA) -**<br>metal clad enclosure, consisting of: | | 16,200 | | 13,000 |
| 1 | Main Circuit Breaker -<br>Schneider, 100A | | | | |
| 30 | Miniature Circuit Breakers -<br>Schneider, 20A<br>complete with, wirings and other standard accessories | | | | |
| **7** | **KWH Multi-Function Meters -**<br>G.E., Model kV2c, Fitzall, digital, 3-phase, CL200 | | 170,100 | | 132,300 |
| | **Second Floor - Electrical Room** | | | | |
| **Lot** | **Circuit Breaker Panel (MC2) -**<br>metal clad enclosure, consisting of: | | 79,000 | | 63,000 |
| 1 | Main Circuit Breaker -<br>Schneider, 250A | | | | |
| 1 | Circuit Breaker -<br>Schneider, 75A | | | | |
| 6 | Circuit Breakers -<br>Schneider, 50A | | | | |
| 4 | Circuit Breakers -<br>Schneider, 30A<br>complete with, wirings and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| **Lot** | **Circuit Breaker Panel (CDP) -** | ₱ | 44,500 | ₱ | 35,000 |
| | metal clad enclosure, consisting of: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Schneider, 350/500A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, 320A | | | | |
| | complete with, wirings and other standard accessories | | | | |
| **Lot** | **Circuit Breaker Panel (MC2) -** | | 29,300 | | 23,000 |
| | metal clad enclosure, consisting of: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Schneider, 320A | | | | |
| | complete with, wirings and other standard accessories | | | | |
| **Lot** | **Circuit Breaker Panel (2LP) -** | | 16,200 | | 13,000 |
| | metal clad enclosure, consisting of: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Schneider, 100A | | | | |
| 1 | Miniature Circuit Breaker - | | | | |
| | Schneider, 40A, 3-pole | | | | |
| 23 | Miniature Circuit Breakers - | | | | |
| | Schneider, 20A | | | | |
| | complete with, wirings and other standard accessories | | | | |
| **10** | **KWH Multi-Function Meters -** | | 243,000 | | 189,000 |
| | G.E., Model kV2c, Fitzall, digital, 3-phase, CL200 | | | | |
| | **Third Floor - Electrical Room** | | | | |
| **1** | **Automatic Transfer Switch (MC3 - ATS) -** | | 241,000 | | 191,000 |
| | metal clad enclosure, 630A rated capacity, ccomplete with switch handle, pilot lights, relay module, modular timing relay, wirings and other standard accessories | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| **2** | **Bus Duct Circuit Breaker Panels -**<br>LS Cable and System, PH-Box Plug-in Device, 630A capacity, 1000V, 3-pole, metal clad enclosure, each consist of: | ₱ | 111,200 | ₱ | 88,000 |
| 1 | Circuit Breaker -<br>LS, Metasol, ABS 603C, 630A capacity, 3-pole<br>complete with wirings, copper bar, insulation and other standard accessories<br>(Note: One unit of Bus Duct CB Panel is Located near the 3rd Floor Male CR) | | | | |
| **Lot** | **Circuit Breaker Panel (3LP) -**<br>metal clad enclosure, consisting of: | | 12,100 | | 10,000 |
| 1 | Main Circuit Breaker -<br>Schneider, 75A | | | | |
| 1 | Miniature Circuit Breaker -<br>Schneider, 40A, 3 pole | | | | |
| 17 | Miniature Circuit Breakers -<br>Schneider, 20A<br>complete with, wirings and other standard accessories | | | | |
| | **<u>Fourth Floor - Electrical Room</u>** | | | | |
| **1** | **Automatic Transfer Switch (MC4 - ATS) -**<br>metal clad enclosure, 630A rated capacity, ccomplete with switch handle, pilot lights, relay module, modular timing relay, wirings and other standard accessories | | 241,000 | | 191,000 |
| **2** | **Bus Duct Circuit Breaker Panels -**<br>LS Cable and System, PH-Box Plug-in Device, 630A capacity, 1000V, 3-pole, metal clad enclosure, each consisting of: | | 111,200 | | 88,000 |
| 1 | Circuit Breaker -<br>LS, Metasol, ABS 603C, 630A capacity, 3-pole<br>complete with wirings, copper bar, insulation and other standard accessories<br>(Note: One unit of Bus Duct CB Panel is Located near the 4th Floor Male CR) | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Lot** | **Circuit Breaker Panel (4LP) -** | ₱ 12,100 | ₱ 10,000 |
| | metal clad enclosure, consisting of: | | |
| 1 | Main Circuit Breaker - | | |
| | Schneider, 75A | | |
| 1 | Miniature Circuit Breaker - | | |
| | Schneider, 40A, 3 pole | | |
| 17 | Miniature Circuit Breakers - | | |
| | Schneider, 20A | | |
| | complete with, wirings and other standard accessories | | |
| | **Fifth Floor - Electrical Room** | | |
| **1** | **Automatic Transfer Switch (MC5 - ATS) -** metal clad enclosure, 630A rated capacity, ccomplete with switch handle, pilot lights, relay module, modular timing relay, wirings and other standard accessories | 241,000 | 191,000 |
| **2** | **Bus Duct Circuit Breaker Panels -** LS Cable and System, PH-Box Plug-in Device, 630A capacity, 1000V, 3-pole, metal clad enclosure, each consisting of: | 111,200 | 88,000 |
| 1 | Circuit Breaker - | | |
| | LS, Metasol, ABS 603C, 630A capacity, 3-pole | | |
| | complete with wirings, copper bar, insulation and other standard accessories | | |
| | (Note: One unit of Bus Duct CB Panel is Located near the 5th Floor Male CR) | | |
| **Lot** | **Circuit Breaker Panel (5LP) -** | 12,100 | 10,000 |
| | metal clad enclosure, consisting of: | | |
| 1 | Main Circuit Breaker - | | |
| | Schneider, 75A | | |
| 1 | Miniature Circuit Breaker - | | |
| | Schneider, 40A, 3 pole | | |
| 17 | Miniature Circuit Breakers - | | |
| | Schneider, 20A | | |
| | complete with, wirings and other standard accessories | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **Sixth Floor - Electrical Room** | | | | |
| **1** | **Automatic Transfer Switch (MC6 - ATS) -** metal clad enclosure, 630A rated capacity, ccomplete with switch handle, pilot lights, relay module, modular timing relay, wirings and other standard accessories | ₱ | 240,600 | ₱ | 191,000 |
| **2** | **Bus Duct Circuit Breaker Panels -** LS Cable and System, PH-Box Plug-in Device, 630A capacity, 1000V, 3-pole, metal clad enclosure, each complete with: | | 111,200 | | 88,000 |
| 1 | Circuit Breaker - LS, Metasol, ABS 603C, 630A capacity, 3-pole complete with wirings, copper bar, insulation and other standard accessories (Note: One unit of Bus Duct CB Panel is Located near the 6th Floor Male CR) | | | | |
| **Lot** | **Circuit Breaker Panel (6LP) -** metal clad enclosure, consisting of: | | 12,100 | | 10,000 |
| 1 | Main Circuit Breaker - Schneider, 75A | | | | |
| 1 | Miniature Circuit Breaker - Schneider, 40A, 3 pole | | | | |
| 17 | Miniature Circuit Breakers - Schneider, 20A complete with, wirings and other standard accessories | | | | |
| **5** | **KWH Multi-Function Meters -** G.E., Model kV2c, Fitzall, digital, 3-phase, CL200 | | 121,500 | | 94,500 |
| | **Seventh Floor - Electrical Room** | | | | |
| **1** | **Automatic Transfer Switch (MC7 - ATS) -** metal clad enclosure, 630A rated capacity, ccomplete with switch handle, pilot lights, relay module, modular timing relay, wirings and other standard accessories | | 241,000 | | 191,000 |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **2** | **Bus Duct Circuit Breaker Panels -** | ₱ | 111,200 | ₱ | 88,000 |
| | LS Cable and System, PH-Box Plug-in Device, 630A capacity, 1000 V, 3-pole, metal clad enclosure, each consist of: | | | | |
| 1 | Circuit Breaker - | | | | |
| | LS, Metasol, ABS 603C, 630A capacity, 3-pole complete with wirings, copper bar, insulation and other standard accssories | | | | |
| | (Note: One unit of Bus Duct CB Panel is Located near the 7th Floor Male CR) | | | | |
| **Lot** | **Circuit Breaker Panel (RLP) -** | | 17,200 | | 14,000 |
| | metal clad enclosure, consisting of: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Schneider, 125A | | | | |
| 12 | Miniature Circuit Breakers - | | | | |
| | Schneider, 20A | | | | |
| | complete with, wirings and other standard accessories | | | | |
| **Lot** | **Circuit Breaker Panel (RDPP) -** | | 91,000 | | 72,000 |
| | metal clad enclosure, consisting of: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Schneider, 200A | | | | |
| 1 | Circuit Breaker - | | | | |
| | Schneider, 160A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, 40A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, 50A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, 30A | | | | |
| 5 | Circuit Breakers - | | | | |
| | Schneider, 20A | | | | |
| | complete with, wirings and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Lot** | **Circuit Breaker Panel (EPP) -**<br>metal clad enclosure, consisting of: | ₱ | 36,400 | ₱ | 29,000 |
| 1 | Main Circuit Breaker -<br>Schneider, 200A | | | | |
| 2 | Circuit Breakers -<br>Schneider, 40A, 3 pole | | | | |
| 2 | Circuit Breakers -<br>Schneider, 30A<br>complete with, wirings and other standard accessories | | | | |
| **Lot** | **Circuit Breaker Panel (7LP) -**<br>metal clad enclosure, consisting of: | | 13,100 | | 10,000 |
| 1 | Main Circuit Breaker -<br>Schneider, 75A | | | | |
| 1 | Miniature Circuit Breaker -<br>Schneider, 40A, 3 pole | | | | |
| 17 | Miniature Circuit Breakers -<br>Schneider, 20A<br>complete with, wirings and other standard accessories | | | | |
| **5** | **KWH Multi-Function Meters -**<br>G.E., Model kV2c, Fitzall, digital, 3-phase, CL200 | | 121,500 | | 94,500 |
| **1** | **Underground Fuel Storage Tank -**<br>mild steel, 17,000 Liter (4500 gal.) capacity, equipped with: | | 1,171,000 | | 912,000 |
| 2 | Fuel Pumps -<br>self priming monoblock, 38 mm dia. S&D, driven by 1.5 kW motor<br>complete with pipings, fittings, valves and other standard accessories<br>(Note: Located at Ground Floor Fuel Storage Room | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| **Lot** | **Fuel Pump Control Panel -** | ₱ | 17,500 | ₱ | 14,000 |
| | metal clad enclosure, consisting of: | | | | |
| 3 | Auto Circuit Breakers - | | | | |
| | Fuji, BW32AAG, 15 A, 3-pole | | | | |
| 1 | Miniature Circuit Breaker - | | | | |
| | Chint, 6 A | | | | |
| 1 | Control Transformer - | | | | |
| | Chint, NDK-100 | | | | |
| | complete with wirings, contactors, pilot lights, switches and other standard accessories | | | | |
| | (Note: Located at Ground Floor Fuel Pump Room | | | | |
| **Lot** | **Telco/Electrical Feeder Re - layout -** | | 14,927,000 | | 13,123,000 |
| | Compwell Builders Supply, Inc., approx. 370 m total length, electrical conduit, re-installation of XLPE wire consisting of: | | | | |
| 1 set | Rigid Steel Conduit Pipe - | | | | |
| | 90 mm dia. | | | | |
| 1 set | Polyvinyl Chloride Pipe - | | | | |
| | 100 mm dia. | | | | |
| 1 set | Pull Boxes - | | | | |
| | metal clad | | | | |
| 2 set | Terminal Kit | | | | |
| Lot | Lightning Protection - | | | | |
| | consisting of: | | | | |
| 1 set | Bare Copper Wire - | | | | |
| | 17 m length | | | | |
| 1 | Lightning Strike Counter | | | | |
| 3 | Grounding Rod - | | | | |
| | 19 mm dia. | | | | |
| 3 | Cadweld | | | | |
| | complete with, steel angle bar support, electrical and civil installation work and other standard accessories | | | | |
| | | ₱ | 54,329,300 | ₱ | 44,354,300 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **CCTV SECURITY SYSTEM** | | |
| **Lot** | **Closed Circuit Television System -** consisting of: | ₱ 862,000 | ₱ 481,000 |
| 2 | Digital Video Recorders - Rover Systems, 16 channels | | |
| 24 | CCTV Cameras - network dome type | | |
| 2 | CCTV Cameras - network bullet type | | |
| 4 | CCTV Cameras - infrared network bullet type | | |
| 1 | Uninterruptible Power Supply - PCM, RPT650, 650 VA | | |
| 1 | Uninterruptible Power Supply - PCM, RPT1025, 1025 VA | | |
| 2 | Uninterruptible Power Supplies - PCM, RPT600AP, 600 VA | | |
| 2 | Ethernet Switches - IP Com, S3300-18-PWR-M, 16-ports | | |
| 1 | Ethernet Switch - IP Com, 24-ports | | |
| 1 | Active IP Extender - CAT5, with TX and RX | | |
| 1 | IP Ethernet Extender - over coax, CAT5e | | |
| | System complete with monitor, wirings, cables, video transceiver, IP extender and other standard accessories | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **PA/BGM SYSTEM** | | |
| **Lot** | **PA/BGM System -** consisting of: | ₱ 163,000 | ₱ 91,000 |
| 1 | Table Top Microphone - TOA, Model PM-660 | | |
| 1 | CD Player - TOA, Model CD-2011R | | |
| 1 | Automatic Voltage Regulator - Voltplus, VSM-500A, 500 VA | | |
| 1 | Regulated Power Supply Charger - 5 Ampere | | |
| 29 | Speakers - ceiling concealed | | |
| | System complete with speakers, wirings, cables and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | | | |
| **Lot** | **Fire Fighting Equipment -** consisting of: | ₱ | 4,170,000 | ₱ | 3,249,000 |
| 1 | Fire Pump - Xylem AC Fire, vertical turbine type, 750 gpm capacity, 5 stages, driven by 74.6 kW Nidec electric motor, 1770 rpm, 400 V, 60 Hz | | | | |
| 1 | Fire Pump Controller - Eaton, FD30-100-H-L1, Ser. No. 16C9504E, 100 hp, 380 V, 60 Hz | | | | |
| 1 | Jockey Pump - submersible type, 5.6 kW motor | | | | |
| 1 | Jockey Pump Controller - Eaton, XTJP-G07-L1, Ser. No. 16C9504J, 10-16 hp, 200-600 V, 50/60 Hz | | | | |
| 1 | Fire Alarm Controller - Cooper Fire, CE1200 | | | | |
| 83 | Smoke Detectors | | | | |
| 85 | Sprinkler Heads | | | | |
| 14 | Manual Pull Stations | | | | |
| 29 | Fire Alarm Speakers | | | | |
| 29 | Strobe Lights | | | | |
| 4 | Heat Detectors | | | | |
| 15 | Fire Hose Cabinets - aluminum steel framing with glass frontage, each equipped with long single jacket rubber line fire hose and nozzle | | | | |
| | System complete with piping, valves, fittings, controls and other standard accessories | | | | |
| **Lot** | **Fireman Cabinet -** steel, 2 swing out door, aluminum door frame with breakable glass, consisting of | | 23,300 | | 18,000 |
| 1 | Fire Helmets | | | | |
| 1 | Fire Boots | | | | |
| 1 | Fire Gloves | | | | |
| 1 | Fireman's Suits | | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 1 | Fire Axes | | | | |
| 1 | Fire Blankets | | | | |
| 1 | Face Mask/Breathing Apparatus complete with other standard accessories | | | | |
| **57** | **Fire Extinguishers -** dry chemical, 4.5 kgs. capacity | ₱ | 68,400 | ₱ | 39,900 |
| | | ₱ | 4,261,700 | ₱ | 3,306,900 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | | | |
| **Lot** | **Domestic Water Distribution System -** consisitng of: | ₱ | 2,704,000 | ₱ | 2,107,000 |
| 2 | Booster Pumps - Dynaflo,Triplex, end suction centrifugal type, close coupled, Pump Model DES302-150, 64 x 50 mm dia. SD, each pump driven by 7.5 kW motor, with frame, mounted on concrete foundation, each equipped with: | | | | |
| 1 | Bladder Tank - Armour Tank System, ATX-850L, 2016 Mfd. Yr., aprrox. 810 x 1820 mm DH, 850 L volume capacity System complete with piping, valves and fittings, and other accessories (Note: Located at Ground Floor Pump Room) | | | | |
| **2** | **Booster Pump Control Panels -** metal clad enclosure, each consisting of: | | 874,000 | | 720,000 |
| 3 | Electric Inverter Drives - Schneider, Altivar 312, ATV312HD11N4, 11 kW motor rating capacity, 37.2 A, 400 V | | | | |
| 1 | Main Circuit Breaker - Schneider, 125A | | | | |
| 3 | Thermal Magnetic Circuit Breakers - Schneider, SE-GV2ME22, 20-25 A | | | | |
| 1 | Programmable Logic Controller - Schneider, SR2-B12, 8 A, 24 V DC | | | | |
| 1 | Voltage Relay - Anly | | | | |
| 4 | Relay Switches - Schneider complete with wirings, cables, and other standard accssories | | | | |
| | | ₱ | 3,578,000 | ₱ | 2,827,000 |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **SEWAGE TREATMENT PLANT** | | |
| **Lot** | **Sewerage Treatment Plant -** | ₱ 2,233,000 | ₱ 2,075,000 |
| | consisting of: | | |
| 2 | Roots Blowers (Blower 1 and 2) - | | |
| | Longtech , positive displacement type with silencer 6.3 kW motor. mounted on steel base | | |
| 2 | Sump Pumps (TP 1 and 2) - | | |
| | Kizumi Densan, submersible type, 1.5 kW motor | | |
| 1 | Sludge Pump (L2) - | | |
| | Kizumi Densan, submersible type, 0.75 kW motor | | |
| 1 | Lift Pump (L1) - | | |
| | Kizumi Densan, submersible type, 1.5 kW motor | | |
| 4 | Decanter Pumps (DP 1 to 4) - | | |
| | Kizumi Densan, submersible type, 1.5 kW motor | | |
| 48 | Bubble Diffusers - | | |
| | Long Tech, disc type | | |
| 2 | Submersible Mixers - | | |
| | Sulzer, propeller type, 2.23 kW motor | | |
| 1 | Filter Feed Pump (FP1) - | | |
| | Kizumi Densan, submersible type, 3 kW motor | | |
| 1 | Chlorine Dosing Unit - | | |
| | Iwaki, 0.015 kW motor, complete with polyethylene chlorinator tank, approx. 110 L capacity | | |
| | complete with controls, piping, valves, flow meter, filter pressure vessel and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **OTHERS** | | |
| **10** | **Hand Dryers -**<br>KDK, Model T10TA, jet type, 1250 W, 230 V, 60 Hz<br>(Note: Newly installed, Located at Male and Female CR 3rd Floor to 7th Floor) | ₱ 394,000 | ₱ 340,000 |

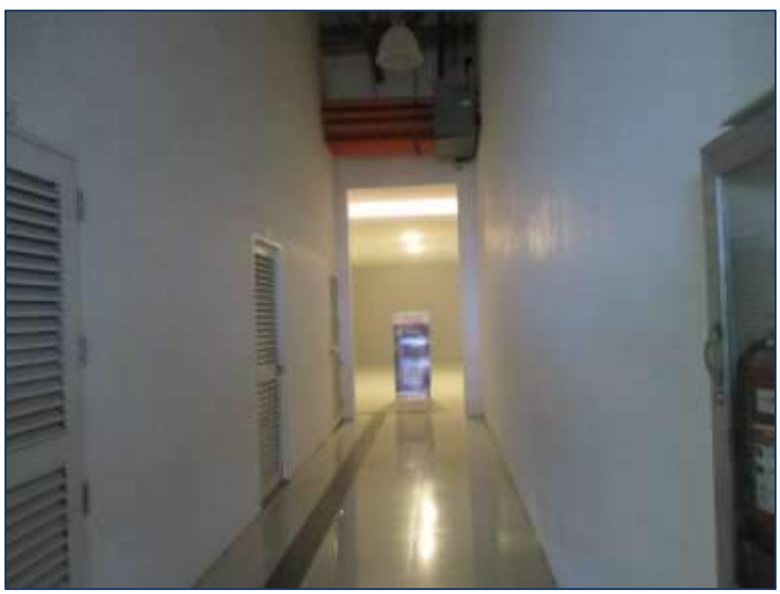
# *Photographs of the Fixed Assets*


***The Subject Property***

***Road Scene along Daang Hari Road***

***Interior Views***


*Ground Floor*



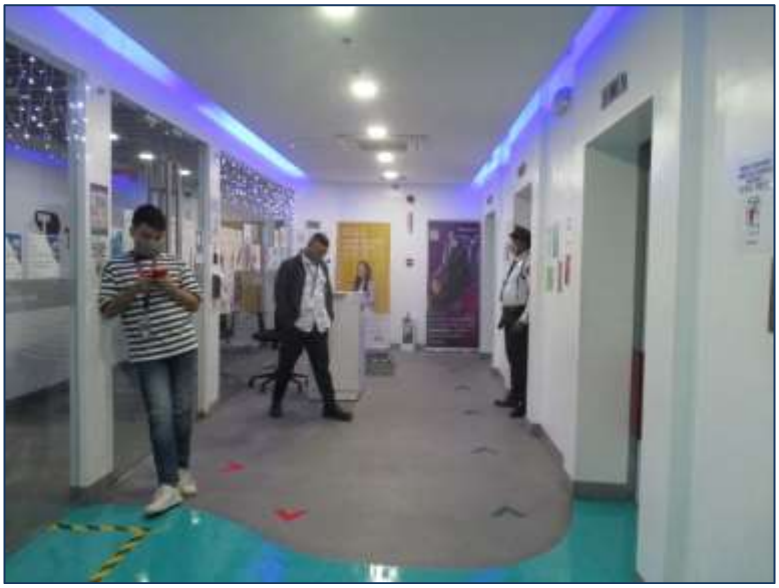
*Second Floor*

***Interior Views***

***Third Floor***

***Fourth Floor***

## *Interior Views*



*Fifth Floor*

*Sixth Floor*

*Interior View at Seventh Floor*

*Sewerage Treatment Plant (STP)*

***Building Machinery and Equipment***

*Elevators*

*Condensing Units*

***Fan Coil Units***


***Standby Generating Set***

***Power Distribution Transformer***

***High Switchgear Panel***

*Low Voltage Switchgear Panel*

*Ventilation Units*

***Exhaust Fans***

***Fire Pump***

***Water Booster Pumps***


NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY MOLINO IV, BACOOR CITY, PROVINCE OF CAVITE

PLOT PLAN

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-3
JAM. C. PRAXIDIO


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# CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY MOLINO IV, BACOOR CITY, PROVINCE OF CAVITE

## VICINITY MAP

PREPARED BY:

**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-3
JAM. C. PRAXIDIO

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

# VALUATION REPORT

*presented to*

## MASTERPIECE ASIA PROPERTIES, INC.
## (SOMO – A VISTA MALL)

**Fixed Assets**

**Barangays Molino III and IV**
**Bacoor City, Province of Cavite**
**FAM22-C10754-001.1-4 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Masterpiece Asia Properties, Inc.***
*5th Level Admin Office*
*Starmall Alabang, South Superhighway*
*Barangay Alabang, Muntinlupa City*
*Metropolitan Manila*

Attention: Mr. Brian Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C10754-001.1-4***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, other land improvements, and building machinery and equipment,* located in ***Barangays Molino III and IV, Bacoor City, Province of Cavite,*** but exclusive of all other properties, and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Buildings and Other Land Improvements Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Assets Components* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| ***Buildings*** | | ***₱1,219,995,000*** | ***₱1,068,077,000*** |
| ***Other Land Improvements*** | | ***8,935,000*** | ***7,863,000*** |
| ***Building Machinery and Equipment*** | | ***153,668,800*** | ***108,146,700*** |
| | | ---------------- | ---------------- |
| ***Grand Total*** | - | ***₱1,382,598,800*** | ***₱1,184,086,700*** |
| | | ============= | ============= |
| ***Rounded To*** | - | ***₱1,382,599,000*** | ***₱1,184,087,000*** |
| | | ============= | ============= |

***THEREFORE,*** it is our opinion that ***ONE BILLION, ONE HUNDRED EIGHTY-FOUR MILLION, EIGHTY-SEVEN THOUSAND (₱1,184,087,000) PESOS*** represent the ***Market Value*** of the subject Fixed Assets, appraised as of ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest in the Company or the appraised Fixed Assets or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

BCM:LDF/jce:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc**., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), the International Valuation Standards (IVS, Effective January 31, 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP, 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, workpapers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusion expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the report, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

| | |
|---|---|
| **JOHN C. PAR, CPV, CRA, CRB, RCE** | **JOSEPH D. ALCANTARA** |
| Certified Review Appraiser | Licensed Mechanical Engineer |
| Licensed Real Estate Appraiser | PRC ME No. 0033453 |
| PRC REA No. 0002803 | PTR No. 8533642 |
| PTR No. 8533645 | (Plant Machinery and |
| (Real Estate Valuation) | Equipment Valuation) |

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

## *INVENTORY OF FIXED ASSETS*

## *S U M M A R Y*

| *Page No.* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 9 | **BUILDINGS** | **₱** | **1,219,995,000** | **₱** | **1,068,077,000** |
| 14 | **OTHER LAND IMPROVEMENTS** | **₱** | **8,935,000** | **₱** | **7,863,000** |
| 15 | **BUILDING MACHINERY AND EQUIPMENT:** | | | | |
| 15 | Elevator/Escalator | ₱ | 14,195,000 | ₱ | 9,099,000 |
| 16 | Air Conditioning System | | 18,935,000 | | 12,398,300 |
| 18 | Ventilation System | | 4,353,000 | | 2,412,000 |
| 20 | Electrical Distribution System | | 40,327,600 | | 28,762,300 |
| 32 | CCTV Security System | | 931,700 | | 529,800 |
| 33 | PA/BGM System | | 593,000 | | 361,000 |
| 34 | Fire Fighting System | | 6,374,000 | | 5,115,800 |
| 36 | Water Distribution System | | 2,488,000 | | 1,626,700 |
| 39 | Sewage Treatment Plant | | 1,179,000 | | 771,300 |
| 41 | Cinema Equipment | | 37,597,500 | | 24,055,700 |
| 47 | Solar Power | | 26,100,000 | | 22,530,000 |
| 49 | Others | | 595,000 | | 484,800 |
| | | **₱** | **153,668,800** | **₱** | **108,146,700** |
| | ***GRAND TOTAL -*** | ***₱*** | ***1,382,598,800*** | ***₱*** | ***1,184,086,700*** |
| | ***ROUNDED TO -*** | ***₱*** | ***1,382,599,000*** | ***₱*** | ***1,184,087,000*** |

*INVENTORY*

## *B U I L D I N G S*

| *D e s c r i p t i o n* | *Replacement Cost* | *Market Value* |
|---|---|---|
| **SOMO - A Vista Mall (Phase 1 and 2) -** | ₱ 964,648,000 | ₱ 836,028,000 |

| | |
|---|---|
| No. of Storey (s) | : two (2) |
| Estimated Total Floor Area | : 29,958 sq. m. |
| General Framing | : reinforced concrete |
| Walls | : concrete hollow blocks and glass |
| Exterior Wall Finish | : plastered cement supplemented with clear tempered glass on powder-coated aluminum frame |
| Interior Wall Finish | : plastered cement, glass panel and gypsum board |
| Roofing | : pre-painted long span rib-type metal sheets on steel frame supplemented with thermal insulation and reinforced concrete slab |
| Flooring | : reinforced concrete slab |
| Floor Finish | : ceramic tiles, granite tiles, epoxy paint and plain cement |
| Partitions | : concrete hollow blocks of plastered cement finish, gypsum board and glass panel |
| Ceiling | : slab soffit, fiber cement board and gypsum board |
| Doors | : glass panel, steel (louvered type), steel panel and aluminum roll-up |
| Others | : The building is painted and provided with electrical lighting, plumbing facilities. It is equipped with passenger elevator, f service elevator, escalators, fire fighting and fire alarm system, genset, closed circuit televisions, and 24-hour security |
| Observed Physical Condition | : very good |
| *Remarks* | : *Floor area was based on available documents furnished us, reportedly it was constructed sometime in 2016.* |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **SOMO - A Vista Mall (Phase 3) -** | ₱ | 247,747,000 | ₱ | 225,725,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | three (3) |
| Estimated Total Floor Area | : | 7,694 sq. m. |
| General Framing | : | reinforced concrete |
| Walls | : | concrete hollow blocks and glass |
| Exterior Wall Finish | : | plastered cement supplemented with clear tempered glass on powder-coated aluminum frame |
| Interior Wall Finish | : | plastered cement, glass panel and gypsum board |
| Roofing | : | pre-painted long span rib-type metal sheets on steel frame supplemented with thermal insulation |
| Flooring | : | reinforced concrete slab |
| Floor Finish | : | ceramic, epoxy paint, plain cement and carpet on cinema area |
| Partitions | : | concrete hollow blocks of plastered |
| Ceiling | : | slab soffit, fiber cement board and gypsum board |
| Doors | : | glass panel and steel flush-type |
| Others | : | The building is painted and provided with electrical lighting, plumbing facilities, fire fighting and fire alarm system, genset, closed circuit televisions, and 24-hour security. |
| Observed Physical Condition | : | very good |
| *Remarks* | *:* | *Floor area was based on available documents furnished us, reportedly it was constructed sometime in 2018.* |

# *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **STP Building -** | | ₱ 136,000 | ₱ 120,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 9 sq.m. | | |
| General Framing | : reinforced concrete | | |
| Walls | : concrete hollow blocks | | |
| Exterior Wall Finish | : plastered cement | | |
| Interior Wall Finish | : plastered cement | | |
| Roofing | : rib-type metal sheets on steel frames | | |
| Flooring | : reinforced concrete slab | | |
| Floor Finish: | plain cement | | |
| Windows | : concrete louver vents | | |
| Doors | : steel flush-type | | |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. | | |
| Observed Physical Condition | : very good | | |
| *Remarks* | : *Reportedly, it was constructed sometime in 2018. Floor area was based on actual measurement.* | | |
| **Transport Terminal Shed 1 -** | | 1,040,000 | 862,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 204 sq.m. | | |
| General Framing | : steel on reinforced concrete pedestal | | |
| Roofing | : rib-type metal sheets on steel frame | | |
| Flooring | : concrete slab | | |
| Floor Finish | : plain cement | | |
| Others | : The structure is painted and provided with electrical lighting facility. | | |
| Observed Physical Condition | : good | | |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Entrance Canopy -** | | ₱ | 5,973,000 | ₱ | 4,949,000 |
| No. of Storey (s) | : one (1) | | | | |
| Estimated Floor Area | : 330 sq.m. | | | | |
| General Framing | : steel on reinforced concrete pedestal | | | | |
| Roofing | : rib-type metal sheets on steel frame, and plycarbonate sheets | | | | |
| Flooring | : concrete slab | | | | |
| Floor Finish: | ceramic tiles | | | | |
| Others | : The structure is painted and provided with electrical lighting facility. | | | | |
| Observed Physical Condition | : very good | | | | |
| **Drop Off Canopy -** | | | 383,000 | | 339,000 |
| No. of Storey (s) | : one (1) | | | | |
| Estimated Floor Area | : 75 sq.m. | | | | |
| General Framing | : steel on reinforced concrete pedestal | | | | |
| Roofing | : rib-type metal sheets on steel frame | | | | |
| Flooring | : concrete slab | | | | |
| Floor Finish: | ceramic tiles | | | | |
| Others | : The structure is painted and provided with electrical lighting facility. | | | | |
| Observed Physical Condition | : very good | | | | |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Parking Booth (3 Units) -** | | ₱ | 68,000 | ₱ | 54,000 |
| No. of Storey (s) | : one (1) | | | | |
| Estimated Floor Area | : 1.5 sq.m. each | | | | |
| General Framing | : steel | | | | |
| Walls | : aluminum composite panels | | | | |
| Roofing | : rib-type metal sheets on steel frame | | | | |
| Flooring | : reinforced concrete slab | | | | |
| Floor Finish: | ceramic tiles | | | | |
| Window | : glass on powder-coated aluminum frame | | | | |
| Doors | : glass on powder-coated aluminum frame | | | | |
| Others | : The building is painted and provided with electrical lighting facility. | | | | |
| Observed Physical Condition | : very good | | | | |
| *Remarks* | : *Reportedly, it was constructed sometime in year 2018. Floor area was based on actual measurement.* | | | | |
| | | ₱ | 1,219,995,000 | ₱ | 1,068,077,000 |

***OTHER LAND IMPROVEMENTS***

| *Description* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Driveways and Open Parking Areas** | : | These consist of reinforced concrete pavement laid on well-compacted earth and gravel base course driveways and parking areas on the entire compound. Driveways within the compound is about 10 meters wide, and provided with concrete curbs and gutters, and underground drainage system while parking is provided with concrete wheel stopper. Estimated floor area is about 4,866 | ₱ | 8,335,000 | ₱ 7,335,000 |
| **STP** | : | This consist of irregular-shaped undergroud tanks built of reinforced concrete with a depth of about 6 meters and a total volume of approximateely 600 cu. m. | | 600,000 | 528,000 |
| | | | ₱ | 8,935,000 | ₱ 7,863,000 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **ELEVATOR / ESCALATOR** | | | | |
| **1** | **Passenger Elevator -** Kone, 1600 kgs./21 person load capacity, machine room-less, 2-landings, complete with electric drive motor, elevator control panel, limit switches and other standard accessories | ₱ | 1,412,000 | ₱ | 923,000 |
| **1** | **Service Elevator -** Kone, 2000 kgs./26 perosn load capacity, machine room-less, 3-landings, complete with electric drive motor, elevator control panel, limit switches and other standard accessories | | 2,727,000 | | 1,783,000 |
| **1** | **Passenger Elevator (Cinema) -** Nippon, Model NICE-CW-B-AL1-4F11-ML, Ser. No. 010390064H400132, 2017 Mfd. Year, 1600 kgs./21 person load capacity, 2-landings, machine room-less, complete with electric drive motor, elevator control panel, limit switches and other standard accessories | | 1,412,000 | | 1,065,000 |
| **3** | **Escalators -** Kone, Travel Master 110, Ser. Nos. 36051671, 36051670 and 36051673, 2014 Mfd. Year, 9000 persons/hr cap., 1000 mm step width, 5000 mm rise, 30° angle of inclination, driven by electric motor, complete with stainless steel balustrade, black rubber handrail, flat step and other standard accessories | | 6,483,000 | | 3,915,000 |
| **1** | **Escalator -** Kone, Travel Master 110, Ser. No. 36055724, 2015 Mfd. Year, 9000 persons/hr cap., 1000 mm step width, 5000 mm rise, 30° angle of inclination, driven by electric motor, complete with stainless steel balustrade, black rubber handrail, flat step and other standard accessories | | 2,161,000 | | 1,413,000 |
| | | ₱ | 14,195,000 | ₱ | 9,099,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | | | |
| **Lot** | **Air Conditioning System -** Direct-expansion and ducted system, 250 TR total cooling capacity, consisting of: | ₱ | 12,418,000 | ₱ | 9,984,000 |
| | *Mall AHU Room Second Floor* | | | | |
| 2 | Package Air Conditioner Units - Hitachi, Hi-cool, Model RP-50WSYG, 2011 Mfd. Year, Ser. Nos. UA592223 and UA592220, 50 TR cooling capacity, water-cooled, screw type compressor, 0.56 kW/Ton, 48.5 kW power consumption, with: | | | | |
| 2 | Dry Type Transformers - McGraw, DT-3, 100 kVA capacity | | | | |
| 2 | Cooling Towers - Intercool, FRP, bottle type, 1830 x 1830 mm DH, 1200 mm dia. Fan, directly coupled to 1.5 kW motor | | | | |
| 2 | Condensate Pumps - Ajax-Elite, centrifugal type, single stage, end suction, 101 mm dia. S&D, coupled to 5.5 kW motor | | | | |
| | *Cinema AHU Room Second Floor* | | | | |
| 3 | Package Air Conditioner Units - Hitachi, Hi-cool, Model RP-50WSYG, 2014 Mfd. Year, Ser. Nos. UAK53908, UAK37906 and UAK53909, 50 TR cooling capacity, water-cooled, screw type compressor, 0.56 kW/Ton, 48.5 kW power consumption, with: | | | | |
| 3 | Dry Type Transformers - Transphil, Ser. No. 201708081, 201708079 and 201708080, 100 kVA capacity | | | | |
| 1 | Cooling Tower - Intercool, FRP, square, cross-flow type, 3600 x 3600 x 1600 mm LWH, 2 x 1640 mm dia. fan, each directly coupled to 2.2 kW motor | | | | |
| 2 | Condensate Pumps - KBN Pumps Ltd., Etanorm, Type ETN 100-080-250GB AA, centrifugal type, single stage, end suction, 101 mm dia. S&D, coupled to 5.5 kW motor | | | | |
| | complete with ductings, controls, pipings and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **2** | **Air Conditioning Units -** Koppel, Model KV36CC-ARF21C, ceiling casette, inverter split type, 3.0 TR cooling capacity (Note: Located at Admin Office Lobby) | ₱ | 250,000 | ₱ | 127,000 |
| **3** | **Air Conditioning Units -** Carrier, Model 42BFM036EB, floor mounted, split type, 3.0 TR cooling capacity (Note: Located at Admin Office and Conference Room) | | 219,000 | | 111,300 |
| **32** | **Air Conditioning Units -** LG, ceiling casette, inverter split type, approx. 5.0 TR cooling capacity (Note: Located at Mall Lower Ground Floor lobby, Ground Floor Lobby and Second Floor Lobby) | | 6,048,000 | | 2,176,000 |
| | | ₱ | 18,935,000 | ₱ | 12,398,300 |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| **Lot** | **Ventilation System -** consisting of: | ₱ 4,353,000 | ₱ 2,412,000 |
| 1 | Exhaust Fan - Kruger, Model BSB 1000 UI CW-90, Ser. No. 15N2336J00859AN21, 1000 mm dia. wheel, 20000 CFM, single-inlet, centrifugal type, belt driven by 11 kW motor | | |
| 1 | Exhaust Fan - Kruger, Model BSB 1000 UI CW-90, Ser. No. 14W4173J01913CW05, 1000 mm dia. Wheel, 20000 CFM, single-inlet, centrifugal type, belt driven by 11 kW motor | | |
| 1 | Exhaust Fan - Kruger, Model BSB 1250 UI CW-90, Ser. No. 14Y4479J01913BW05, 1250 mm dia. wheel, 30000 CFM, single-inlet, centrifugal type, belt driven by 15 kW motor | | |
| 1 | Exhaust Fan - Kruger, Model BSB 1250 UI CW-90, Ser. No. 14Y4480J01913BW05, 1250 mm dia. wheel, 30000 CFM, single-inlet, centrifugal type, belt driven by 15 kW motor | | |
| 1 | Exhaust Fan (EF-1) - Niagara, Model SISW 54 PLR CL 1 CCW-UB, 2017 Mfd. Year, Ser. No. 17-1427-1, 38500 CFM, single-inlet, centrifugal type, belt driven by 15 kW motor | | |
| 1 | Fresh Air Blower (KEB-1) - Niagara, Model GPA 22 PLR CW-UB, 2017 Mfd. Year, Ser. No. 17-1346-1, 5050 CFM, single-inlet, centrifugal type, belt driven by 1.5 kW motor (Note: Located at Phase 3 Cinema Roof Deck) | | |
| 1 | Fresh Air Blower (FAB-1) - Niagara, Model GPA 20 PLR CW-TH, 2017 Mfd. Year, Ser. No. 17-1346-2, 4545 CFM, single-inlet, centrifugal type, belt driven by 1.5 kW motor (Note: Located at Phase 3 Cinema Roof Deck) | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 1 | Exhaust Fan (EF-2) - Niagara, Model SISW 54 PLR CL 1 CCW-UB, 2017 Mfd. Year, Ser. No. 17-1427-2, 38500 CFM, single-inlet, centrifugal type, belt driven by 15 kW motor (Note: Located at Phase 3 Cinema Roof Deck) | | |
| 1 | Exhaust Fan - centrifugal type, approx. 500 mm dia. wheel, belt driven by electric motor, suspended on ceiling with frame (Note: Located at STP) | | |
| 7 | Exhaust Fans - indutrial propeller type, approx. 510 mm dia. fan, directly driven by electric motor (Note: Located at Pump Room UG Floor and Basement, Transformer Room LG and UG Floor, Genset Room and Electrical Room LG and Ground Floor) | | |
| | complete with ductings, controls and other standard accessories | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | |
| | **EE Room Ground Floor** | | |
| 1 | **Standby Generator Set -** Mitsubishi Generator Series, Model MGS1500B, Ser. No. V2969, Feb. 2014 Mfd. Date, 1700 kW (2125 kVA), powered by 16-cylinder Mitsubishi Diesel Engine, 1838 kW, Model S16R-PTA-S, 1800 rpm, 60 Hz, mounted on concrete foundation | ₱ 14,595,000 | ₱ 10,409,000 |
| 1 | **Power Transformer -** no nameplate, cast resin dry type, P/O No. L2014-1241, 2000 kVA rated capacity, 34.5 kV/400 V rated voltage, metal clad enclosure, complete with exhaust fan and insulation, mounted on concrete foundation | 2,721,000 | 1,941,000 |
| 1 | **Power Transformer -** no nameplate, cast resin dry type, P/O No. L2014-1236, 1500 kVA rated capacity, 34.5 kV/400 V rated voltage, metal clad enclosure, complete with exhaust fan and insulation, mounted on concrete foundation | 2,290,000 | 1,633,000 |
| Lot | **High Voltage Switchgear (Incoming, Feeder 1 and Feeder 2) -** metal clad enclosure, free standing, 3-vertical section, 34.5 kV rated capacity, equipped with: | 1,874,000 | 1,337,000 |
| 3 | Load Break Switches - OEMB, Type 6AV.V36, indoor type, 36 kV rated voltage capacity | | |
| 6 | Power Fuses - Italweber, IW 1903050, 36 kV, 220A | | |
| 1 | Power Quality Meter - GE, PQM II | | |
| 1 | Feeder Protection System - GE, Multilin 350 complete with power quality meter, digital feeder relay, wirings, switches, pilot lights, cabling and other standard accessories | | |

## _BUILDING MACHINERY AND EQUIPMENT_

| _Qty._ | _Description_ | _Replacement Cost_ | | _Market Value_ | |
|---|---|---|---|---|---|
| **Lot** | **Battery Bank -**<br>consisting of: | ₱ | 42,400 | ₱ | 30,200 |
| 4 | Batteries -<br>ACDelco, Model S54459, lead-acid, 44 Ah, 12 V | | | | |
| 1 | Battery Charger Module -<br>AFA Technologies Inc.<br>complete with wirings, battery rack and other standard accessories | | | | |
| **Lot** | **Capacitor Bank -**<br>metal clad enclosure, free standing, 2-swing-out door, equipped with: | | 1,055,000 | | 752,000 |
| 16 | Capacitors -<br>RTR Energia, 50 kVAR, 460V | | | | |
| 1 | Main Circuit Breaker -<br>Siemens, 3VT5, 1600A capacity | | | | |
| 2 | Circuit Breakers -<br>Siemens, 3VT250N, 250A capacity | | | | |
| 2 | Contactors -<br>Terasaki, TC-225a | | | | |
| 12 | Circuit Breakers -<br>Siemens, 3VT160N, 160A capacity | | | | |
| 12 | Contactors -<br>Terasaki, TC-100a | | | | |
| 1 | Power Factor Controller -<br>Delab Navigator, NV-14s 240 V AC, 45/65 Hz | | | | |
| 1 | Control Transformer -<br>Yokoyama, 500VA capacity<br>complete with wirings, cabling and other standard accessories | | | | |
| **1** | **Dry Type Transformer -**<br>CAG, Ser. No. 12292014-1, 45 kVA, 3 phase, 60 Hz | | 111,000 | | 79,200 |
| **Lot** | **Main Distribution Breaker Panel -**<br>metal clad enclosure, equipped with: | | 115,000 | | 82,000 |
| 1 | Circuit Breaker -<br>Siemens, approx. 1000A capacity<br>complete with wirings, cabling and other standard accessories | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| **Lot** | **Low Voltage Switchgear / Automatic Transfer Switch (LVSG-1) -** | ₱ 937,000 | ₱ 668,000 |
| | metal clad enlcosure, free standing, 1 vertical section, equipped with: | | |
| 1 | Air Circuit Breaker (Emergency CB) - | | |
| | Siemens, WL II 3200 S, 3200A capacity | | |
| 1 | Air Circuit Breaker (Normal CB) - | | |
| | Siemens, WL II 3200 S, 3200A capacity | | |
| 2 | Power Meters - | | |
| | Siemens, Sentron PAC3100 | | |
| | complete with wirings, cabling, pilot lamps, switches and other standard accessories | | |
| **Lot** | **Low Voltage Switchgear / Automatic Transfer Switch -** | 1,426,000 | 1,017,000 |
| | metal clad enlcosure, free standing, 3 vertical section, equipped with: | | |
| 1 | Air Circuit Breaker (Emergency CB) - | | |
| | Siemens, WL II 4000 S, 4000A capacity | | |
| 1 | Air Circuit Breaker (Normal CB) - | | |
| | Siemens, WL II 4000 S, 4000A capacity | | |
| 1 | Air Circuit Breaker (Meter Center Main) - | | |
| | Siemens, 2500A capacity | | |
| 2 | Power Meters - | | |
| | Siemens, Sentron PAC3100 | | |
| | complete with wirings, cabling, pilot lamps, switches and other standard accessories | | |
| **Lot** | **Main Distribution Panel -** | 184,000 | 131,000 |
| | metal clad enclosure, equipped with: | | |
| 1 | Main Circuit Breaker - | | |
| | approx. 800A capacity | | |
| 2 | Circuit Breakers - | | |
| | Siemens, 200A capacity | | |
| 5 | Circuit Breakers - | | |
| | Siemens, 80A capacity | | |
| 5 | Circuit Breakers - | | |
| | Siemens, 63A capacity | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | | Market Value | |
|---|---|---|---|---|---|
| 3 | Circuit Breakers -<br>Siemens, 40A capacity<br>complete with wirings, cabling and other standard accessories | | | | |
| Lot | **Distribution Panel (EEP/Escalator 1) -**<br>metal clad enclosure, equipped with: | ₱ | 22,200 | ₱ | 16,000 |
| 1 | Main Circuit Breaker -<br>Siemens, 80A capacity | | | | |
| 1 | Circuit Breaker -<br>Siemens, 50A capacity | | | | |
| 1 | Circuit Breaker -<br>Siemens, 40A capacity | | | | |
| 1 | Circuit Breaker -<br>Siemens, 32A capacity | | | | |
| 1 | Circuit Breaker -<br>Siemens, 20A capacity<br>complete with wirings, cabling and other standard accessories | | | | |
| Lot | **Distribution Panel (LP2) -**<br>metal clad enclosure, equipped with: | | 13,100 | | 9,300 |
| 1 | Miniature Main Circuit Breaker -<br>Siemens, C 63, 3-pole | | | | |
| 20 | Minature Circuit Breaker -<br>Siemens, C32, single pole<br>complete with wirings, cabling and other standard accessories | | | | |
| Lot | **Distribution Panel (LP1) -**<br>metal clad enclosure, equipped with: | | 10,100 | | 7,200 |
| 1 | Miniature Main Circuit Breaker -<br>Siemens, C50, 3-pole | | | | |
| 14 | Minature Circuit Breaker -<br>Siemens, C20, single pole<br>complete with wirings, cabling and other standard accessories | | | | |
| Lot | **Distribution Panel (LPES1) -**<br>metal clad enclosure, equipped with: | | 6,100 | | 4,400 |
| 1 | Main Circuit Breaker -<br>Siemens, 63A capacity | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| 2 | Minature Circuit Breaker -<br>Siemens, C40, 3-pole<br>complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (LPES2) -**<br>metal clad enclosure, equipped with: | ₱ | 6,100 | ₱ | 4,400 |
| 1 | Main Circuit Breaker -<br>Siemens, 63A capacity | | | | |
| 2 | Minature Circuit Breaker -<br>Siemens, C40, 3-pole<br>complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (PP1) -**<br>metal clad enclosure, equipped with: | | 13,100 | | 9,300 |
| 1 | Miniature Main Circuit Breaker -<br>Siemens, C50, 3-pole | | | | |
| 12 | Minature Circuit Breaker -<br>Siemens, C20, single pole<br>complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (PP2) -**<br>metal clad enclosure, equipped with: | | 7,100 | | 5,100 |
| 1 | Miniature Main Circuit Breaker -<br>Siemens, C40, 3-pole | | | | |
| 6 | Minature Circuit Breakers -<br>Siemens, C20, single pole<br>complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (RDP2/EX Blower Pumps) -**<br>metal clad enclosure, equipped with: | | 69,000 | | 49,200 |
| 1 | Main Circuit Breaker -<br>Siemens, 200A capacity | | | | |
| 3 | Circuit Breakers -<br>Siemens, 63A capacity | | | | |
| 1 | Circuit Breaker -<br>Siemens, 40A capacity | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 10 | Circuit Breakers -<br>Siemens, 20A capacity<br>complete with wirings, cabling and other standard accessories | | |
| **Lot** | **Distribution Panel (RDP1/Escalator 1) -**<br>metal clad enclosure, equipped with: | ₱ 44,400 | ₱ 32,000 |
| 1 | Main Circuit Breaker -<br>Siemens, 200A capacity | | |
| 3 | Circuit Breakers -<br>Siemens, 63A capacity | | |
| 1 | Circuit Breaker -<br>Siemens, 32A capacity | | |
| 6 | Circuit Breakers -<br>Siemens, 20A capacity<br>complete with wirings, cabling and other standard accessories | | |
| **Lot** | **Distribution Panel (PFS-2) -**<br>metal clad enclosure, equipped with: | 17,200 | 12,300 |
| 1 | Main Circuit Breaker -<br>Siemens, 80A capacity | | |
| 1 | Miniature Circuit Breaker -<br>Siemens, C32, 3-pole | | |
| 1 | Miniature Circuit Breaker -<br>Siemens, C20, 3-pole | | |
| 14 | Miniature Circuit Breakers -<br>Siemens, C20, single pole<br>complete with wirings, cabling and other standard accessories | | |
| **Lot** | **Distribution Panel (PFS-1) -**<br>metal clad enclosure, equipped with: | 14,100 | 10,100 |
| 1 | Main Circuit Breaker -<br>Siemens, 63A capacity | | |
| 1 | Miniature Circuit Breaker -<br>Siemens, C32, 3-pole | | |
| 14 | Miniature Circuit Breakers -<br>Siemens, C20, single pole<br>complete with wirings, cabling and other standard accessories | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Lot** | **Distribution Panel (LP3) -** | ₱ | 11,100 | ₱ | 7,900 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Miniature Circuit Breaker - | | | | |
| | Siemens, C40, 3-pole | | | | |
| 13 | Miniature Circuit Breakers - | | | | |
| | Siemens, C20, single pole | | | | |
| 1 | Miniature Circuit Breaker - | | | | |
| | Siemens, C32, 2-pole | | | | |
| | complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (MRP/Elevator) -** | | 13,100 | | 9,300 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Siemens, 100A capacity | | | | |
| 1 | Miniature Circuit Breaker - | | | | |
| | Siemens, C50, 3-pole | | | | |
| 2 | Miniature Circuit Breakers - | | | | |
| | Siemens, C20, 3-pole | | | | |
| | complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (PP3) -** | | 5,100 | | 3,600 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Miniature Circuit Breaker - | | | | |
| | Siemens, C32, 3-pole | | | | |
| 4 | Miniature Circuit Breaker - | | | | |
| | Siemens, C20, single pole | | | | |
| | complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (PAV-AC) -** | | 55,600 | | 40,000 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Siemens, approx. 200A capacity | | | | |
| 2 | Circuit Breakers - | | | | |
| | Siemens, 3VT1, 125A capacity | | | | |
| 2 | Miniature Circuit Breakers - | | | | |
| | Siemens, C50, 3-pole | | | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 1 | Miniature Circuit Breaker - Siemens, C40, 3-pole | | |
| 1 | Miniature Circuit Breaker - Siemens, C32, 3-pole complete with wirings, cabling and other standard accessories | | |
| **Lot** | **Distribution Panel (PAV01-AC) -** metal clad enclosure, equipped with: | ₱ 22,200 | ₱ 16,000 |
| 1 | Main Circuit Breaker - Siemens, 125A capacity | | |
| 16 | Miniature Circuit Breakers - Siemens, C40, single pole complete with wirings, cabling and other standard accessories | | |
| **Lot** | **Distribution Panel (PAV02-AC) -** metal clad enclosure, equipped with: | 22,200 | 16,000 |
| 1 | Main Circuit Breaker - Siemens, 125A capacity | | |
| 16 | Miniature Circuit Breakers - Siemens, C40, single pole complete with wirings, cabling and other standard accessories | | |
| | **<u>EE Room (Upper Ground Floor)</u>** | | |
| **1** | **Stand-by Generator Set -** Prime Power Energie System Inc., Model TCM1125X, Ser. No. TPS01FJ170234, silent type, 1000 kW (1250 kVA) capacity powered by 12-cylinder diesel engine, mounted on concrete foundation | 9,090,000 | 6,483,000 |
| **1** | **Fuel Storage Tank -** mild steel, 2000 Liter capacity, 1350 x 1430 mm DL | 20,200 | 14,400 |
| **1** | **High Voltage Switchgear Panel -** metal clad enclosure, free standing, 34.5kV, 3-poles, complete with load break switch and power fuses, with: | 1,030,000 | 735,000 |


ASIAN APPRAISAL

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| 1 | Power Quality Meter -<br>GE, PQM II | | | | |
| 1 | Feeder Protection System -<br>GE, Multilin 350<br>complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Battery Bank -**<br>metal clad enclosure, free standing, complete with: | ₱ | 31,300 | ₱ | 22,300 |
| 4 | Batteries -<br>Motolite, Enduro 15, NS40L, lead-acid, 44Ah, 12V | | | | |
| 1 | Battery Charger Module -<br>AFA Technologies Inc.<br>complete with wirings, cabling and other standard accessories | | | | |
| **1** | **Power Transformer -**<br>Jinpan Electric Co., cast coil dry-type transformer, April 2017 Mfd. Date, Ser. No. 1210042278, 1000/1333 kVA rated capacity, 34.5 kV/400 V rated voltage | | 1,795,000 | | 1,280,000 |
| **Lot** | **Low Voltage Switchgear Panel / Automatic Transfer Switch -**<br>metal clad enclosure, free standing, 3 vertical section, equipped with: | | 1,781,000 | | 1,270,000 |
| 1 | Air Circuit Breaker (Normal) -<br>Siemens, WL II 2000 S, 2000A capacity | | | | |
| 1 | Air Circuit Breaker (Emergency) -<br>Siemens, WL II 2000 S, 2000A capacity | | | | |
| 1 | Air Circuit Breaker (Emergency) -<br>Siemens, WL II 1000 S, 1000A capacity | | | | |
| 1 | Air Circuit Breaker (Emergency) -<br>Siemens, WL II 1000 S, 800A capacity | | | | |
| 3 | Digital Power Meters -<br>Siemens, Sentron PAC 3100 | | | | |
| 1 | Automatic Transfer Switch Controller -<br>ATS 22-A<br>complete with wirings, cabling and other standard accessories | | | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| Lot | **Main Distribution Panel -** | ₱ | 236,000 | ₱ | 168,000 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Siemens, 3VT4, 1000A capacity | | | | |
| 3 | Circuit Breakers - | | | | |
| | Siemens, 3VT2, 250A capacity | | | | |
| 2 | Circuit Breakers - | | | | |
| | Siemens, 3VT1, 80A capacity | | | | |
| 1 | Circuit Breaker - | | | | |
| | Siemens, 3VT1, 125A capacity | | | | |
| | complete with wirings, cabling and other standard accessories | | | | |
| Lot | **Distribution Panel (2FPP) -** | | 114,000 | | 81,300 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Siemens, 3VT2, 250A capacity | | | | |
| 2 | Circuit Breakers - | | | | |
| | Siemens, 3VT1, 125A capacity | | | | |
| 1 | Circuit Breaker - | | | | |
| | Siemens, 3VT1, 100A capacity | | | | |
| 6 | Circuit Breakers - | | | | |
| | 20A capacity, 3-pole | | | | |
| 3 | Circuit Breakers - | | | | |
| | 50A capacity, single pole | | | | |
| | complete with wirings, cabling and other standard accessories | | | | |
| Lot | **Distribution Panel (2FLP) -** | | 114,000 | | 81,300 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Siemens, 3VT2, 250A capacity | | | | |
| 2 | Circuit Breakers - | | | | |
| | Siemens, 3VT1, 125A capacity | | | | |
| 1 | Circuit Breaker - | | | | |
| | Siemens, 3VT1, 100A capacity | | | | |
| 6 | Circuit Breakers - | | | | |
| | 20A capacity, 3-pole | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| 3 | Circuit Breakers -<br>50A capacity, single pole<br>complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (LGPP) -**<br>metal clad enclosure, equipped with: | ₱ | 110,000 | ₱ | 78,500 |
| 1 | Main Circuit Breaker -<br>Siemens, approx. 600A capacity | | | | |
| 2 | Circuit Breakers -<br>Siemens, 3VT1, 80A capacity | | | | |
| 3 | Circuit Breakers -<br>Siemens, 40A capacity | | | | |
| 1 | Circuit Breaker -<br>Siemens, 30A capacity | | | | |
| 8 | Circuit Breakers -<br>Siemens, 20A capacity<br>complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (LGLP-1) -**<br>metal clad enclosure, equipped with: | | 108,000 | | 77,000 |
| 1 | Main Circuit Breaker -<br>Siemens, 3VT1, 80A capacity | | | | |
| 30 | Circuit Breakers -<br>20A capacity, single pole<br>complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (LGLP-2) -**<br>metal clad enclosure, equipped with: | | 108,000 | | 77,000 |
| 1 | Main Circuit Breaker -<br>Siemens, 3VT1, 80A capacity | | | | |
| 30 | Circuit Breakers -<br>20A capacity, single pole<br>complete with wirings, cabling and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | | Market Value | |
|---|---|---|---|---|---|
| **Lot** | **Distribution Panel (EEP) -** | ₱ | 40,400 | ₱ | 29,000 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Siemens, 3VT1, 125A capacity | | | | |
| 3 | Circuit Breakers - | | | | |
| | 40A capacity, 3-pole | | | | |
| 2 | Circuit Breakers - | | | | |
| | 60A capacity, 3-pole | | | | |
| | complete with wirings, cabling and other standard accessories | | | | |
| **Lot** | **Distribution Panel (CPP2) -** | | 47,500 | | 34,000 |
| | metal clad enclosure, equipped with: | | | | |
| 1 | Main Circuit Breaker - | | | | |
| | Siemens, 3VT1, 100A capacity | | | | |
| 10 | Circuit Breakers - | | | | |
| | Siemens, 3VT1, 32A capacity | | | | |
| 2 | Miniature Circuit Breakers - | | | | |
| | Siemens, C32, single pole | | | | |
| | complete with wirings, cabling and other standard accessories | | | | |
| | | ₱ | 40,327,600 | ₱ | 28,762,300 |

### *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **CCTV SECURITY SYSTEM** | | |
| **Lot** | **Closed Circuit Television System -** consisting of: | ₱ 562,000 | ₱ 342,000 |
| 2 | Network Video Recorders - HIKVision, Model DS-7716NI-I4, 16-channels | | |
| 2 | Network Video Recorders - HIKVision, Model DS-7732NI-E4, 32-channels | | |
| 4 | CCTV LCD Monitors - Sharp, 787 mm diagonal size | | |
| 3 | Unmanaged Network Switches - HIKVision, DS-3E0326P-E2, 24-ports, 100 mbps | | |
| 54 | CCTV Cameras - HIKVision, various type System complete with monitor, wirings, cables, video transceiver, IP extender and other standard accessories | | |
| **Lot** | **Server Rack -** metal clad enclosure, free standing, 1 swing out door, consisting of: | 369,700 | 187,800 |
| 2 | Servers - Dell, PowerEdge R230, intel Xeon | | |
| 2 | Uninterruptible Power Supplies - APC, Back-UPS 700, 700 VA | | |
| 1 | Uninterruptible Power Supply - Vertiv, PSA600, 600 VA | | |
| 1 | Uninterruptible Power Supply - Vertiv, Liebert iton BX, 600 VA | | |
| 1 | Router - Huawei, AR160 | | |
| 1 | Managed Ethernet Switch - Cisco, SG300-52, 52-ports Gigabits | | |
| 1 | Managed Ethernet Switch - 24-ports complete with cords, cables, rails, blanking panels, patch panels and other standard accessories | | |
| | | ₱ 931,700 | ₱ 529,800 |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **PA/BGM SYSTEM** | | |
| **Lot** | **PA/BGM System -** consisting of: | ₱ 593,000 | ₱ 361,000 |
| | *Old Admin Office, Server/CCTV Room* | | |
| 1 | Programmable Network Controller - Bose, Control Space, 4 switch buttons, 16 system controls | | |
| 1 | Power Amplifier - Bose, Powermath, PM8250, 2000 watts, 250 watts x 8 channels, with ethernet network control | | |
| 1 | Engineered Sound Processor - Bose, ESP-880, 32 bit, 8 analog input channels | | |
| 1 | DVD Player - Matrix, MX-MDK8050 | | |
| 1 | Remote Microphone - TOA, RM-200M | | |
| 1 | Microphone - TOA, electro chime mic | | |
| 1 | Uninterruptible Power Supply - Intex, 1500 VA | | |
| 1 | Uninterruptible Power Supply - Logic, 750 VA | | |
| | *New Admin Office, CCTV Room, Ground Floor* | | |
| 1 | Monitor Panel - TOA, MP-032B | | |
| 1 | Multifunctional Amplifier - TOA, VM-2240 | | |
| 1 | DVD Player - Pioneer | | |
| 36 | Speakers - ceiling concealed type | | |
| 18 | Speakers - horn type | | |
| | complete with wirings, cabling, racks and other standard accessories | | |

### BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | | | |
| **Lot** | **Fire Fighting Equipment -** consisting of: | ₱ | 6,333,000 | ₱ | 5,092,000 |
| 1 | Fire Pump - Patterson, Ser. No. FPVT-C012960, centrifugal, multi-stage, vertical turbine type, 1000 gpm capacity, driven by 56 kW Nidec Electric Motor, 1770 rpm, 400V, 60-Hz | | | | |
| 1 | Fire Pump Controller - Firetrol, FTA1300-AM75F, Ser. No. 1077980-01RE, 75 hp, 380-400 V, 3 phase, 60 Hz | | | | |
| 1 | Jockey Pump - submersible type, 3.73 kW motor | | | | |
| 1 | Jockey Pump Controller - Patterson, FPJPC05360400/290143-007, Ser. No. CH-329735, 5 hp, 400 V, 60 Hz (Note: Located at lower ground floor pump room) | | | | |
| 1 | Fire Pump - Patterson, Ser. No. FP-C0156652, centrifugal, single stage, horizontal split case, 750 gpm capacity, driven by 56 kW Baldor Electric Motor | | | | |
| 1 | Fire Pump Controller - Torna Tech, 2017 Mfd. Year, GPY-400/75/3/60, Ser. No. Z177259, 75 hp, 400 V, 3 phase, 60 Hz | | | | |
| 1 | Jockey Pump - Energy Pump, Type CVX, Model 101/7, Ser. No. 17E V2200011427-0006, vertical multistage, centrifugal type, 12.1 $m^3$/hr flow rate capacity, driven by 5.5 kW motor | | | | |
| 1 | Jockey Pump Controller - Patterson, FPJPC07360460/330634-005, Ser. No. B52245893, 7.5 hp, 400 V, 60 Hz, 3 phase (Note: Located at Basement Area Pump Room near Basement Parking) | | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 2 | Fire Alarm Controllers - EST, iO-series | | |
| 132 | Smoke Detectors | | |
| 12 | Fire Alarm Bells | | |
| 640 | Sprinkler Heads | | |
| 3 | Fire Hose Cabinets - aluminum steel framing with glass frontage, each equipped with long single jacket rubber line fire hose and nozzle<br>System complete with piping, valves, fittings, controls and other standard accessories | | |
| **34** | **Fire Extinguishers -** dry chemical, 4.5 kgs. capacity | ₱ 41,000 | ₱ 23,800 |
| | | ₱ 6,374,000 | ₱ 5,115,800 |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | | | |
| | **Pump Room (Lower Ground Floor)** | | | | |
| Lot | **Water Distribution System -** consisitng of: | ₱ | 1,019,000 | ₱ | 666,000 |
| 1 | Booster Pump - Paragon USA, Model PVV45-20/2, Ser. No. V14/399, vertical, multistage, centrifugal type, 89 mm dia. S&D, 200 gpm flow rate capacity, driven by 11 kW motor | | | | |
| 1 | Booster Pump - Goulds, Model 10SV08F0556T, 2020 Mfd. Year, Ser. No. 2020-02057, vertical, multistage, centrifugal type, 51 mm dia. S&D, 6-17 $m^3$/hr flow rate capacity, driven by 5.5 kW motor | | | | |
| 1 | Booster Pump - Goulds, Model 10SV03F0226T, 2020 Mfd. Year, Ser. No. 2020-02056, vertical, multistage, centrifugal type, 51 mm dia. S&D, 6-17 $m^3$/hr flow rate capacity, driven by 2.2 kW motor | | | | |
| 1 | Bladder Tank - mild steel, aprrox. 1100 x 1500 mm DH<br>System complete with piping, valves and fittings, and other accessories | | | | |
| Lot | **Booster Pump Control Panel -** metal clad enclosure, 2-swing-out door, consisting of: | | 231,000 | | 151,000 |
| 1 | Voltage Relay - Anly, AEVR | | | | |
| 1 | Timer Relay - Anly, AH3-NB | | | | |
| 1 | Programmable Logic Controller - Schneider, SR2 B201FU | | | | |
| 1 | Power Supply - Delta, DVP-PS01 | | | | |
| 6 | Fuse Holders - Ipower, RT18A-3, 32A, single pole | | | | |
| 1 | Control Transformer - Yokoyama, 500 VA, panel mounted | | | | |
| 1 | Variable Frequency Drive - Delta, CP 2000 | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 1 | Variable Frequency Drive - Delta, CP 2000, VFD-CX | | |
| 1 | Variable Frequency Drive - Delta, VFD-B | | |
| 11 | Non-Latching Relays - Schneider, RMX, 230 V AC | | |
| | complete with wirings, cabling, contactors and other standard accessories | | |
| | **Pump Room (Phase 3 Basement)** | | |
| **Lot** | **Water Distribution System -** consisitng of: | ₱ 966,000 | ₱ 631,800 |
| 1 | Booster Pump - Energy Pump, Type CVX, Model 201/3, Ser. No. 17E V2200011427-0028, vertical multistage centrifugal type, 51 mm S&D, 25.3 cu. m/hr flow rate capacity, driven by 5.5 kW motor | | |
| 1 | Booster Pump - Energy Pump, Type CVX, Model 201/3, Ser. No. 17E V2200011427-0031, vertical multistage centrifugal type, 51 mm S&D, 25.3 cu. m/hr flow rate capacity, driven by 5.5 kW motor | | |
| 1 | Booster Pump - Goulds, Model 10SV08F0556T, 2020 Mfd. Year, Ser. No. 2020-02058, vertical multistage centrifugal type, 51 mm S&D, 6-17 cu.m/hr flow rate capacity, driven by 5.5 kW motor | | |
| 1 | Bladder Tank - GWS, midl steel, SF 500 V, 500 Lters capacity, aprrox. 750 x 1550 mm DH | | |
| | System complete with piping, valves and fittings, and other accessories | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| **Lot** | **Booster Pump Control Panel -** | ₱ | 272,000 | ₱ | 177,900 |
| | metal clad enclosure, 2 swing out door, equipped with: | | | | |
| 1 | Voltage Relay - | | | | |
| | Anly, AEVR | | | | |
| 1 | Timer Relay - | | | | |
| | Anly, AH3-NB | | | | |
| 1 | Programmable Logic Controller - | | | | |
| | Schneider, SR2 B201FU | | | | |
| 1 | Power Supply - | | | | |
| | Delta, DVP-PS01 | | | | |
| 6 | Fuse Holder - | | | | |
| | Ipower, RT18A-3, 32A, single pole | | | | |
| 1 | Floatless Relay - | | | | |
| | Anly, AFR-1 | | | | |
| 1 | Control Transformer - | | | | |
| | Chint, 400 VA, panel mounted | | | | |
| 3 | Variable Frequency Drive - | | | | |
| | Delta, CP 2000, VFD-CX | | | | |
| 9 | Non-Latching Relay - | | | | |
| | Schneider, RMX, 230 V AC | | | | |
| | complete with wirings, cabling, contactors and other standard accessories | | | | |
| | | ₱ | 2,488,000 | ₱ | 1,626,700 |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **SEWAGE TREATMENT PLANT** | | | | |
| **Lot** | **Sewerage Treatment Plant -** consisting of: | ₱ | 1,080,000 | ₱ | 706,300 |
| 2 | Roots Blowers (Blower 1 and 2) - Showfou, Type RLC-50 6, positive displacement type with silencer, 3.31 $m^3$/ min capacity, 5.5 kW motor, mounted on steel base | | | | |
| 1 | Chemical Feed Pump - Blue White Industries, Model C-660P-230VAC, 4.6 gph, 45 watts, 230 V, 60 Hz | | | | |
| 1 | Chlorine Dosing Tank - polyethylene chlorinator tank, approx. 110 L capacity | | | | |
| 1 | Sludge Pump - submersible type, approx. 0.4 kW motor | | | | |
| 4 | Sump Pumps - submersible type, approx. 0.75 kW motor | | | | |
| 2 | Sump Pumps - submersible type, approx. 1.5 kW motor (Note: Escalator pit sump pump) complete with piping, valves, flow meter and other standard accessories | | | | |
| **Lot** | **STP Control Panel -** Eco-system Technologies Inc., metal clad enclosure, 1-swing out door, equipped with: | | 99,000 | | 65,000 |
| 1 | Main Circuit Breaker - Fuji Electric, BW125JAG, 100A capacity | | | | |
| 2 | Floatless Level Switches - Omron, 61F-G-AP, 110/220 VAC source, 50/60 Hz, each with Omron relay unit, Model 61F-11 | | | | |
| 1 | Floatless Level Switch - Omron, 61F-G2, 110/220 VAC source, 50/60 Hz, with 2 x Omron relay unit, Model 61F-11 | | | | |
| 1 | Programmable Logic Controller - Siemens, DM16230R | | | | |
| 1 | Power Supply - Delta, DVP-PS01 | | | | |
| 10 | Fuse Holders - CEA, RT18B-3, 32A, single pole | | | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 2 | Circuit Breakers -<br>Fuji Electric, BW32AAG, 10A capacity | | |
| 2 | Circuit Breakers -<br>Fuji Electric, BW50EAG, 40A capacity | | |
| 6 | Circuit Breakers -<br>Fuji Electric, BW32AAG, 20A capacity | | |
| 1 | Circuit Breaker -<br>Fuji Electric, BW32AAG, 20A capacity, 2 pole | | |
| 1 | Control Transformer -<br>Yokoyama, 500 VA, panel mounted | | |
| 14 | Power Relays -<br>Omron, MY2N-J<br>complete with wirings, cabling, contactors and other standard accessories | | |
| | | ₱ 1,179,000 | ₱ 771,300 |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **CINEMA EQUIPMENT** | | | | |
| **Lot** | **Cinema Equipment No. 1 -** mild steel contruction, free standing, 510 x 700 x 890 mm LWH, consisting of: | ₱ | 5,302,500 | ₱ | 2,889,000 |
| 1 | Digital Cinema Projector - Christie, Model CP2215, 2015 Mfd. Year, Ser. No. 384357005, 15000 Lumens, 2048 x 1080 resolution, 200-240 V. 50/60 Hz | | | | |
| 1 | Gigabit Switch - D-Link, Model DGS-1016D, 16-port | | | | |
| 1 | Cinema Server - Dolby, Doremi, Showvault-4 | | | | |
| 1 | Uninterruptible Power Supply - Socomec, NRT2-U2200, 2200 VA capacity | | | | |
| 1 | Projector Screen - fabric, acoustically transparent screen, approx. 12 x 6.5 m LH | | | | |
| 248 | Theater Seats - upholstered seat, high back, folding seat with cup holder | | | | |
| | Complete with power supply, cablings, cables, projection and viewer portholes and other standard accessories | | | | |
| **Lot** | **Cinema Sound System (Cinema 1) -** mild steel construction, free standing, approx. 510 x 700 x 1350 mm LWH, equipped with: | | 2,525,000 | | 1,376,000 |
| 1 | Digital Cinema Processor - Dolby CP850 | | | | |
| 1 | Monitor/Crossover - CM Series | | | | |
| 1 | DVD Player - LG | | | | |
| 12 | Power Amplifiers - Crown, Model Dsi 2000 | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 1 | Automatic Voltage Regulator -<br>Stavol, Model ST-10 kVA, 10 kVA capacity | | |
| 1 | Uninterruptible Power Supply -<br>Socomec, NRT2-U2200, 2200 VA capacity | | |
| 20 | Surround Speakers -<br>JBL, wall-mounted<br>complete with wires, cabling and other standard accessories | | |
| **Lot** | **Cinema Equipment No. 2 -**<br>mild steel contruction, free standing, 510 x 700 x 890 mm LWH, consisting of: | ₱ 5,479,000 | ₱ 3,642,000 |
| 1 | Digital Cinema Projector -<br>NEC, Model NC3200S, 2017 Mfd. Year, Ser. No. 7XA0004WV, 33000 Lumens, 2048 x 1080 resolution, 100-240 V, 50/60 Hz, 7-3.5 A | | |
| 1 | Gigabit Switch -<br>D-Link, Model DGS-1016D, 16-port | | |
| 1 | Cinema Server -<br>Dolby, Doremi, Showvault-4 | | |
| 1 | Uninterruptible Power Supply -<br>Socomec, NRT2-U2200, 2200 VA capacity | | |
| 1 | Projector Screen -<br>fabric, acoustically transparent screen, approx. 12 x 6.5 m LH | | |
| 185 | Theater Seats -<br>upholstered seat, high back, folding seat with cup holder<br><br>Complete with power supply, cablings, cables, projection and viewer portholes and other standard accessories | | |

*BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *D e s c r i p t i o n* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Lot** | **Cinema Sound System (Cinema 2) -** mild steel construction, free standing, 3 vertical section, approx. 1500 x 700 x 1350 mm LWH, equipped with: | ₱ 7,917,000 | ₱ 5,263,000 |
| 1 | Digital Cinema Processor - Dolby CP850 | | |
| 1 | Monitor/Crossover - CM Series | | |
| 1 | DVD Player - LG | | |
| 36 | Power Amplifiers - Crown, Model Dsi 2000 | | |
| 1 | Connect Interface - Dolby, Atmos, DAC3202, 32Analog audio outputs | | |
| 3 | Automatic Voltage Regulators - Stavol, Model ST-10 kVA, 10 kVA capacity | | |
| 1 | Uninterruptible Power Supply - Socomec, NRT2-U2200, 2200 VA capacity | | |
| 24 | Surround Speakers - JBL, wall-mounted | | |
| 16 | Surround Speakers - JBL, ceiling-mounted | | |
| 4 | Sub-woofers - JBL, hanging suspended | | |
| 3 | Screen Array Loud Speakers - JBL, Model 4732-T, tri-amplified operation, set of JBL, Model 4732-M/HF, 4 Ohms, 400 watts and JBL, Model 4739, 4 Ohms, 500 watts (Note: Located behind the projector screen) | | |
| 3 | Center Sub-Woofers - JBL, Model 4642A, 4 Ohms, 1200 watts, 22-100 Hz, behind projector screen (Note: Located behind the projector screen) complete with wires, cabling and other standard accessories | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| **Lot** | **Cinema Equipment No. 3 (VIP) -** mild steel contruction, free standing, 510 x 700 x 890 mm LWH, consisting of: | ₱ 3,754,000 | ₱ 2,495,700 |
| 1 | Digital Cinema Projector - NEC, Model NP-NC1201L-A, 2017 Mfd. Year, Ser. No. 7XA0012EG, 7000 Lumens, 2048 x 1080 resolution, 200-240 V, 50/60 Hz, 9.2 A | | |
| 1 | Gigabit Switch - D-Link, Model DGS-1016D, 16-port | | |
| 1 | Cinema Server - Dolby, Doremi, Showvault-4 | | |
| 1 | Uninterruptible Power Supply - Socomec, NRT2-U2200, 2200 VA capacity | | |
| 1 | Projector Screen - fabric, acoustically transparent screen, approx. 10.8 x 5.84 m LH | | |
| 68 | Theater Seats - Lazy Boy, leather back and seat, high back, automatic reclining with cup holders (Note: 34 pairs of seat) Complete with power supply, cablings, cables, projection and viewer portholes and other standard accessories | | |
| **Lot** | **Cinema Sound System (Cinema 3) -** mild steel construction, free standing, 3 vertical section, approx. 1500 x 700 x 1350 mm LWH, equipped with: | 6,260,000 | 4,162,000 |
| 1 | Digital Cinema Processor - Dolby CP850 | | |
| 1 | Monitor/Crossover - CM Series | | |
| 1 | DVD Player - LG | | |
| 31 | Power Amplifiers - Crown, Model Dsi 2000 | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 1 | Connect Interface -<br>Dolby, Atmos, DAC3202, 32Analog audio outputs | | |
| 3 | Automatic Voltage Regulator -<br>Stavol, Model ST-10 kVA, 10 kVA capacity | | |
| 1 | Uninterruptible Power Supply -<br>Socomec, NRT2-U2200, 2200 VA capacity | | |
| 20 | Surround Speakers -<br>JBL, wall-mounted | | |
| 14 | Surround Speakers -<br>JBL, ceiling-mounted | | |
| 3 | Screen Array Loud Speakers -<br>JBL, Model 4732-T, tri-amplified operation, set of JBL, Model 4732-M/HF, 4 Ohms, 400 watts and JBL, Model 4739, 4 Ohms, 500 watts<br>(Note: Located behind the projector screen) | | |
| 2 | Center Sub-Woofers -<br>JBL, Model 4642A, 4 Ohms, 1200 watts, 22-100 Hz, behind projector screen<br>(Note: Located behind the projector screen)<br>complete with wires, cabling and other standard accessories | | |
| **Lot** | **Cinema Equipment No. 4 -**<br>mild steel contruction, free standing, 510 x 700 x 890 mm LWH, consisting of: | ₱ 4,043,000 | ₱ 2,688,000 |
| 1 | Digital Cinema Projector -<br>NEC, Model NP-NC1201L-A, 2017 Mfd. Year, Ser. No. 7XA0011EG, 7000 Lumens, 2048 x 1080 resolution, 200-240 V, 50/60 Hz, 9.2 A | | |
| 1 | Gigabit Switch -<br>D-Link, Model DGS-1016D, 16-port | | |
| 1 | Cinema Server -<br>Dolby, Doremi, Showvault-4 | | |
| 1 | Uninterruptible Power Supply -<br>Socomec, NRT2-U2200, 2200 VA capacity | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| 1 | Projector Screen -<br>fabric, acoustically transparent screen, approx. 12 x 6.5 m LH | | | | |
| 185 | Theater Seats -<br>upholstered seat, high back, folding seat with cup holder<br><br>Complete with power supply, cablings, cables, projection and viewer portholes and other standard accessories | | | | |
| **Lot** | **Cinema Sound System (Cinema 4) -**<br>mild steel construction, free standing, approx. 510 x 700 x 1350 mm LWH, equipped with: | ₱ | 2,317,000 | ₱ | 1,540,000 |
| 1 | Digital Cinema Processor -<br>Dolby CP850 | | | | |
| 1 | Monitor/Crossover -<br>CM Series | | | | |
| 1 | DVD Player -<br>LG | | | | |
| 11 | Power Amplifiers -<br>Crown, Model Dsi 2000 | | | | |
| 1 | Automatic Voltage Regulator -<br>Stavol, Model ST-10 kVA, 10 kVA capacity | | | | |
| 1 | Uninterruptible Power Supply -<br>Socomec, NRT2-U2200, 2200 VA capacity | | | | |
| 16 | Surround Speakers -<br>JBL, wall-mounted<br>complete with wires, cabling and other standard accessories | | | | |
| | | ₱ | 37,597,500 | ₱ | 24,055,700 |

### *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **SOLAR POWER** | | |
| **Lot** | **Solar Power -**<br>814 kW total max. power capacity, consisting of: | ₱ 26,100,000 | ₱ 22,530,000 |
| 2112 | Solar Power Modules -<br>Sunpower, Model SPR-P19-385-COM, crystalline photovoltaic cell type, 385 watts rated max. power, 8.99 A max. power current, 42.8 V max. power volatge, 998 x 2067 mm LH, 40 mm thickness, 32 panel per array configuration arrangement, 66 array, with grounding system, steel frame and support, mounted on roof | | |
| 11 | Solar Inverters -<br>Huawei, Model SUN2000-60KTL-M0, May 2019 Mfd. Date, 60 kW rated AC active power, 1100 V max. input voltage, 22 A input max. current per MPPT, 6 MPP Trackers, 50/60 Hz<br>Serial Nos:<br>2101073871ESK3000185<br>2101073871ESK3000163<br>21010738716TK6901132<br>2101073871ESK3000263<br>21010738716TK5900282<br>21010738716TK4903290<br>21010738716TK5900089<br>2101073871ESK3000184<br>21010738716TK5900163<br>21010738716TK5900064<br>21010738716TK5900211 | | |
| 1 | Voltage and Power Meter -<br>Landis+Gyr E650, 3 phase, 4 wire meter | | |
| 1 | Smart Logger -<br>Huawei, Smartlogger 1000AO1GL, Ser. No. 1019A0112688, 12 V, 100 mA | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| Lot | Main Circuit Breaker Panel (ECB-SOLAR) - metal clad enclosure, consisting of: | | |
| 1 | Main Circuit Breaker - ABB, Sace Tmax, 1250A capacity | | |
| 1 | Digital Multi-meter - Schneider, Easy Logic PM2100 | | |
| | complete with wirings, cabling, Circuit breakers, pull box, weather proof canopy and other standard accessories | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **OTHERS** | | |
| 1 | **Aerial Work Platform/Vertical Lift Gondola -** MHE-Demag, GTWY-16-2000DC, 2019 Mfd. Year, Ser. No. MH181229-11, 1.81 x 0.81 x 2.36 m LWH, 14 m platform height, 2.5 kW rated power, 12 V | ₱ 595,000 | ₱ 484,800 |

# *Photographs of Fixed Assets*


*The Subject Property*

*Mid-section of the property*

*Northern Portion of the property*

*Road Scene along Daang Hari Road*

***along Daang-Hari Road***

***along Molino-Paliparan Road***

***along Springville Avenue***

***SOMO – A Vista Mall Phase 1, 2 & 3***

## _Interior Views_


_**STP Building**_


_**Transport Terminal Shed**_

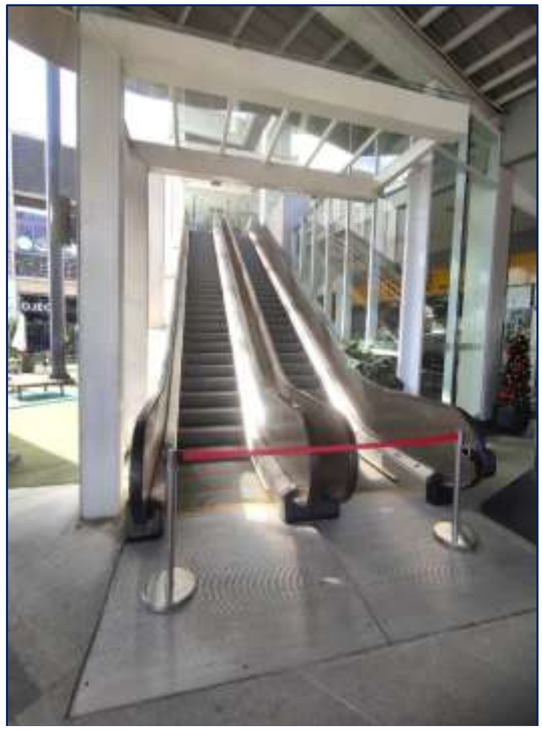
*Entrance Canopy*

*Drop-Off Canopy*

***Parking Booth (3 Units)***

## ***Building Machinery and Equipment***

### ***Escalators***



## Elevators



***Package Air Conditioning Units***

***Standby Generator Set***

***Ventilation Unit***

***Distribution Transformer***

***High Voltage Switchgear Panel***

***Solar Inverter***

***Solar Panels***

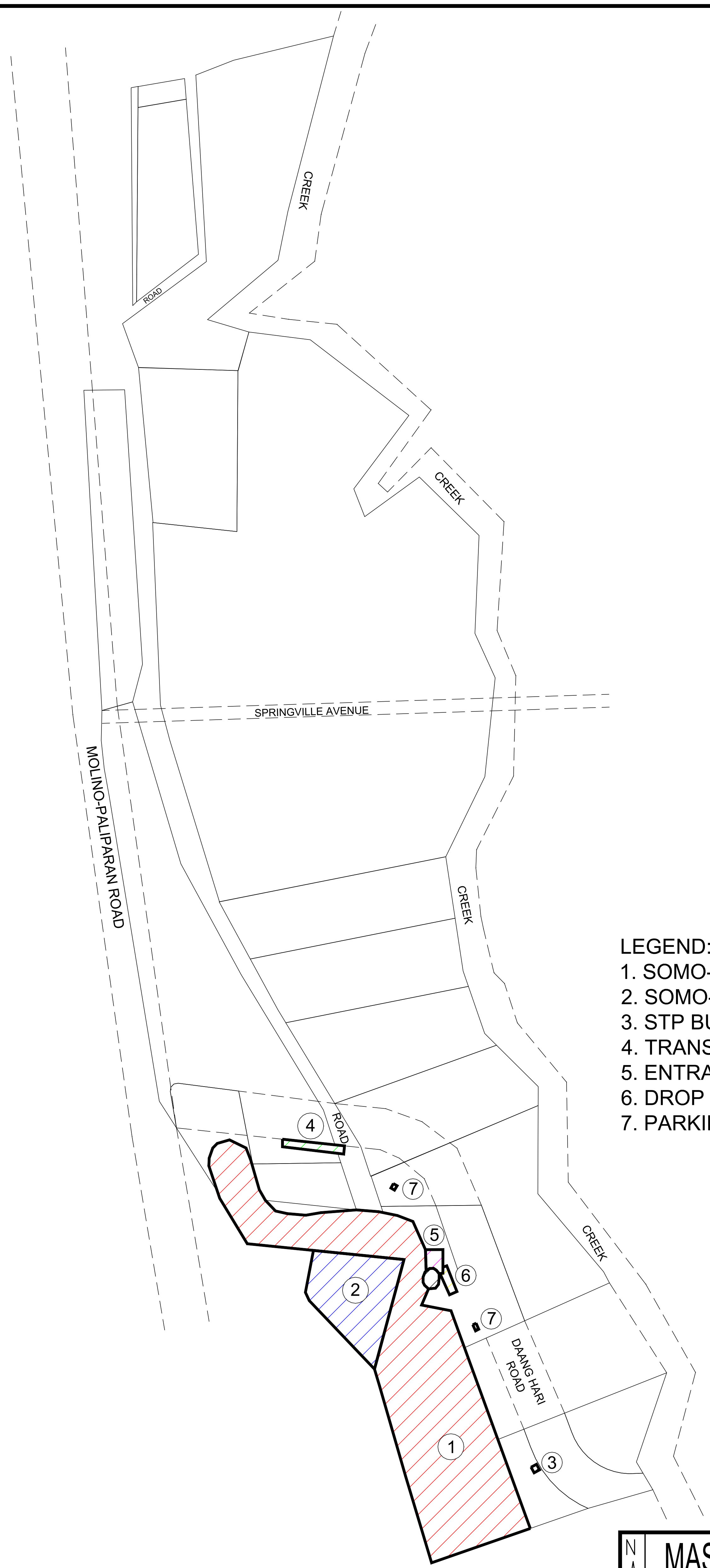
***Fire Pump***

***Water Booster Pump***

***Cinema Seats***

***Cinema Screen***

***Cinema Equipment***




LEGEND:
1. SOMO-A VISTA MALL PHASE 1 & 2
2. SOMO-A VISTA MALL PHASE 3
3. STP BUILDING
4. TRANSPORT TERMINAL SHED 1
5. ENTRANCE CANOPY
6. DROP OFF CANOPY
7. PARKING BOOTH (3 UNITS-1.5 SQ.M. EACH)

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# MASTERPIECE ASIA PROPERTIES, INC.

BARANGAYS MOLINO III AND IV, BACOOR CITY, PROVINCE OF CAVITE

## PLOT PLAN

PREPARED BY:

**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-4
JAM. C. PRAXIDIO


NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# MASTERPIECE ASIA PROPERTIES, INC.

BARANGAYS MOLINO III AND IV, BACOOR CITY, PROVINCE OF CAVITE

## VICINITY MAP

PREPARED BY:

**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-4
JAM. C. PRAXIDIO

# VALUATION REPORT

*presented to*

## MASTERPIECE ASIA PROPERTIES, INC.
## (STARMALL TALISAY - CEBU)

**Fixed Assets**

**Starmall Talisay Cebu, Cebu South Road**
**Barangay Lawaan I, Talisay City, Province of Cebu**
**FAM22-C10754-001.1-5 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

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January 3, 2022

***Masterpiece Asia Properties, Inc.***
*5th Level Admin Office*
*Star Mall Alabang, South Superhighway*
*Barangay Alabang, Muntinlupa City*
*Metropolitan Manila*

Attention: Mr. Brian Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

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Gentlemen:

***Re: AACI File No. FAM22-C10754-001.1-5***
Appraisal of Fixed Assets

---

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings and building machinery and equipment*, located at ***Starmall Talisay Cebu, Cebu South Road, Barangay Lawaan I, Talisay City, Province of Cebu,*** and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings and building and machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Market Value of the buildings and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the shape of the building and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Improvement Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Property Component* | *Replacement Cost* | *Market Value* |
|---|---|---|
| ***Buildings*** | ***₱740,210,000*** | ***₱592,168,000*** |
| ***Building Machinery and Equipment*** | ***49,979,000*** | ***30,576,400*** |
| | --------------- | --------------- |
| *Grand Total -* | ***₱790,189,000*** | ***₱622,744,400*** |
| | =========== | =========== |
| *Rounded To -* | ***₱790,189,000*** | ***₱622,744,000*** |
| | =========== | =========== |

***THEREFORE,*** it is our opinion that ***SIX HUNDRED TWENTY-TWO MILLION, SEVEN HUNDRED FORTY-FOUR THOUSAND (₱622,744,000) PESOS*** represents the ***Market Value*** of the subject Fixed Assets as of ***December 31, 2021,*** subject to the attached service conditions, certificate of appraisers and limiting conditions.

We have made no investigation of and assume no responsibility for liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest in the Company or the appraised Fixed Assets or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

RKCB:OLB/jce:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc**., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), International Valuation Standards (IVS, Effective as of 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

| | |
|---|---|
| **JOHN C. PAR, CPV, CRA, CRB, RCE** | **JOSEPH D. ALCANTARA** |
| Certified Review Appraiser | Licensed Mechanical Engineer |
| Licensed Real Estate Appraiser | PRC ME No. 0033453 |
| PRC REA No. 0002803 | PTR No. 8533642 |
| PTR No. 8533645 | (Plant Machinery and |
| (Real Estate Valuation) | Equipment Valuation) |

# Limiting Condition

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

## *INVENTORY OF FIXED ASSETS*

### *S U M M A R Y*

| *Page No.* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 9 | **BUILDINGS** | **₱ 740,210,000** | **₱ 592,168,000** |
| 14 | **BUILDING MACHINERY AND EQUIPMENT:** | | |
| 14 | Elevator/Escalator System | ₱ 5,670,000 | ₱ 3,424,000 |
| 15 | Air Conditioning System | 12,735,300 | 7,691,700 |
| 16 | Standby Power Generator and Electrical Distribution System | 24,384,500 | 15,140,900 |
| 22 | Sewage Treatment Plant | 939,000 | 567,000 |
| 23 | Fire Fighting Equipment | 3,278,200 | 1,971,700 |
| 24 | Water Distribution System | 648,000 | 391,000 |
| 25 | Ventilation System | 2,121,000 | 1,272,000 |
| 27 | Audio/Paging System | 106,000 | 59,100 |
| 28 | Others | 97,000 | 59,000 |
| | | **₱ 49,979,000** | **₱ 30,576,400** |
| | ***GRAND TOTAL -*** | ***₱ 790,189,000*** | ***₱ 622,744,400*** |
| | ***ROUNDED TO -*** | ***₱ 790,189,000*** | ***₱ 622,744,000*** |

*I N V E N T O R Y*

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Starmall Commercial Building -** | | ₱ | 383,705,000 | ₱ | 306,964,000 |
| No. of Storey (s) | : two (2), with roof deck | | | | |
| Estimated Total Floor Area | : 10,963 sq.m. | | | | |
| General Framing | : reinforced concrete | | | | |
| Walls | : concrete hollow blocks and glass panel | | | | |
| Exterior Wall Finish | : plastered cement | | | | |
| Interior Wall Finish | : plastered cement | | | | |
| Roofing | : pre-painted long span metal sheets on steel frame, concrete roof tiles and reinforced concrete slab deck | | | | |
| Flooring | : reinforced concrete slab | | | | |
| Floor Finish: | | | | | |
| Ground | : granite tiles and plain cement | | | | |
| Second | : granite tiles and plain cement | | | | |
| Partitions | : plastered cement on concrete hollow blocks and double-wall fiber cement board | | | | |
| Ceiling | fiber cement board | | | | |
| Windows | : fixed glass on powder coated aluminum frame | | | | |
| Doors | : frameless glass, steel roll up, glass on aluminum frame, and aluminum louver | | | | |
| Others | : The building is reportedly built in the year 2014. It is painted and provided with electrical lighting and plumbing facilities. | | | | |
| Observed Physical Condition | : good | | | | |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **All Homes Building (Phase 2) -** | ₱ | 76,800,000 | ₱ | 61,440,000 |

| | |
|---|---|
| No. of Storey (s) | : - |
| Estimated Total Floor Area | : 2,400 sq.m. |
| General Framing | : reinforced concrete |
| Walls | : concrete hollow blocks |
| Exterior Wall Finish | : plastered cement, composite aluminum cladding, and glass panel |
| Interior Wall Finish | : plastered cement |
| Roofing | : painted long span metal sheets on steel frame with insulations |
| Flooring | : reinforced concrete slab |
| Floor Finish: | granite tiles and vinyl tiles |
| Partitions | : plastered cement on concrete hollow blocks and double-wall fiber cement board |
| Ceiling | slab soffit and plywood |
| Windows | : fixed glass on powder coated aluminum frame |
| Doors | : steel roll up and glass on aluminum frame |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : good |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **All Homes Building (Phase 3) -** | ₱ | 265,440,000 | ₱ | 212,352,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | - |
| Estimated Total Floor Area | : | 8,295 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | concrete hollow blocks |
| Exterior Wall Finish | : | plastered cement and concrete louver blocks |
| Interior Wall Finish | : | plastered cement |
| Roofing | : | reinforced concrete slab deck, polycarbonate sheets on steel frame |
| Flooring | : | reinforced concrete slab |
| Floor Finish: | | vinyl tiles, plain cement, and checkered steel plate |
| Partitions | : | plastered cement on concrete hollow blocks and double-wall fiber cement board |
| Ceiling | | slab soffit |
| Windows | : | analok glass on aluminum frame and glass on steel casement |
| Doors | : | steel door |
| Others | : | It is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : | good |
| Others | : | The building is reportedly built in the year 2014. It is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : | good |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Jollibee Building -** | ₱ | 13,425,000 | ₱ | 10,740,000 |

| | |
|---|---|
| No. of Storey (s) | : one (1) |
| Estimated Total Floor Area | : 895 sq.m. |
| General Framing | : reinforced concrete |
| Walls | : concrete hollow blocks, tempered glass panels and double wall plywood |
| Exterior Wall Finish | : plastered cement |
| Interior Wall Finish | : plastered cement |
| Roofing | : pre-painted long span metal sheets on steel frame |
| Flooring | : reinforced concrete slab |
| Floor Finish: | ceramic tiles, vinyl tiles, and plain cement |
| Partitions | : plastered cement on concrete hollow blocks |
| Ceiling | acoustic board and gypsum board |
| Windows | : fixed glass on steel casement |
| Doors | : PVC and flush-type, and glass on powder coated aluminum frame |
| Others | : It is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : good |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Utility Building -** | ₱ | 840,000 | ₱ | 672,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | one (1) - storey |
| Estimated Total Floor Area | : | 80 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | concrete hollow blocks |
| Exterior Wall Finish | : | plastered cement |
| Interior Wall Finish | : | plastered cement |
| Roofing | : | pre-painted long span metal sheets on steel frame |
| Flooring | : | reinforced concrete slab |
| Floor Finish | : | plain cement |
| Partitions | : | plastered cement on concrete hollow blocks |
| Doors | : | steel louvers |
| Others | : | It is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : | good |

| | | Replacement Cost | | Market Value |
|---|---|---|---|---|
| | ₱ | 740,210,000 | ₱ | 592,168,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **ELEVATOR/ESCALATOR SYSTEM** | | | | |
| 1 | **Freight Elevator -** SJEC, 21-persons/2000 kgs. load capacity, 2-landings, complete with traction machine, speed governor, controls and other standard accessories | ₱ | 1,818,000 | ₱ | 1,098,000 |
| 2 | **Escalators -** SJEC, 34 steps, 1000 mm width, 4.5 m rise, 30° angle, motor driven (Note: From Ground to Second Floor) | | 3,852,000 | | 2,326,000 |
| | | ₱ | 5,670,000 | ₱ | 3,424,000 |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | |
| **Lot** | **Air Conditioning System -**<br>consisting of: | ₱ 12,605,000 | ₱ 7,613,000 |
| 16 | Air Cooled Condensing Units -<br>Daikin, Model RC100BXTL, 2014 Year, 220V, 3-ph, 60-hz, 15 TR cooling capacity | | |
| 4 | Air Handling Units -<br>Daikin, Model 4FG400BXTL, 360,000 Btu/hr (30 TR) capacity each, direct expansion type, with fan drive motors, floor-mounted.<br>Ser. Nos.<br>K000101<br>K000102<br>K000103<br>K000104 | | |
| 4 | Step-Down Transformers -<br>Transphil, dry type, 25 kVA, 380/220V<br>System complete with controls, piping, valves and fittings, insulations, ductings and other standard accessories | | |
| **2** | **Air Conditioning Units -**<br>Daikin, split type, inverter, wall-mounted, approx. 0.75 kW capacity<br>(Note: Located at Admin Office) | 75,800 | 45,800 |
| **1** | **Air Conditioning Unit -**<br>Daikin, split type, inverter, wall-mounted, approx. 1.5 kW capacity<br>(Note: Located at Admin Office) | 54,500 | 32,900 |
| | | ₱ 12,735,300 | ₱ 7,691,700 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **STANDBY POWER GENERATOR AND ELECTRICAL DISTRIBUTION SYSTEM** | | |
| | **Transformer Room** | | |
| **6** | **Distribution Transformers -** oil immersed type, floor mounted, 250 kVA capacity | ₱ 1,159,000 | ₱ 906,000 |
| | **Power House** | | |
| **1** | **Standby Generator Set -** Mitsubishi, Model MGS2500B, Ser. No. V2935 , 2000 kW (2500 kVA) rated capacity, 1800 rpm, powered by 16-cylinder Diesel Engine, Date Mfd 1/2014, complete with standard acessories | 17,170,000 | 10,529,000 |
| **1** | **Fuel Oil Day Tank -** fabricated, mild steel construction, 4262 liters capacity, 1000 x 5000 mm DL | 66,000 | 40,000 |
| **Lot** | **Synchronizing/LVSG Panel -** metal clad enclosure, free standing, equipped with: | 987,000 | 605,000 |
| 2 | Air Circuit Breaker - Schneider, Compact, Type NS800H, 2000A, with Micrologic 2.0 | | |
| 5 | Air Circuit Breaker - Schneider, Compact, Type NSX400H, 400A, with Micrologic 2.0 | | |
| 2 | Air Circuit Breaker - Schneider, Compact, Type CVS630N, 500A, with Micrologic 2.0 complete with power cables and other standard accessories | | |
| **1** | **Automatic Transfer Switch Panel -** metal clad enclosure, free standing, 4000A, 4-phase, 400V | 691,000 | 424,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| **2** | **Transformer Panel 1&2 -**<br>metal clad enclosure, free standing, 4000A, 4-phase, 400V | ₱ | 2,764,000 | ₱ | 1,695,000 |
| **1** | **LPRD Panel -**<br>metal enclosure, wall-mounted, equipped with: | | 33,300 | | 20,000 |
| 1 | Circuit Breaker -<br>Schneider, EZC100H, 80A | | | | |
| 12 | Circuit Breakers -<br>Schneider, 50A<br>complete with wirings and other standard accessories | | | | |
| **1** | **PRRD Panel -**<br>metal enclosure, wall-mounted, equipped with: | | 55,600 | | 34,000 |
| 1 | Circuit Breaker -<br>Schneider, EZC100F, 80A | | | | |
| 2 | Circuit Breakers -<br>Schneider, 40A | | | | |
| 5 | Circuit Breakers -<br>Schneider, 32A | | | | |
| 5 | Circuit Breakers -<br>Schneider, 20A<br>complete with wirings and other standard accessories | | | | |
| **1** | **PPAHUS Panel -**<br>metal enclosure, wall-mounted, equipped with: | | 36,400 | | 22,000 |
| 1 | Circuit Breaker -<br>Schneider, EZC250N, 250A | | | | |
| 2 | Circuit Breakers -<br>Schneider, EZC250N, 160A<br>complete with wirings and other standard accessories | | | | |
| **1** | **PPAHUG Panel -**<br>metal enclosure, wall-mounted, equipped with: | | 36,400 | | 22,000 |
| 1 | Circuit Breaker -<br>Schneider, EZC250N, 250A | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 2 | Circuit Breakers - | | | | |
| | Schneider, EZC250N, 160A | | | | |
| | complete with wirings and other standard accessories | | | | |
| **1** | **DPM Panel -** | ₱ | 46,500 | ₱ | 28,500 |
| | metal enclosure, wall-mounted, equipped with: | | | | |
| 1 | Circuit Breaker - | | | | |
| | Schneider, EZC400N, 300A | | | | |
| 1 | Circuit Breakers - | | | | |
| | Schneider, EZC100H, 100A | | | | |
| 1 | Circuit Breakers - | | | | |
| | Schneider, EZD100N, 80A | | | | |
| 1 | Circuit Breakers - | | | | |
| | Schneider, EZC100H, 75A | | | | |
| 1 | Circuit Breakers - | | | | |
| | Schneider, EZC100H, 30A | | | | |
| | complete with wirings and other standard accessories | | | | |
| **1** | **DPAD Panel -** | | 50,500 | | 31,000 |
| | metal enclosure, wall-mounted, equipped with: | | | | |
| 1 | Circuit Breaker - | | | | |
| | Schneider, EZC250N, 250A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, EZC100N, 80A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, EZC100N, 60A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, EZC100N, 50A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, EZC100N, 40A | | | | |
| | complete with wirings and other standard accessories | | | | |
| **1** | **DPACM Panel -** | | 141,400 | | 87,000 |
| | metal enclosure, wall-mounted, equipped with: | | | | |
| 1 | Circuit Breaker - | | | | |
| | Schneider, NS800D, 800 A | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 2 | Circuit Breakers - | | |
| | Schneider, EZC250H, 250A | | |
| 2 | Circuit Breakers - | | |
| | Schneider, EZC250H, 250A | | |
| | complete with wirings and other standard accessories | | |
| **1** | **DPCOM Panel -** | ₱ 102,000 | ₱ 63,000 |
| | metal enclosure, wall-mounted, equipped with: | | |
| 1 | Circuit Breaker - | | |
| | Schneider, NS800D, 800 A | | |
| 2 | Circuit Breakers - | | |
| | Schneider, EZC100H, 40A | | |
| | complete with wirings and other standard accessories | | |
| | **EE Room (Ground Floor)** | | |
| **1** | **PPM1 Panel -** | 31,300 | 19,200 |
| | wall mounted, equipped with: | | |
| 1 | Circuit Breaker - | | |
| | Schneider, EZC250H, 125A | | |
| 2 | Circuit Breakers - | | |
| | Schneider, EZC100H, 40A | | |
| 2 | Circuit Breakers - | | |
| | Schneider, EZC100H, 20A | | |
| | complete with wirings and other standard accessories | | |
| **1** | **PP1AD Panel -** | 15,200 | 9,300 |
| | wall mounted, equipped with: | | |
| 1 | Circuit Breaker - | | |
| | Schneider, EZC100H, 40A | | |
| 12 | Circuit Breakers - | | |
| | ic60N, 20A | | |
| | complete with wirings and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **1** | **LP1AD Panel -** | ₱ 25,300 | ₱ 15,500 |
| | wall mounted, equipped with: | | |
| 1 | Circuit Breaker - | | |
| | Schneider, EZC100H, 75A | | |
| 22 | Circuit Breakers - | | |
| | ic60N, 20A | | |
| | complete with wirings and other standard accessories | | |
| **1** | **KIOSK1 Panel -** | 70,000 | 43,000 |
| | wall mounted, equipped with: | | |
| 1 | Circuit Breaker - | | |
| | Schneider, EZC100H, 40A | | |
| 12 | Circuit Breakers - | | |
| | Schneider, EZC100H, 30A | | |
| | complete with wirings and other standard accessories | | |
| **15** | **kWHr Meters -** | 313,500 | 189,000 |
| | General Electric, kV2C, CL 200, 120-480V | | |
| | **<u>EE Room (Second Floor)</u>** | | |
| **1** | **Main Board Panel -** | 40,400 | 25,000 |
| | wall mounted, ECB500A, 3-phase, 500A | | |
| **1** | **PPM2 Panel -** | 18,200 | 11,000 |
| | wall mounted, equipped with: | | |
| 1 | Circuit Breaker - | | |
| | Schneider, EZC100H, 100A | | |
| 2 | Circuit Breakers - | | |
| | Schneider, EZC100H, 60A | | |
| | complete with wirings and other standard accessories | | |
| **1** | **PP2AD Panel -** | 91,000 | 56,000 |
| | wall mounted, equipped with: | | |
| 1 | Circuit Breaker - | | |
| | Schneider, EZC100H, 50A | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | | *Market Value* | |
|---|---|---|---|---|---|
| 1 | Circuit Breakers - | | | | |
| | Schneider, EZC100H, 40A | | | | |
| 15 | Circuit Breakers - | | | | |
| | Schneider, EZC100H, 20A | | | | |
| | complete with wirings and other standard accessories | | | | |
| **1** | **LP2AD Panel -** | ₱ | 16,200 | ₱ | 9,900 |
| | wall mounted, equipped with: | | | | |
| 1 | Circuit Breaker - | | | | |
| | Schneider, EZC100H, 50A | | | | |
| 2 | Circuit Breakers - | | | | |
| | Schneider, EZC100H, 20A | | | | |
| | complete with wirings and other standard accessories | | | | |
| **1** | **KIOSK2 Panel -** | | 69,000 | | 42,300 |
| | wall mounted, equipped with: | | | | |
| 1 | Circuit Breaker - | | | | |
| | Schneider, EZC100H, 40A | | | | |
| 12 | Circuit Breakers - | | | | |
| | Schneider, EZC100H, 30A | | | | |
| | complete with wirings and other standard accessories | | | | |
| **17** | **kWHr Meters -** | | 355,300 | | 214,200 |
| | General Electric, kV2C, CL 200, 120-480V | | | | |
| | | ₱ | 24,384,500 | ₱ | 15,140,900 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **SEWAGE TREATMENT PLANT** | | |
| **Lot** | **Sewage Treatment Plant Equipment -** consisting of: | ₱ 939,000 | ₱ 567,000 |
| 3 | Roots Blowers - Lefert, Type AMVB2, positive displacement type with silencer, 7.5 kW motor, 1745 rpm, mounted on steel base. (Note: One Blower is under Reapir) | | |
| 1 | Chlorinator / Metering Pump - Seko, TeknaEvo, 7 lph capacity | | |
| 1 | Decanter Pump - submersible, approx. 0.75 kW motor | | |
| 1 | EQT Pump - submersible, approx. 0.75 kW motor | | |
| 1 | CCT Pump - submersible, approx. 0.75 kW motor | | |
| | Complete with MCC panel, piping, valves and fittings and other standard accessories | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **FIRE FIGHTING EQUIPMENT** | | |
| **Lot** | **Fire Fighting System -** consisting of: | ₱ 3,091,000 | ₱ 1,867,000 |
| 1 | Fire Pump - Type RU, Model 13704089-100, vertical turbine type, 1780 rpm, 75.6 kW motor | | |
| 1 | Fire Pump Controller - Eaton, Cat. No. FD70-100-H-L1, Ser. No. 16BZ714E, 100 HP, 380V, 500 psi pressure | | |
| 1 | Jockey Pump - submersible type, 3.73 kW motor | | |
| 1 | Jockey Pump Controller - Eaton, Cat. No. XTJP-5-H-L1-T, Ser. No. 16BZ714J, 5HP, 3-ph, 60-hz. | | |
| 5 | Fire Hose Cabinets - aluminum cabinet, fire hose, nozzle, fire axe, and 4.5 kgs. dry chemical fire extinguisher | | |
| 111 | Smoke Detectors | | |
| 330 | Sprinkler Heads complete with pull stations, valves, piping, fittings and other accessories | | |
| **30** | **Fire Extinguishers** - dry chemical, 4.5 kgs cap. | 36,000 | 21,000 |
| **27** | **Fire Extinguishers** - HCFC, 4.5 kgs cap. | 151,200 | 83,700 |
| | | ₱ 3,278,200 | ₱ 1,971,700 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 648,000 | ₱ 391,000 |
| 3 | Booster Pumps - Baldor Pumps, SPEC. 36F848T796H2, vertical multi-stage, 5.6 kW motor, 3450 rpm | | |
| 1 | Pressure Tank - Superflow, 2200 x 900 mm DH complete with suction and discharged manifold, piping, valves, control and other stnadard accessories | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| **Lot** | **Ventilation System -** consisting of: | ₱ 2,121,000 | ₱ 1,272,000 |
| 1 | Fresh Air Blower (for 2nd Floor) - Kruger, Model BSB 1000 TM CCW 90, 18,700 CFM airflow, Ser. No. 14G1165JCC220CFM31, 792 rpm, centrifugal, steel casing, belt driven by 11 kW Teco motor, complete with control and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Exhaust Blower (for 2nd Floor) - Kruger, Model BSB 1000 TM CCW 90, 18,700 CFM airflow, Ser. No. 14G1165JCC220CFM30, 792 rpm, centrifugal, steel casing, belt driven by 11 kW Teco motor, complete with control and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Fresh Air Blower (for Ground Floor) - Kruger, Model BSB 900 TM CCW 90, 13,048 CFM airflow, Ser. No. 14G1163JCC220CM30, 828 rpm, centrifugal, steel casing, belt driven by 7.5 kW Teco motor, complete with control and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Fresh Air Blower (for Ground Floor)- Kruger, Model BSB 900 TM CCW 90, 13,048 CFM airflow, Ser. No. 14G1164JCC220DM30, 828 rpm, centrifugal, steel casing, belt driven by 7.5 kW Teco motor, complete with control and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Fresh Air Fan - Krugger, Model APK 355 4P-1, 1S-6, 914 mm fan dia., steel blade, driven with 0.19 KW motor, wall-mounted (Note: Located at Transformer Room) | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 1 | Exhaust Fan -<br>Krugger, Model APK 355 4P-1, 1S-6, 914 mm fan dia., steel blade, driven with 0.19 KW motor, wall mounted<br>(Note: Located at Transformer Room) | | |
| 3 | Fresh Air Fans -<br>Krugger, Model APK 355 4P-1, 1S-6, 914 mm fan dia., steel blade, driven with 0.75 KW motor, wall mounted<br>(Note: Located at Transformer Room) | | |
| 3 | Exhaust Fans -<br>Krugger, steel blade, Model APK 355 4P-1, 1S-6, 914 mm fan dia., steel blade, driven with 0.75 KW motor, wall mounted<br>(Note: Located at Transformer Room) | | |
| 6 | Fresh Air Fans -<br>Krugger, Model APK 355 4P-1, 1S-6, 914 mm fan dia., steel blade, driven with 0.75 KW motor, wall mounted<br>(Note: Located at Power House) | | |
| 6 | Exhaust Fans -<br>Krugger, Model APK 355 4P-1, 1S-6, 914 mm fan dia., steel blade, driven with 0.75 KW motor, wall mounted<br>(Note: Located at Power House) | | |
| 1 | Exhaust Fan -<br>4 blades, 203 mm fan dia., fractional motor<br>(Note: Located at STP Room)<br>System complete with ducting, control and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **AUDIO/PAGING SYSTEM** | | |
| **1** | **Paging System -** consisting of: | ₱ 106,000 | ₱ 59,100 |
| 1 | Mixer Amplifier - Plena Mixer Amplifier | | |
| 1 | Paging Microphone - Bosch, Plena | | |
| 1 | Desktop Computer - Intel Core R, TM i5-4460, CPU@2.90 Ghz, complete with cpu, mouse, LED monitor and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **OTHERS** | | |
| **1** | **Diesel Fuel Tank -** fabricated, mild steel construction, 20,000 liters capacity, approx. 1000 x 6400 mm DL, with: | ₱ 97,000 | ₱ 59,000 |
| 1 | Fuel Pump - centrifugal, 2.2 kW motor capacity | | |

# *Photographs of the Fixed Assets*


***Commercial Building***


***Other View***

***Interior Views of the Ground Floor***


**_Interior Views of the Second Floor_**

*Roof Deck*

*Road Scene along Cebu South Road*

***Building Machinery and Equipment***

***Escalator***

***Freight Elevator***

***Air-Cooled Condensing Units***

***Air Handling Unit***

***Standby Generator Set***

***Distribution Transformer***

***Automatic Transfer Switch Panel***

***Fuel Oil Day Tank***

*Roots Blower*

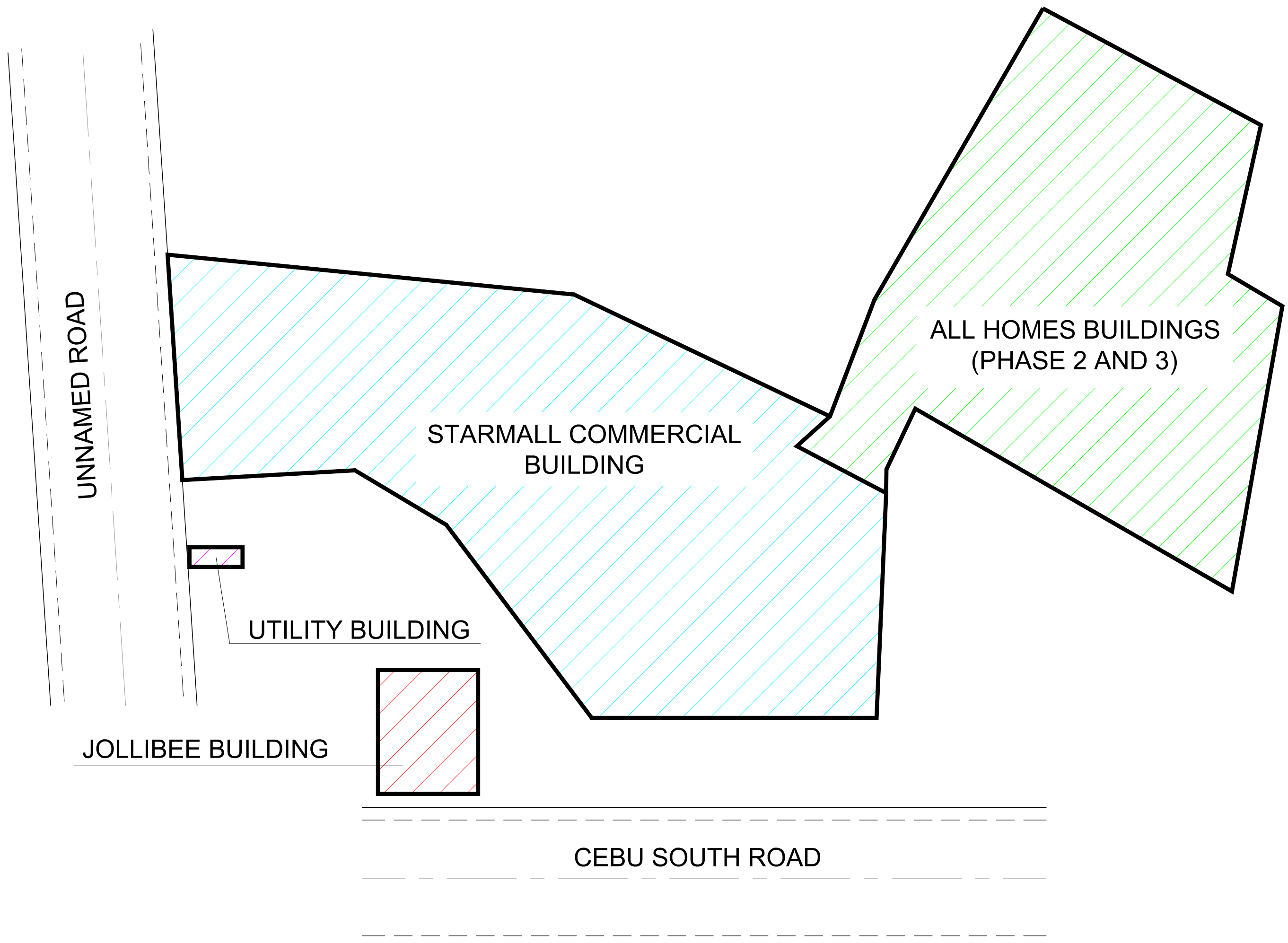
*Fire Pump*

***Fire Pump Controller and Jockey Pump Controller***

***Pressure Tank***

***Booster Pumps***

***Fresh Air Blower***




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY LAWAAN I, TALISAY CITY, PROVINCE OF CEBU

PLOT PLAN

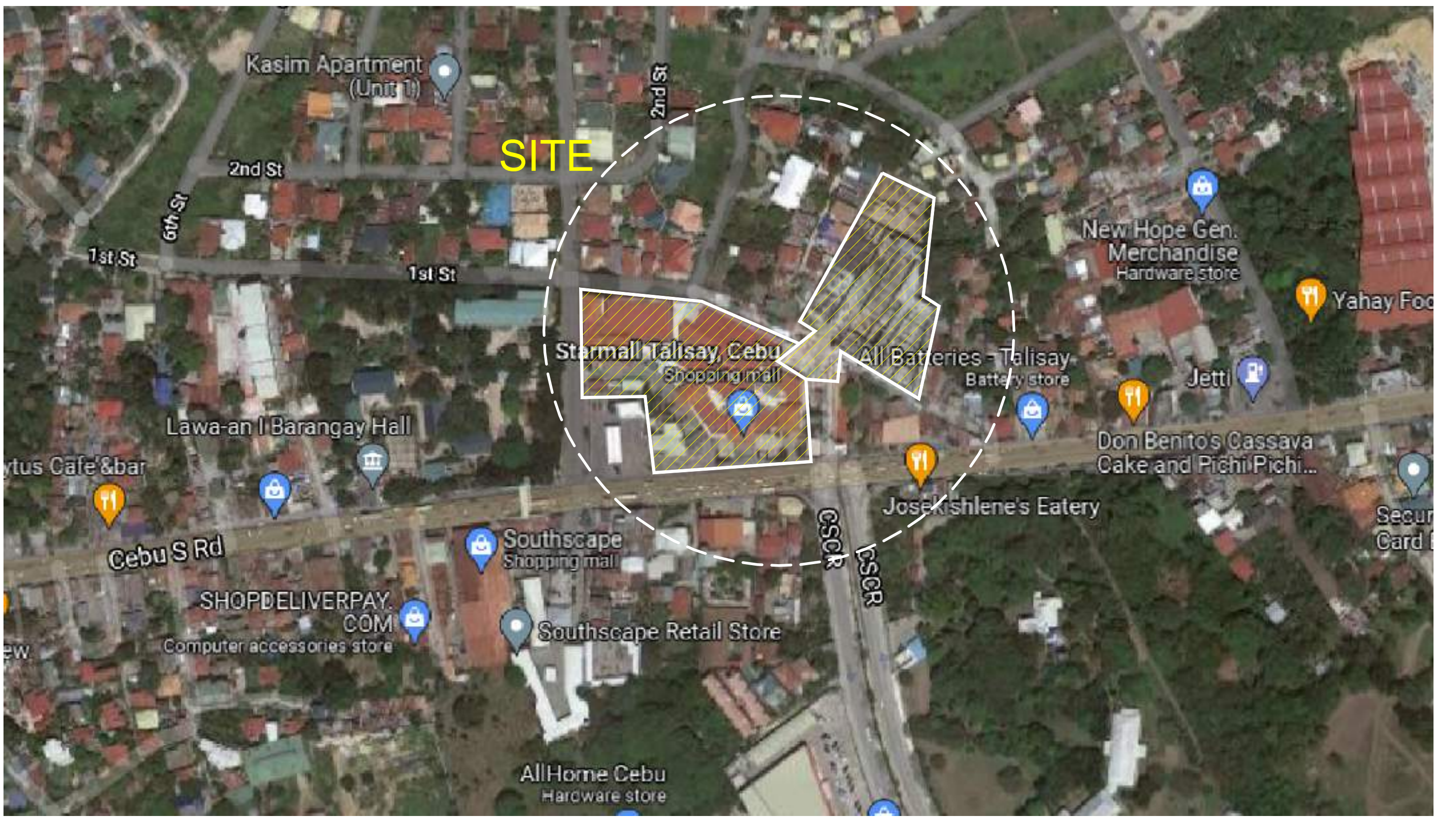
PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-5
E. H. CALLEJO




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY LAWAAN I, TALISAY CITY, PROVINCE OF CEBU

VICINITY MAP

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-5
E. H. CALLEJO

# VALUATION REPORT

*presented to*

## MASTERPIECE ASIA PROPERTIES, INC.
## (VISTA MALL GENERAL TRIAS)

**Fixed Assets**

**Arnaldo Highway, Barangay San Francisco**
**General Trias City, Province of Cavite**
**FAM22-C10754-001.1-6 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Masterpiece Asia Properties, Inc.***
*5th Level Admin Office*
*Star Mall Alabang, South Super Highway*
*Barangay Alabang, Muntinlupa City*
*Metropolitan Manila*

Attention: Mr. Brian Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C10754-001.1-6***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, other land improvements, and building machinery and equipment,* located on ***Arnaldo Highway, Barangay San Francisco, General Trias City, Province of Cavite,*** and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of --

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Market Value of the buildings, other land improvements, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Improvement Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Assets Components* | *Replacement Cost* | *Market Value* |
|---|---|---|
| ***Buildings*** | ***₱1,113,365,000*** | ***₱1,035,353,000*** |
| ***Other Land Improvements*** | ***65,158,000*** | ***56,036,000*** |
| ***Building Machinery and Equipment*** | ***142,190,900*** | ***128,655,800*** |
| | ---------------- | ---------------- |
| ***Grand Total -*** | ***₱1,320,713,900*** | ***₱1,220,044,800*** |
| | ============ | ============ |
| ***Rounded To -*** | ***₱1,320,714,000*** | ***₱1,220,045,000*** |
| | ============ | ============ |

***THEREFORE,*** it is our opinion that ***ONE BILLION, TWO HUNDRED TWENTY MILLION, FORTY-FIVE THOUSAND (₱1,220,045,000) PESOS*** represents the ***Market Value*** of the subject Fixed Assets, appraised as of ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached service conditions, certificate of appraisers and limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest in the Company or the appraised Fixed Assets or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

NAR:LDF/jœ:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc**., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), International Valuation Standards (IVS, Effective as of 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

| | |
|---|---|
| **JOHN C. PAR, CPV, CRA, CRB, RCE** | **JOSEPH D. ALCANTARA** |
| Certified Review Appraiser | Licensed Mechanical Engineer |
| Licensed Real Estate Appraiser | PRC ME No. 0033453 |
| PRC REA No. 0002803 | PTR No. 8533642 |
| PTR No. 8533645 | (Plant Machinery and |
| (Real Estate Valuation) | Equipment Valuation) |

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

## *INVENTORY OF FIXED ASSETS*

### *S U M M A R Y*

| *Page No.* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| 9 | **BUILDINGS** | **₱** | **1,113,365,000** | **₱** | **1,035,353,000** |
| 14 | **OTHER LAND IMPROVEMENTS** | **₱** | **65,158,000** | **₱** | **56,036,000** |
| 15 | **BUILDING MACHINERY AND EQUIPMENT:** | | | | |
| 15 | Elevators/Escalators | ₱ | 10,568,000 | ₱ | 9,552,000 |
| 16 | Air Conditioning System | | 2,799,000 | | 2,532,000 |
| 17 | Electrical Distribution System | | 61,255,000 | | 56,674,000 |
| 20 | Ventilation System | | 1,319,000 | | 995,000 |
| 21 | Water Distribution System | | 1,066,000 | | 964,000 |
| 22 | Fire Fighting System | | 3,859,900 | | 3,464,800 |
| 23 | CCTV Security System | | 290,000 | | 234,000 |
| 24 | Paging System | | 1,075,000 | | 654,000 |
| 25 | Waste Water Treatment | | 1,047,000 | | 789,000 |
| 26 | Cinema Equipment | | 58,654,000 | | 52,577,000 |
| 31 | Others | | 258,000 | | 220,000 |
| | | **₱** | **142,190,900** | **₱** | **128,655,800** |
| | ***GRAND TOTAL*** - | ***₱*** | ***1,320,713,900*** | ***₱*** | ***1,220,044,800*** |
| | ***ROUNDED TO*** - | ***₱*** | ***1,320,714,000*** | ***₱*** | ***1,220,045,000*** |

*INVENTORY*

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Vista Mall - General Trias -** | ₱ | 1,110,796,000 | ₱ | 1,033,041,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | two (2) with roof deck |
| Estimated Total Floor Area | : | 30,464.61 sq.m. - Main Bldg.<br>2,969.00 sq.m. - Roof Deck, Projector Room & Deck |
| General Framing | : | reinforced concrete hollow blocks |
| Walls | : | reinforced concrete hollow blocks and glass panel |
| Exterior Wall Finish | : | mainly plastered cement with partly with decorative stone cladding, and glass panel |
| Interior Wall Finish | : | mainly plastered cement and partly with decorative stone and laminated wood cladding, glass panel |
| Roofing | : | pre-painted rib-type long span sheets on steel frame supplemented with thermal insulation and partly reinforced concrete deck |
| Flooring | : | reinforced concrete slab |
| Floor Finish | : | homogenous, ceramic, wall to wall carpet tiles, and plain cement with epoxy paint |
| Partitions | : | reinforced concrete hollow blocks with plastered cement finish and double-wall plywood |
| Ceiling | : | slab soffit, gypsum and partly with decorative wood |
| Windows | : | fixed glass |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| Doors | : frameless glass, plywood flush-type, steel panel, steel roll-up, and glass on aluminum frame | | |
| Others | : The building is painted and provided with electrical lighting, plumbing facilities. It is equipped with one (1) unit of passenger elevator, four (4) units of escalators, fire alarm system, genset, and closed circuit televisions. Also, the building has six (6) cinemas. Reportedly, the building was constructed sometime in 2017 and start operation in 2018. | | |
| Note | : Large portion of the mall occupied by the several tenants/lessee. Finishes of each units were reportedly improved by the tenants/lessee. | | |
| Observed Physical Condition | : well maintained | | |
| *Remarks* | *: Floor area of the building was based on the documents furnished and relayed to us by Engr. Rovin Mendoza.* | | |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Sewerage Treatment Plant (STP) Building -** | ₱ | 270,000 | ₱ | 243,000 |

| | |
|---|---|
| No. of Storey (s) | : one (1) |
| Estimated Floor Area | : 18 sq.m. |
| General Framing | : reinforced concrete |
| Walls | : reinforced concrete hollow blocks |
| Exterior Wall Finish | : plastered cement |
| Interior Wall Finish | : plastered cement |
| Roofing | : pre-painted rib-type G.I sheets on steel frames |
| Flooring | : reinforced concrete slab |
| Floor Finish: | plain cement |
| Windows | : concrete louvers |
| Doors | : steel louvers |
| Others | : The building is painted and provided with electrical lighting facility. |
| Observed Physical Condition | : good |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Material Recycling Facility (MRF) -** | | ₱ 403,000 | ₱ 363,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 31 sq.m. | | |
| General Framing | : reinforced concrete | | |
| Walls | : reinforced concrete hollow blocks | | |
| Exterior Wall Finish | : plastered cement | | |
| Interior Wall Finish | : plastered cement | | |
| Roofing | : concrete roof deck | | |
| Flooring | : reinforced concrete slab | | |
| Floor Finish | : plain cement | | |
| Doors | : steel | | |
| Others | : The building is painted and provided with electrical lighting facility. | | |
| Observed Physical Condition | : good | | |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Terminal Shed -** | | ₱ 1,896,000 | ₱ 1,706,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 158 sq.m. | | |
| General Framing | : concrete and steel | | |
| Walls | : open-walled | | |
| Roofing | : pre-painted rib-type metal sheets on steel frames | | |
| Flooring | : reinforced concrete slab | | |
| Floor Finish | : plain cement | | |
| Others | : The building is painted and provided with electrical lighting facility. | | |
| Observed Physical Condition | : good | | |
| | | ₱ 1,113,365,000 | ₱ 1,035,353,000 |

*Remarks: Economic life and remaining economic life of the improvements were based on the term of lease of the land (50 years), which commenced on October 2017 and shall expire on October 2067 (as per JLL Valuation Report). And assuming that all improvements would be regularly and properly maintained.*

## *OTHER LAND IMPROVEMENTS*

| *Description* | | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Driveways and Open Parking Areas** | : These consist of reinforced concrete pavement laid on well-compacted earth and gravel base course on driveways and parking area with an estimated surface area of 21,676 sq.m. | ₱ | 65,028,000 | ₱ | 55,924,000 |
| **Lamp Post** | : This is constructed of tubular steel post on concrete pedestal with Light Emitting Diode (LED) lighting system approximately 5.0 meters in height. | | 130,000 | | 112,000 |
| | | ₱ | 65,158,000 | ₱ | 56,036,000 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | ***VISTAMALL GENERAL TRIAS*** | | | | |
| | **ELEVATORS/ESCALATORS** | | | | |
| **1** | **Passenger Elevator -** Nippon, 1600 kgs./21 persons load capacity, 2-landings, complete with traction motor, complete with governor, cabling, control panel and other accessories | ₱ | 1,412,000 | ₱ | 1,276,000 |
| **4** | **Escalators -** Nippon, 1000 mm step width, approx. 6000 mm vertical rise, 30 degrees angle of inclination, 11 kW motor, complete with tempered glass balustrade, black rubber handrail, flat step and other standard accessories | | 9,156,000 | | 8,276,000 |
| | | ₱ | 10,568,000 | ₱ | 9,552,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | | | |
| **1** | **Air Cooled Condensing Unit -** Airetech, Model BAC-500, 41.67 TR (500,000 btu/hr.) cooling capacity each, unitary self contained, packaged type, direct expansion, complete with outdoor units, ducting, piping, insulations, controls, and other standard accessories | ₱ | 1,242,000 | ₱ | 1,123,000 |
| **1** | **Air Cooled Condensing Unit -** Airetech, 40.33 TR (484,000 btu/hr.) cooling capacity each, unitary self contained, packaged type, direct expansion, complete with outdoor units, ducting, piping, insulations, controls, and other standard accessories | | 1,203,000 | | 1,088,000 |
| **5** | **Air Conditioing Units-** Daikin, ceiling concealed, ducted type, approx. 5 TR Capacity (Note: Located at Hallway) | | 320,000 | | 290,000 |
| **1** | **Air Conditioing Unit -** Daikin, wall mounted, split type, 0.75 kW capacity (Note: Located at Admin Office Conference Room) | | 34,000 | | 31,000 |
| | | ₱ | 2,799,000 | ₱ | 2,532,000 |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | |
| **2** | **Standby Generator Sets -** Himoinsa, Model HTW1620T6, silent type, 2000 kVA(1600 kW) capacity, 0.8 pf, 3-phase, 1800 rpm, powered by 16-cylinder Diesel Engine, complete with controls, batteries and other accessories | ₱ 29,088,000 | ₱ 27,144,000 |
| **2** | **Genset Fuel Day Tanks -** mild steel, 3500 L capacity, approx. 1200 x 2400 mm DL | 140,000 | 126,000 |
| **2** | **Distribution Transformers -** JST Power, Ser. Nos. 1210047262 & 1210047263, 2018 Year Mfd., cast resin, 2000/2667 kVA rated capacity, 34500/400-231V rated voltage, compartamental pad mounted | 5,442,000 | 5,078,000 |
| **Lot** | **Genset Synchronizing Panel -** metal clad enclosure, equipped with: | 3,156,000 | 2,945,000 |
| 2 | Genset Circuit Breaker - drawout, 3200A rated capacity | | |
| 2 | Feeder Circuit Breakers - drawout, 4000A rated capacity | | |
| 2 | Generator Controllers - Deep Sea DSE-8610 complete with annunciator, instrument panels, wirings, bus bars, connectors, and other standard accessories | | |
| **Lot** | **Medium Voltage Switchgear -** 36 kV, 3-vertical sections, equipped with: | 3,966,000 | 3,701,000 |
| 1 | VCB Panel - 1250A, 25 kAIC | | |
| 3 | Potential Transformers - 36 kV, 300:1 V ratio, 100 VA | | |
| 3 | Current Transformers - 36 kV, 600/50:5 A ratio | | |
| 1 | Lighting Arrester - 30 kV | | |
| 1 | Protection Relay - Schneider Sepam S40 | | |

### BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| 1 | Power Meter -<br>Schneider Powerlogic PM2120 | | | | |
| 2 | LBS Panels -<br>34.5 kV, 630 A<br>complete with potential transformers, current transformers, arrester, bus bar, cablings, disconnector and other standard accessories | | | | |
| **Lot** | **Unitized Panel -**<br>metal clad enclosure, equipped with:<br>Tie | ₱ | 9,452,000 | ₱ | 7,686,000 |
| 1 | Air Circuit Breaker -<br>Schneider, Model NW40H2, 4000A rated capacity<br>ATS 1 | | | | |
| 2 | Air Circuit Breakers -<br>Schneider, Model NW40H2, 4000A rated capacity<br>ATS 2 | | | | |
| 2 | Air Circuit Breakers -<br>Schneider, Model NW40H2, 4000A rated capacity<br>LVSG-1 | | | | |
| 1 | Air Circuit Breaker -<br>Schneider, Model NW40H2, 4000A rated capacity | | | | |
| 1 | Air Circuit Breaker -<br>Schneider, Model NW32H2, 3200A rated capacity | | | | |
| 2 | Air Circuit Breakers -<br>Schneider, Model NW10H2, 1000A rated capacity | | | | |
| 4 | Molded Case Circuit Breakers (Branches) -<br>250A rated capacity | | | | |
| 2 | Molded Case Circuit Breakers (Branches) -<br>200A rated capacity | | | | |
| 2 | Molded Case Circuit Breakers (Branches) -<br>160A rated capacity | | | | |
| 1 | Molded Case Circuit Breaker (Branches) -<br>100A rated capacity | | | | |
| 1 | Molded Case Circuit Breaker (Branches) -<br>32A rated capacity<br>LVSG-2 | | | | |
| 1 | Air Circuit Breaker (Main) -<br>Schneider, Model NW25H2, 2500A rated capacity | | | | |
| 1 | Air Circuit Breaker -<br>Schneider, Model NW10H2, 1000A rated capacity | | | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| 2 | Air Circuit Breaker-<br>Schneider, Model NW08H2, 800A rated capacity | | |
| 1 | Molded Case Circuit Breaker (Branches) -<br>630A rated capacity | | |
| 2 | Molded Case Circuit Breakers (Branches) -<br>400A rated capacity | | |
| 1 | Molded Case Circuit Breaker (Branches) -<br>250A rated capacity | | |
| 1 | Molded Case Circuit Breaker (Branches) -<br>160A rated capacity | | |
| 1 | Molded Case Circuit Breaker (Branches) -<br>32A rated capacity | | |
| | Capacitor Bank | | |
| 2 | Capacitor Bank Nos. 1 & 2 -<br>500 kVAR, 10-steps, with controller<br>complete with power meters, wirings, bus bars, connectors, contactors, and other standard accessories | | |
| **Lot** | **Battery Bank -**<br>consisting of: | ₱ 109,000 | ₱ 92,000 |
| 1 | Battery Charger -<br>AFA Technoligies, 48 VDC, 20 A capacity | | |
| 4 | Batteries -<br>12 V each, 200AH | | |
| **Lot** | **Grid Tie Photovoltaic (PV) Equipment -**<br>390 kW total capacity, consisting of: | 9,902,000 | 9,902,000 |
| 4 | Inverters -<br>Huawei, Model SUN2000-100KTLMT, 2020 Mfd. Year, 100,000 watts rated power, 1100 VDC, 133.7 A at 480 V AC, 168.8 A at 380 V AC | | |
| 1098 | Solar Panels -<br>335 watts each, approx. 2080 x 990 LW, 40 mm thickness<br><br>complete with controller, metering device, wirings, cabling, mounting set, and other standard accessories | | |
| | | ₱ 61,255,000 | ₱ 56,674,000 |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| **Lot** | **Ventilation Equipment -** consisting of: | ₱ 1,319,000 | ₱ 995,000 |
| 2 | Kitchen Exhaust Fans - Kruger, SISW, 900 mm dia., approx. 11 kW motor, complete with controls and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Kitchen Exhaust Fan - Kruger, Model BSB-1000, SISW, 20,000 CFM, approx. 15 kW motor, complete with controls and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Toilet Exhaust Fan (TEF-3) - Kruger, Model BSB-355, SISW, 2000 CFM, 1.5 kW motor, complete with controls and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Toilet Exhaust Fan (TEF-2) - Kruger, Model BSB-280, SISW, 1200 CFM, 1.1 kW motor, complete with controls and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Supply Fan (SF-1) - Kruger, Model CFT BDB-700, DIDW, 20,000 CFM, 11 kW motor, complete with controls and other standard accessories (Note: Located at Roofdeck) | | |
| 2 | Propeller Exhaust Fans - Kruger, wall-mounted, 300 mm blade dia., approx. 0.25 kW motor, complete with controls and other standard accessories (Note: Located at Pump Room) | | |
| 5 | Propeller Exhaust Fans - Kruger, wall-mounted, 610 mm blade dia., approx. 1.5 kW motor, complete with controls and other standard accessories (Note: Located at Powerhouse) | | |
| | System complete with ducting, control and other standard accessories | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | |
| Lot | **Water Distribution System -** consisting of: | ₱ 1,066,000 | ₱ 964,000 |
| 1 | CPS Water Boosting Systems - triplex, skid-mounted, equipped with: | | |
| 3 | Transfer Pumps - KSB, Type ETN-050-032-200, centrifugal end sunction, 50 x 32 mm S&D dia., 11 kW motor | | |
| 1 | Hydropneumatic Tank - Super Dynaflo, Model SDF-1500 LV, mild steel, 1500 L capacity, approx. 960 x 2300 mm DH | | |
| 1 | Pressure Tank - Bestank, Model BSTR-400, stainless steel400 L capacity, approx. 760 x 1300 mm DH | | |
| | complete with suction and discharged manifold, piping, valves, control and other stnadard accessories | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | | | |
| **Lot** | **Fire Alarm and Detection System -** consisting of: | ₱ | 3,745,000 | ₱ | 3,385,000 |
| 1 | Fire Pump - AC Pumps, Model FP11CHC-750, vertical turbine, 4-stages, 750 GPM capacity, 84.6 m TDH, 150 mm discharge dia., 55 kW motor, 1770 rpm, 60 hz., 3-phase | | | | |
| 1 | Electric Fire Pump Controller - Tornatech, Cat. No. GPW-400/75/3/60, 55 kW, 380 V | | | | |
| 1 | Jockey Pump - submersible, 50 mm discharge dia., 3.7 kW motor | | | | |
| 1 | Jockey Pump Controller - Tornatech, Cat. No. JP3-400/5/3/60, 4 kW, 400 V | | | | |
| 1 | Fire Alarm System Control Panel - VDS, CF1200, 4 zones, complete with power supply module, control unit, sub-control unit, module, zone indication unit, and other standard accessories | | | | |
| 181 | Smoke Detectors - addressable & conventional type | | | | |
| 4 | Manual Push Stations | | | | |
| 4 | Fire Alarm Horn w/ Strobe Light | | | | |
| Lot | Automatic Fire Sprinkler System - upright & pendant type, complete with standpipes, nozzles, sensor actuator, valves an other accessories | | | | |
| 28 | Fire Hose Cabinets - full glass frontage, approx. 50 feet length, complete with nozzle and other accessories | | | | |
| | System complete with piping, valves, wirings, control and other standard accessories | | | | |
| **33** | **Fire Extinguishers -** dry chemical, 4.54 kgs. capacity | | 39,600 | | 26,400 |
| **3** | **Fire Extinguishers -** HCFC-123, 4.54 kgs. capacity | | 16,800 | | 12,000 |
| **9** | **Fire Extinguishers -** dry chemical, 22.68 kgs. capacity, wheel mounted | | 58,500 | | 41,400 |
| | | ₱ | 3,859,900 | ₱ | 3,464,800 |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **CCTV SECURITY SYSTEM** | | |
| **Lot** | **CCTV Equipment -** | ₱ 290,000 | ₱ 234,000 |
| | consisting of: | | |
| 1 | Network Video Recorder - | | |
| | Hikvision, 32-channel | | |
| 1 | CCTV Monitor - | | |
| | Hikvision, LED, 1397 mm diagonal screen | | |
| 11 | CCTV Cameras - | | |
| | Hikvision, DS-2CD2143G0-1, fixed, dome | | |
| 13 | CCTV Cameras - | | |
| | Hikvision, fixed, mini, bullet | | |
| | Systems complete with cabling installation and other standard accessories | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **PAGING SYSTEM** | | |
| **Lot** | **Paging and Public Address System -** consisting of: | ₱ 1,075,000 | ₱ 654,000 |
| 1 | Sound Processor - Bose, Model Control Space ESP-880 | | |
| 1 | Control Center- Bose, Model Control Space CC-64 | | |
| 1 | Power Amplifier - Bose, Model Powermatch PM8250 | | |
| 1 | DVD Player - Konzert, Model DV-601H | | |
| 1 | PA Chime Microphone - TOA | | |
| 29 | Speakers - Bose, wall mounted | | |
| 18 | Speakers - Bose, ceiling mounted | | |
| | complete with racks, controls and other standard accessories | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **WASTE WATER TREATMENT** | | |
| **Lot** | **Waste Water Treatment Plant (STP) -** consisting of: | ₱ 1,047,000 | ₱ 789,000 |
| 2 | Roots Blowers - Tsurumi, Model TSR2-080, 4.5 m³/h capacity, 80 mm dia., 5.5 kW motor, with silencer, and other standard accessories | | |
| 4 | Decanter Pumps - submersible, non clog, 1.5 kW motor | | |
| 3 | Feed Transfer Pumps - submersible, non clog, 1.5 kW motor | | |
| 2 | Sewage Pumps - submersible, non clog, 1.5 kW motor | | |
| 1 | Chemical Tank - plastic, 220 L capacity, with agitator mixer, Mixflox MXFR120X | | |
| 1 | Chemical Metering Pump - Tekno Evo, Model AKL-603, 120 GPD capacity | | |
| | System complete with piping, air diffuser, valves, motor control center, manual bar screen, hydracanters, and other standard accessories | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **CINEMA EQUIPMENT** | | | | |
| | **Cinema 1 (VIP)** | | | | |
| **Lot** | **Cinema Equipment -** consisting of: | ₱ | 8,620,000 | ₱ | 7,713,000 |
| 1 | Projector - NEC, Model NP-NC2000L, complete with chiller, lens, lamps, and other standard accessories. | | | | |
| 1 | Equipment Rack - Golden Duck, equipped with: | | | | |
| 1 | Ethernet Switch - D-Link, Model DES-1016D | | | | |
| 1 | Power Supply - Socomec, approx. 2000 VA | | | | |
| Lot | Equipment Rack - 3-vertical sections, equipped with: | | | | |
| 1 | Cinema Processor - Dolby, Model Atmos CP-850 | | | | |
| 1 | Cinema Monitor - CM Series, 8 channel | | | | |
| 5 | Power Amplifiers - Dolby, Model DSI-4000 | | | | |
| 20 | Power Amplifiers - Dolby, Model DSI-2000 | | | | |
| 5 | Power Amplifiers - Dolby, Model DSI-1000 | | | | |
| 3 | Automatic Voltage Regulators - Stavol, Model ST-10 kVA | | | | |
| Lot | Sound System - equiped with: | | | | |
| 40 | Loudspeakers - JBL, approx. 300 watts | | | | |
| 1 | Cinema Screen - Spectral 240, approx. 12.70 x 6.95 m frame size | | | | |
| 86 | VIP Recliner Seats - Lazyboy, soft leather upholstered | | | | |
| | Systems complete with cabling installation, and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **Cinema 3** | | | | |
| **Lot** | **Cinema Equipment -** | ₱ | 8,849,000 | ₱ | 7,918,000 |
| | consisting of: | | | | |
| 1 | Projector - | | | | |
| | NEC, Model NP-NC2000L, complete with chiller, lens, lamps, and other standard accessories. | | | | |
| 1 | Equipment Rack - | | | | |
| | Golden Duck, equipped with: | | | | |
| 1 | Ethernet Switch - | | | | |
| | D-Link, Model DES-1016D | | | | |
| 1 | Power Supply - | | | | |
| | Socomec, approx. 2000 VA | | | | |
| Lot | Equipment Rack - | | | | |
| | 3-vertical sections, equipped with: | | | | |
| 1 | Cinema Processor - | | | | |
| | Dolby, Model Atmos CP-850 | | | | |
| 1 | Cinema Monitor - | | | | |
| | CM Series, 8 channel | | | | |
| 5 | Power Amplifiers - | | | | |
| | Dolby, Model DSI-4000 | | | | |
| 20 | Power Amplifiers - | | | | |
| | Dolby, Model DSI-2000 | | | | |
| 5 | Power Amplifiers - | | | | |
| | Dolby, Model DSI-1000 | | | | |
| 3 | Automatic Voltage Regulators - | | | | |
| | Stavol, Model ST-10 kVA | | | | |
| Lot | Sound System- | | | | |
| | equiped with: | | | | |
| 40 | Loudspeakers - | | | | |
| | JBL, approx. 300 watts | | | | |
| 1 | Cinema Screen - | | | | |
| | Spectral 240, approx. 12.70 x 6.95 m frame size | | | | |
| 225 | Regular Cinema Seats - | | | | |
| | fabric, padded seat & back, with cupholder | | | | |
| | Systems complete with cabling installation, and other standard accessories | | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **Cinema 2, 4 and 5** | | | | |
| **Lot** | **Cinema Equipment -** | ₱ | 23,223,000 | ₱ | 20,780,000 |
| | each consisting of: | | | | |
| 1 | Projector - | | | | |
| | NEC, Model NP-NC1201-L, complete with chiller, lens, lamps, and other standard accessories. | | | | |
| 1 | Equipment Rack - | | | | |
| | Golden Duck, equipped with: | | | | |
| 1 | Ethernet Switch - | | | | |
| | D-Link, Model DES-1016D | | | | |
| 1 | Power Supply - | | | | |
| | Socomec, approx. 2000 VA | | | | |
| Lot | Equipment Rack - | | | | |
| | 3-vertical sections, equipped with: | | | | |
| 1 | Cinema Processor - | | | | |
| | Dolby, Model Atmos CP-850 | | | | |
| 1 | Cinema Monitor - | | | | |
| | CM Series, 8 channel | | | | |
| 5 | Power Amplifiers - | | | | |
| | Dolby, Model DSI-4000 | | | | |
| 20 | Power Amplifiers - | | | | |
| | Dolby, Model DSI-2000 | | | | |
| 5 | Power Amplifiers - | | | | |
| | Dolby, Model DSI-1000 | | | | |
| 3 | Automatic Voltage Regulators - | | | | |
| | Stavol, Model ST-10 kVA | | | | |
| Lot | Sound System- | | | | |
| | equiped with: | | | | |
| 40 | Loudspeakers - | | | | |
| | JBL, approx. 300 watts | | | | |
| 1 | Cinema Screen - | | | | |
| | Spectral 240, approx. 12.70 x 6.95 m frame size | | | | |
| 225 | Regular Cinema Seats - | | | | |
| | fabric, padded seat & back, with cupholder | | | | |
| | Systems complete with cabling installation, and other standard accessories | | | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **Cinema 6** | | | | |
| **Lot** | **Cinema Equipment -** consisting of: | ₱ | 7,816,000 | ₱ | 6,994,000 |
| 1 | Projector - NEC, Model NP-NC1201-L, complete with chiller, lens, lamps, and other standard accessories. | | | | |
| 1 | Equipment Rack - Golden Duck, equipped with: | | | | |
| 1 | Ethernet Switch - D-Link, Model DES-1016D | | | | |
| 1 | Power Supply - Socomec, approx. 2000 VA | | | | |
| Lot | Equipment Rack - 3-vertical sections, equipped with: | | | | |
| 1 | Cinema Processor - Dolby, Model Atmos CP-850 | | | | |
| 1 | Cinema Monitor - CM Series, 8 channel | | | | |
| 5 | Power Amplifiers - Dolby, Model DSI-4000 | | | | |
| 20 | Power Amplifiers - Dolby, Model DSI-2000 | | | | |
| 5 | Power Amplifiers - Dolby, Model DSI-1000 | | | | |
| 3 | Automatic Voltage Regulators - Stavol, Model ST-10 kVA | | | | |
| Lot | Sound System- equiped with: | | | | |
| 40 | Loudspeakers - JBL, approx. 300 watts | | | | |
| 1 | Cinema Screen - Spectral 240, approx. 12.70 x 6.95 m frame size | | | | |
| 236 | Regular Cinema Seats - fabric, padded seat & back, with cupholder | | | | |
| | Systems complete with cabling installation, and other standard accessories | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **Lot** | **Cinema Airconditioning Units -** consisting of: | ₱ | 10,146,000 | ₱ | 9,172,000 |
| 4 | Packaged Air Conditioners - Hitachi, Model RP-50WSYG, water cooled screw type, 50 TR capacity | | | | |
| 4 | Dry Type Transformers - 100 kVA capacity, 380/440 V rated voltage | | | | |
| 2 | Cooling Towers - Intercool, bottle type, 170 GPM capacity, 1.5 kW fan motor | | | | |
| 3 | Cooling Tower Pumps - centrifugal, end sunction, 80 x 50 mm S&D dia., 11 kW motor | | | | |
| | | ₱ | 58,654,000 | ₱ | 52,577,000 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **OTHERS** | | |
| **2** | **Sump Pumps -** submersible, 50 mm discharge pipe, 1.1 kW motor, complete with control, pipings and other standard accessories (Note: Located at Pump Room) | ₱ 258,000 | ₱ 220,000 |

# *Photographs of the Fixed Assets*

***Vista Mall – General Trias***

***Interior Views***


***Ground Floor***


***Second Floor***

***Interior Views***

***Second Floor - Hallway***

***STP Blower Room***

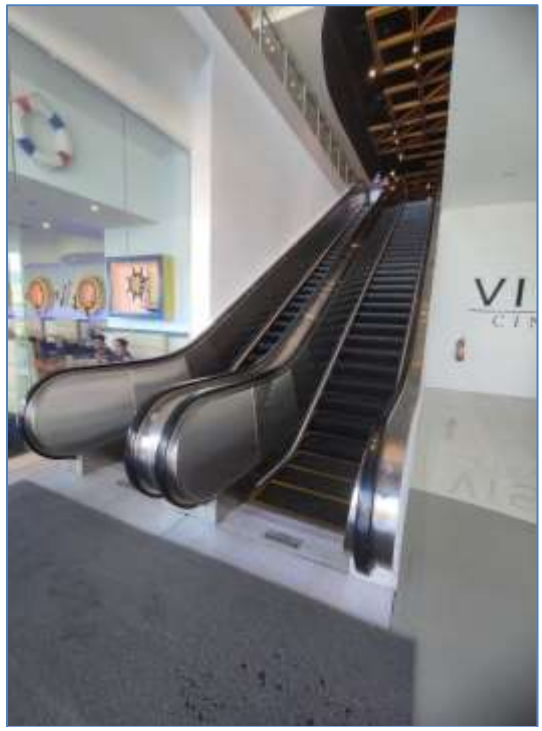
***Material Recycling Facility (MRF)***


***Terminal Shed***

***Parking Areas***

***Driveways***

***Building Machinery and Equipment***



*Escalators*

*Passenger Elevator*

***Standby Generator Sets***

***Distribution Transformer***

*Utilized Electrical Panel*

*Medium Voltage Switchgear*

***Solar Invertes***

***Solar Panels***

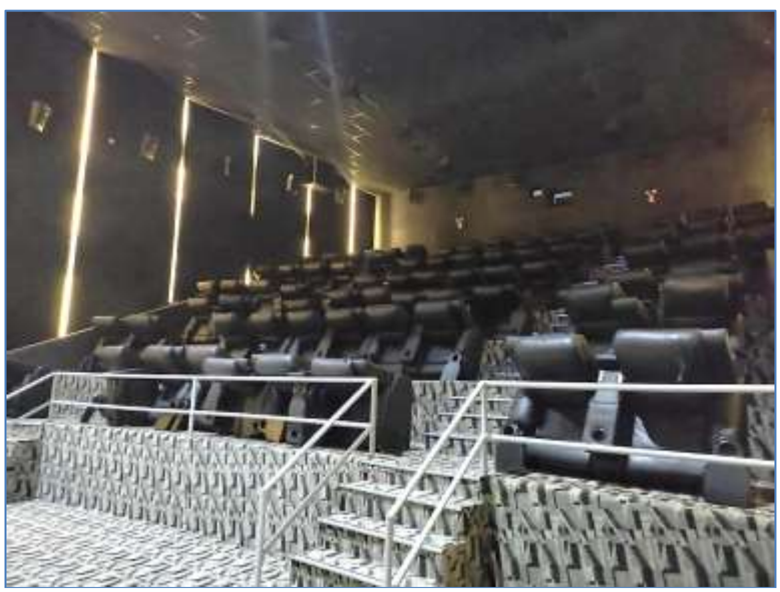
***Supply Fan***


***Package Air Conditioning Unit***

***Fire Pump***

***Water Booster Pumps***

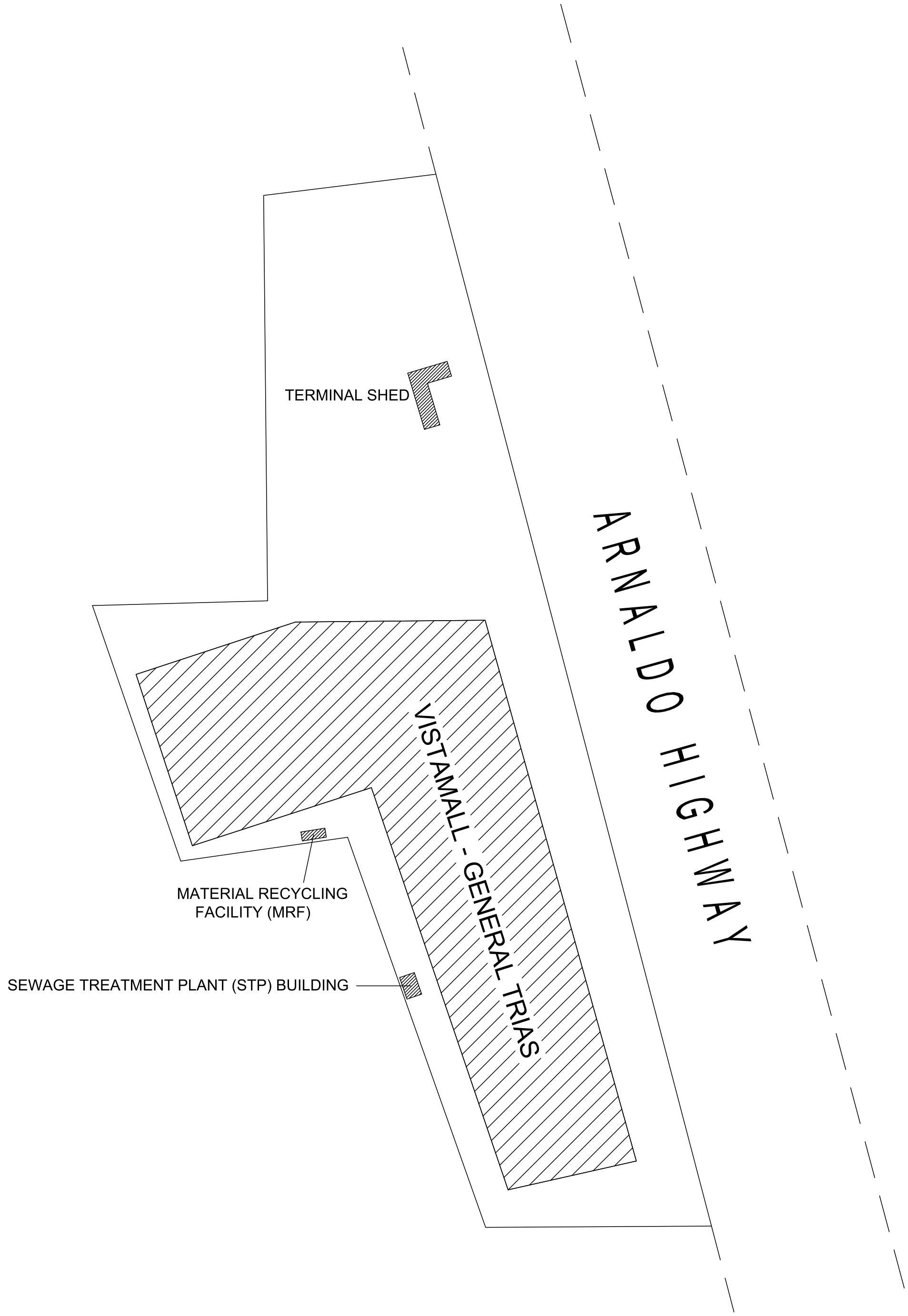
***Roots Blowers***



***Cinema VIP Sets***

***Cinema Screen***

***Cinema Equipment***




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY SAN FRANCISCO, GENERAL TRIAS CITY, PROVINCE OF CAVITE

## PLOT PLAN

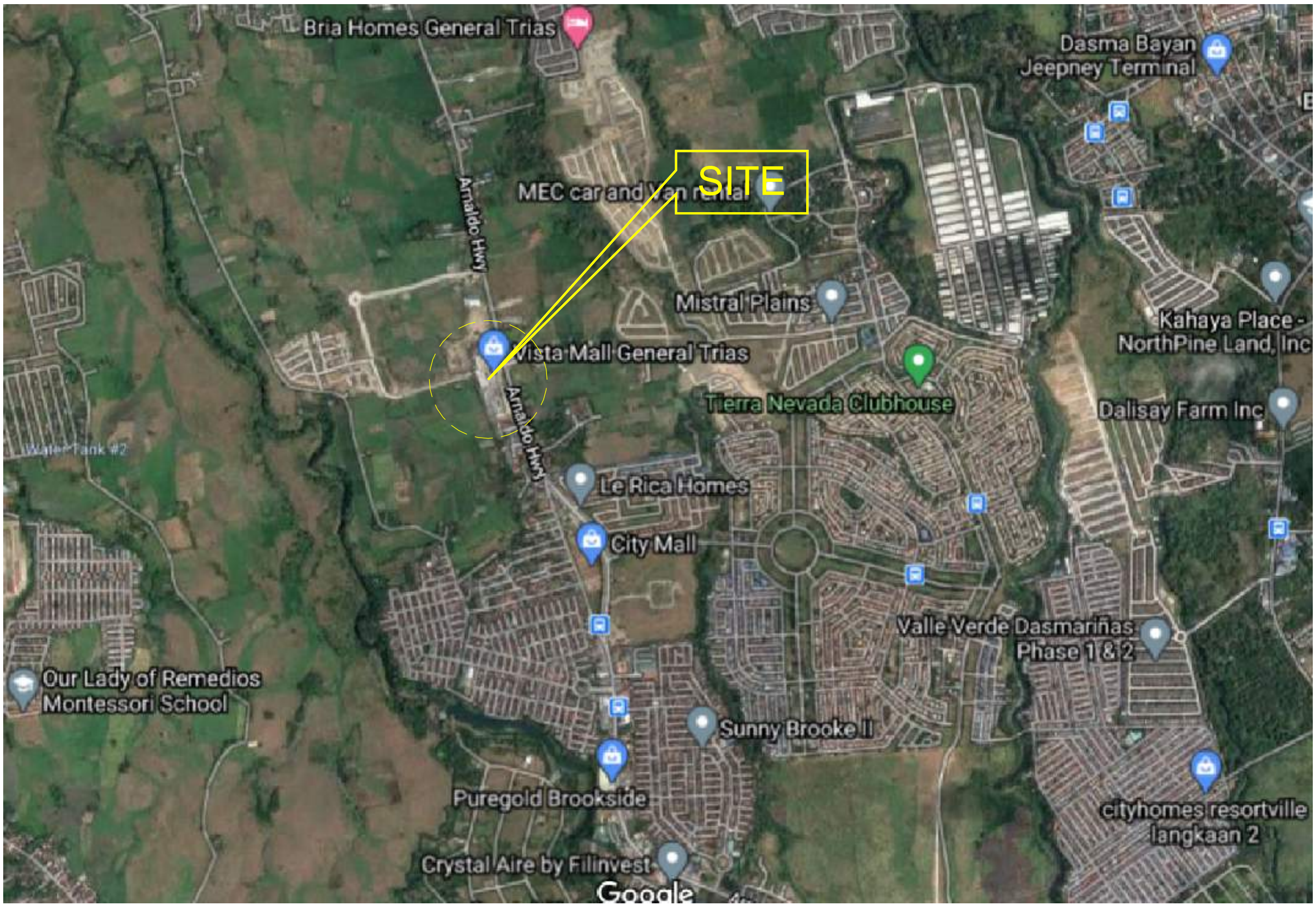
PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-6
E. H. CALLEJO




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

N

S

# CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY SAN FRANCISCO, GENERAL TRIAS CITY, PROVINCE OF CAVITE

## VICINITY MAP

PREPARED BY:

**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-6
E. H. CALLEJO

# VALUATION REPORT

*presented to*

## MASTERPIECE ASIA PROPERTIES, INC.
## (VISTA MALL TANZA)

**Fixed Assets**

**Tanza-Trece Martires Road, Barangay Punta 2**
**Municipality of Tanza, Province of Cavite**
**FAM22-C10754-001.1-7 | As of December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Masterpiece Asia Properties, Inc.***
*5th Level Admin Office*
*Star Mall Alabang, South Super Highway*
*Barangay Alabang, Muntinlupa City*
*Metropolitan Manila*

Attention: Mr. Brian Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C10754-001.1-7***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, other land improvements, and building machinery and equipment,* located on ***Tanza-Trece Martires Road, Barangay Punta 2, Municipality of Tanza, Province of Cavite,*** and now wish to submit our report as follows:

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of --

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Market Value of the buildings, other land improvements, building and machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Fair Value of the buildings, other land improvements, and building machinery and equipment;

Photographs of the Fixed Assets; and

Plot plan showing the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;

Extent, character and utility of the Fixed Assets;

Current prices for similar used Fixed Assets in the secondhand market, if any; and

Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

### *Buildings and Other Land Improvements Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added.

### *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying summary and inventory report, we are of the opinion that the following estimates represent the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets:

| *Property Components* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| *Buildings* | | *₱1,167,066,000* | *₱1,091,337,000* |
| *Other Land Improvements* | | *32,026,000* | *28,290,000* |
| *Building Machinery and Equipment* | | *113,330,200* | *91,211,400* |
| | | ---------------- | ---------------- |
| *Grand Total* | - | *₱1,312,422,200* | *₱1,210,838,400* |
| | | ============= | ============= |
| *Rounded To* | - | *₱1,312,422,000* | *₱1,210,838,000* |
| | | ============= | ============= |

***THEREFORE,*** it is our opinion that ***ONE BILLION, TWO HUNDRED TEN MILLION, EIGHT HUNDRED THIRTY-EIGHT THOUSAND (₱1,210,838,000) PESOS*** represents the ***Market Value*** of the subject Fixed Assets, appraised as of ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached service conditions, certificate of appraisers and limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest in the Company or the appraised Fixed Assets or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CRA, CPV, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

NAR:LDF/amt:radc:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc**., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), International Valuation Standards (IVS, Effective as of 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

| | |
|---|---|
| **JOHN C. PAR, CRA, CPV, CRB, RCE** | **JOSEPH D. ALCANTARA** |
| Certified Review Appraiser | Licensed Mechanical Engineer |
| Licensed Real Estate Appraiser | PRC ME No. 0033453 |
| PRC REA No. 0002803 | PTR No. 8533642 |
| PTR No. 8533645 | (Plant Machinery and |
| (Real Estate Valuation) | Equipment Valuation) |

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

*INVENTORY OF FIXED ASSETS*

***S U M M A R Y***

| *Page No.* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| 9 | **BUILDINGS** | **₱ 1,167,066,000** | **₱ 1,091,337,000** |
| 16 | **OTHER LAND IMPROVEMENTS** | **₱ 32,026,000** | **₱ 28,290,000** |
| 17 | **BUILDING MACHINERY AND EQUIPMENT:** | | |
| 17 | Elevators/Escalators | ₱ 10,039,000 | ₱ 8,070,000 |
| 18 | Air Conditioing System | 2,820,000 | 2,265,000 |
| 19 | Electrical Distribution System | 49,898,000 | 42,902,000 |
| 22 | Ventilation System | 1,395,000 | 1,052,000 |
| 23 | Water Distribution System | 804,000 | 646,000 |
| 24 | Fire Fighting System | 5,268,200 | 4,226,400 |
| 26 | CCTV Security System | 328,000 | 199,000 |
| 27 | Paging System | 1,026,000 | 624,000 |
| 28 | Waste Water Treatment | 1,231,000 | 1,046,000 |
| 29 | Cinema Equipment | 40,521,000 | 30,181,000 |
| | | **₱ 113,330,200** | **₱ 91,211,400** |
| | ***GRAND TOTAL -*** | ***₱ 1,312,422,200*** | ***₱ 1,210,838,400*** |
| | ***ROUNDED TO -*** | ***₱ 1,312,422,000*** | ***₱ 1,210,838,000*** |

*INVENTORY*

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Vista Mall-Tanza Building -** | ₱ | 1,163,144,000 | ₱ | 1,087,755,000 |

| | |
|---|---|
| No. of Storey (s) | : two (2) |
| Estimated Total Floor Area | : 36,235 sq. m. |
| General Framing | : reinforced concrete |
| Walls | : concrete hollow blocks and glass panels |
| Exterior Wall Finish | : plastered cement supplemented with clear tempered glass on powder-coated aluminum frame |
| Interior Wall Finish | : plastered cement, glass panel and gypsum board |
| Roofing | : pre-painted long span rib-type metal sheets on steel frame supplemented with thermal insulation, reinforced concrete slab |
| Flooring | : reinforced concrete slab |
| Floor Finish | : ceramic, epoxy paint, plain cement and carpet on cinema area |
| Partitions | : concrete hollow blocks of plastered cement finish, gypsum board and glass panel |
| Ceiling | : slab soffit, fiber cement board and gypsum board |
| Doors | : glass panel, steel (louvered type), steel panel and aluminum roll-up |
| Others | : The building is painted and provided with electrical lighting, plumbing facilities. It is equipped with one (1) unit of passenger elevator, one (1) unit of service elevator, two (2) units of escalators, fire fighting and fire alarm system, genset, closed circuit televisions, helipad and 24-hour security. |
| Observed Physical Condition | : very good |
| *Remarks* | : *Floor area was based on available documents furnished us, reportedly it was constructed sometime in 2018.The Value of the helipad was included in the in the total replacement cost and fair value of the building.* |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Garbage Building -** | | ₱ 861,000 | ₱ 777,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | one (1) |
| Estimated Floor Area | : | 57 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | concrete hollow blocks |
| Exterior Wall Finish | : | plastered cement |
| Interior Wall Finish | : | plastered cement |
| Roofing | : | long span rib type metal sheets on steel frame |
| Flooring | : | reinforced concrete slab |
| Floor Finish: | | plain cement |
| Doors | : | steel (louvered type) |
| Others | : | The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : | very good |
| *Remarks* | : | *Reportedly, it was constructed sometime in 2018. Floor area was based on actual measurement.* |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Gas Room -** | | ₱ 785,000 | ₱ 709,000 |

| | | |
|---|---|---|
| No. of Storey (s) | : | one (1) |
| Estimated Floor Area | : | 52 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | concrete hollow blocks |
| Exterior Wall Finish | : | plastered cement |
| Interior Wall Finish | : | plastered cement |
| Roofing | : | rib-type metal sheets on steel frames |
| Flooring | : | reinforced concrete slab |
| Floor Finish: | | plain cement |
| Windows | : | concrete louver vents |
| Doors | : | steel (louvered type) |
| Others | : | The building is painted and provided with electrical lighting facility. |
| Observed Physical Condition | : | very good |
| *Remarks* | : | *Reportedly, it was constructed sometime in 2018. Floor area was based on actual measurement.* |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **STP Building -** | | ₱ 272,000 | ₱ 246,000 |

| | |
|---|---|
| No. of Storey (s) | : one (1) |
| Estimated Floor Area | : 18 sq.m. |
| General Framing | : reinforced concrete |
| Walls | : concrete hollow blocks |
| Exterior Wall Finish | : plastered cement |
| Interior Wall Finish | : plastered cement |
| Roofing | : rib-type metal sheets on steel frame |
| Flooring | : reinforced concrete slab |
| Floor Finish: | plain cement |
| Windows | : concrete louver vents |
| Doors | : steel (louvered type) |
| Others | : The building is painted and provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : good |
| *Remarks* | : *Reportedly, it was constructed sometime in 2018. Floor area was based on actual measurement.* |

## *B U I L D I N G S*

| *D e s c r i p t i o n* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|
| **Transport Terminal Shed 1 -** | ₱ | 1,050,000 | ₱ | 970,000 |

| | |
|---|---|
| No. of Storey (s) | : one (1) |
| Estimated Floor Area | : 210 sq.m. |
| General Framing | : steel on reinforced concrete pedestal |
| Roofing | : rib-type metal sheets on steel frames |
| Flooring | : concrete slab |
| Floor Finish: | plain cement |
| Others | : The building is painted and provided with electrical lighting facility. |
| Observed Physical Condition | : very good |
| *Remarks* | : *Reportedly, it was constructed sometime in 2019. Floor area was based on actual measurement.* |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Transport Terminal Shed 2** | | ₱ 875,000 | ₱ 808,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Floor Area | : 175 sq.m. | | |
| General Framing | : steel on reinforced concrete pedestal | | |
| Flooring | : concrete slab | | |
| Floor Finish: | plain cement | | |
| Others | : The building is painted and provided with electrical lighting facility. | | |
| Observed Physical Condition | : very good | | |
| *Remarks* | : *Reportedly, it was constructed sometime in 2019. Floor area was based on actual measurement.* | | |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Electrical Room -** | | ₱ 79,000 | ₱ 72,000 |
| No. of Storey (s) | : one (1) | | |
| Estimated Total Floor Area | : 5.25 sq.m. | | |
| General Framing | : reinforced concrete | | |
| Walls | : concrete hollow blocks | | |
| Exterior Wall Finish | : plastered cement | | |
| Interior Wall Finish | : plastered cement | | |
| Roofing | : rib-type metal sheets on steel frames | | |
| Flooring | : reinforced concrete slab | | |
| Floor Finish: | plain cement | | |
| Doors | : steel with bottom louvers | | |
| Others | : The building is painted and provided with electrical lighting facility. | | |
| Observed Physical Condition | : very good | | |
| *Remarks* | : *Reportedly, it was constructed sometime in 2018. Floor area was based on actual measurement.* | | |
| | | ₱ 1,167,066,000 | ₱ 1,091,337,000 |

### *OTHER LAND IMPROVEMENTS*

| *Description* | | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| **Driveways and Open Parking Areas** | : These consist of reinforced concrete pavement laid on well-compacted earth and gravel base course driveways and parking areas on the entire compound. Driveways within the compound is about 15 meters wide, and provided with concrete curbs and gutters, and underground drainage system while parking is provided with concrete wheel stopper. Estimated floor area is about 15,957 sq.m. | ₱ 31,914,000 | ₱ 28,191,000 |
| **Deepwell Fence** | These consist of concrete hollow blocks of plastered cement finish topped wire mesh on tubular frame fence and wire mesh on tubular frame gate. | 112,000 | 99,000 |
| | | ₱ 32,026,000 | ₱ 28,290,000 |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **ELEVATORS/ESCALATORS** | | | | |
| **1** | **Passenger Elevator -** Nippon, 1000 kgs. load cap., 2-landings, complete with traction motor, complete with governor, cabling, control panel and other accessories (Note: under construction/on-going installation) | ₱ | 883,000 | ₱ | 710,000 |
| **4** | **Escalators -** Nippon, 1000 mm step width, 6000 mm vertical rise, 30 degrees angle of inclination, 11 kW motor, complete with tempered glass balustrade, black rubber handrail, flat step and other standard accessories | | 9,156,000 | | 7,360,000 |
| | | ₱ | 10,039,000 | ₱ | 8,070,000 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | | | |
| **1** | **Air Cooled Condensing Unit -** Daikin, Model 4FGN500HYL, Ser. No. K00183, 40 ton (484,000 btu/hr.) cooling capacity each, unitary self contained, packaged type, direct expansion, complete with indoor units, ducting, piping, insulations, controls, and other standard accessories | ₱ | 1,203,000 | ₱ | 967,000 |
| **3** | **Air Cooled Condensing Units -** Daikin, Model RCN125HYL, 2018 Mfd. Year, Ser. Nos. K000755, K000752 and K000723, 10 TR (121,000 btu/hr.) cooling capacity each, ducted type, unitary self contained, packaged type, direct expansion, complete with indoor units, ducting, piping, insulations, controls, and other standard accessories (Note: Located at Roofdeck) | | 1,572,000 | | 1,257,000 |
| **1** | **Air Conditioning Unit -** LG, dual inverter, wall mounted, split type, approx. 1 TR cooling capacity (Note: Located at Admin Office) | | 45,000 | | 41,000 |
| | | ₱ | 2,820,000 | ₱ | 2,265,000 |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | | | |
| **2** | **Standby Generator Sets -** Himoinsa, Model HTW1620T6, silent type, 2000 kVA(1600 kW) capacity, 0.8 pf, 3-phase, 1800 rpm, powered by 16-cylinder Diesel Engine, complete with controls, batteries and other accessories | ₱ | 29,088,000 | ₱ | 25,108,000 |
| **2** | **Genset Fuel Day Tanks -** mild steel, 3853 L capacity, approx. 1200 x 2400 mm DL | | 140,000 | | 112,000 |
| **2** | **Distribution Transformers -** JST Power, Ser. Nos. 1210047261 & 1210047664, 2018 Year Mfd., cast resin, 2000/2667 kVA rated capacity, 34500/400-231V rated voltage, compartamental pad mounted | | 5,442,000 | | 4,698,000 |
| **Lot** | **Genset Synchronizing Panel -** metal clad enclosure, equipped with: | | 3,156,000 | | 2,566,000 |
| 2 | Genset Circuit Breakers - Legrand, drawout, 3200A rated capacity | | | | |
| 2 | Feeder Circuit Breakers - Legrand, drawout, 4000A rated capacity | | | | |
| 2 | Generator Controllers - Deep Sea DSE-8610 | | | | |
| | complete with annunciator, instrument panels, wirings, bus bars, connectors, and other standard accessories | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| **Lot** | **Medium Voltage Switchgear -** | ₱ | 3,940,000 | ₱ | 3,401,000 |
| | 36 kV, 3-vertical sections, equipped with: | | | | |
| 1 | VCB Panel - | | | | |
| | 1250A, 25 kAIC | | | | |
| 2 | LBS Panels - | | | | |
| | 34.5 kV, 630A | | | | |
| | complete with potential transformers, current transformers, arrester, bus bar, cablings, disconnector and other standard accessories | | | | |
| **Lot** | **Unitized Panel -** | | 7,981,000 | | 6,889,000 |
| | metal clad enclosure, equipped with: | | | | |
| | Tie | | | | |
| 1 | Air Circuit Breaker - | | | | |
| | LS, 4000A rated capacity | | | | |
| | ATS-1 | | | | |
| 2 | Air Circuit Breakers - | | | | |
| | LS, 4000A rated capacity | | | | |
| | ATS-2 | | | | |
| 1 | Air Circuit Breaker - | | | | |
| | LS, 4000A rated capacity | | | | |
| 1 | Air Circuit Breaker - | | | | |
| | LS, 2000A rated capacity | | | | |
| | LVSG-1 | | | | |
| 1 | Air Circuit Breaker - | | | | |
| | 3200A rated capacity | | | | |
| 1 | Air Circuit Breaker - | | | | |
| | 1250A rated capacity | | | | |
| 2 | Molded Case Circuit Breakers - | | | | |
| | 600A rated capacity | | | | |
| 1 | Molded Case Circuit Breaker - | | | | |
| | 400A rated capacity | | | | |
| 1 | Molded Case Circuit Breaker - | | | | |
| | 300A rated capacity | | | | |
| 1 | Molded Case Circuit Breaker - | | | | |
| | 200A rated capacity | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | LVSG-2 | | |
| 1 | Air Circuit Breaker - 4000A rated capacity | | |
| 1 | Air Circuit Breaker - 1250A rated capacity | | |
| 2 | Molded Case Circuit Breakers - 800A rated capacity | | |
| 1 | Molded Case Circuit Breaker - 630A rated capacity | | |
| 2 | Molded Case Circuit Breakers - 400A rated capacity | | |
| | Capacitor Bank | | |
| 2 | Capacitor Bank Nos. 1 & 2 - 600 kVAR, 12-steps, with controller complete with power meters, wirings, bus bars, connectors, contactors, current transformers, and other standard accessories | | |
| **Lot** | **Battery Bank -** consisting of: | 151,000 | 128,000 |
| 1 | Battery Charger - GTRBC-110-10A, 110 VDC, 10 A capacity | | |
| 9 | Batteries - Battlecid, Model UN33-D, 12 V each, 33 AH | | |
| | | ₱ 49,898,000 | ₱ 42,902,000 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **VENTILATION SYSTEM** | | |
| **Lot** | **Ventilation Equipment -** consisting of: | ₱ 1,395,000 | ₱ 1,052,000 |
| 1 | Kitchen Exhaust Fan - Kruger, Model BSB-1120, SISW, 22000 CFM, 11 kW motor, complete with controls and other standard (Note: Located at Roofdeck) | | |
| 1 | Supply Fan - Kruger, Model BSB-1000, SISW, 23400 CFM, 18.5 kW motor, complete with controls and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Kitchen Exhaust Fan (KEF-1) - Kruger, Model BSB-710, SISW, 9,000 CFM, 5.5 kW motor, complete with controls and other standard accessories (Note: Located at Roofdeck) | | |
| 1 | Fresh Air Fan (FAF-3) - Kruger, Model BSB-710, SISW, 9,000 CFM, 5.5 kW motor, complete with controls and other standard accessories (Note: Located at Roofdeck) | | |
| 2 | Propeller Exhaust Fans - Kruger, wall-mounted, 300 mm blade dia., approx. 0.25 kW motor, complete with controls and other standard accessories (Note: Located at Pump Room) | | |
| 6 | Exhaust Fans - Kruger, wall-mounted, propeller type, 610 mm blade dia., approx. 0.75 kW motor, complete with controls and other standard accessories (Note: Located at Powerhouse) | | |
| 5 | Exhaust Fans - Kruger, wall-mounted, propeller type, 610 mm blade dia.,approx. 0.75 kW motor, complete with controls and other standard accessories (Note: Located at Genset Area) | | |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | System complete with ducting, control and other standard accessories | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
| --- | --- | --- | --- |
| | **WATER DISTRIBUTION SYSTEM** | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 804,000 | ₱ 646,000 |
| 1 | CPS Water Boosting System - triplex, skid-mounted, equipped with: | | |
| 3 | Transfer Pumps - Ajax Elite, Type 32-26-200, centrifugal end sunction, 32 x 26 mm S&D dia., 11 kW motor | | |
| 1 | Hydropneumatic Presure Tank - Super Dynaflo, Model SDF-850 LV, mild steel, 850 L capacity, approx. 800 x 1900 mm DH | | |
| | complete with suction and discharged manifold, piping, valves, control and other stnadard accessories | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | |
| **Lot** | **Fire Alarm and Detection System -** consisting of: | ₱ 5,168,000 | ₱ 4,155,000 |
| 1 | Fire Pump - AC Pumps, Model FP11CHC-750, vertical turbine, 750 GPM capacity, 150 mm discharge dia., 55 kW motor, 1770 rpm, 60 hz., 3-phase | | |
| 1 | Electric Fire Pump Controller - Tornatech, Cat. No. GPW-400/75/3/60, 55 kW, 380 V | | |
| 1 | Jockey Pump - submersible, 50 mm discharge dia., 3.7 kW motor | | |
| 1 | Jockey Pump Controller - Tornatech, Cat. No. JP3-400/5/3/60, 3.7 kW, 400V | | |
| 1 | Fire Alarm System Control Panel - GST-200N, 4 zones, complete with power supply module, control unit, sub-control unit, module, zone indication unit, and other standard accessories | | |
| 241 | Smoke Detectors - conventional type | | |
| 11 | Manual Push Stations | | |
| 11 | Fire Alarm Horn w/ Strobe Light | | |
| Lot | Automatic Fire Sprinkler System - upright & pendant type, complete with standpipes, nozzles, sensor actuator, valves an other accessories | | |
| 14 | Fire Hose Cabinets - full glass frontage, approx. 50 feet length, complete with nozzle and other accessories<br>System complete with piping, valves, wirings, control and other standard accessories | | |
| **2** | **Fire Extinguishers -** dry chemical, 4.54 kgs. capacity | 2,400 | 1,600 |
| **2** | **Fire Extinguishers -** CO2, 22.2 kgs. capacity, wheel mounted | 19,400 | 13,800 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | | *Replacement Cost* | | *Market Value* |
|---|---|---|---|---|---|
| **14** | **Fire Extinguishers -** HCFC-123, 4.54 kgs. capacity | ₱ | 78,400 | | 56,000 |
| | | ₱ | 5,268,200 | ₱ | 4,226,400 |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **CCTV SECURITY SYSTEM** | | |
| **Lot** | **CCTV Equipment -** | ₱ 328,000 | ₱ 199,000 |
| | consisting of: | | |
| 1 | Network Video Recorder - | | |
| | Hikvision, 32-channel | | |
| 1 | LED Monitor - | | |
| | Hikvision, 1397 mm diagonal screen | | |
| 14 | CCTV Cameras - | | |
| | Hikvision, fixed, dome | | |
| 17 | CCTV Cameras - | | |
| | Hikvision, fixed, mini, bullet | | |
| | Systems complete with cabling installation and other standard accessories | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Market Value* |
|---|---|---|---|
| | **PAGING SYSTEM** | | |
| **Lot** | **Paging and Public Address System -** consisting of: | ₱ 1,026,000 | ₱ 624,000 |
| 1 | Sound Processor - Bose, Model Control Space ESP-880 | | |
| 1 | Control Center- Bose, Model Control Space CC-64 | | |
| 1 | Power Amplifier - Bose, Model Powermatch PM8250 | | |
| 1 | DVD Player - Fukuda, Model DMD-437B | | |
| 1 | PA Microphone - TOA | | |
| 32 | Speakers - Bose, wall mounted | | |
| 10 | Speakers - Bose, ceiling mounted complete with racks, controls and other standard accessories | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Market Value |
|---|---|---|---|
| | **WASTE WATER TREATMENT** | | |
| **Lot** | **Waste Water Treatment Plant (STP) -** consisting of: | ₱ 1,231,000 | ₱ 1,046,000 |
| 2 | Roots Blowers - Tsurumi, Model TSR2-080, Ser. Nos. 16124 and 16144, 80 mm dia., 7.5 kW motor, with silencer, and other standard accessories | | |
| 1 | Roots Blowers - Hey-Well Mechanical Co., Ltd, Model RSS-80A, Ser. No. 2107079, 80 mm dia., 5.5 kW motor, with silencer, and other standard accessories | | |
| 1 | Re-usable Water Tank - FRP, approx. 2400 x 3040 mm DH, approx. 12000 Liters | | |
| 4 | Decanter Pumps - submersible, non clog, 1.5 kW motor | | |
| 3 | Feed Transfer Pumps - submersible, non clog, 1.5 kW motor | | |
| 1 | Chemical Tank - plastic, 220 L capacity, with agitator mixer, Mixflox MXFR120X | | |
| 1 | Chemical Metering Pump - Tekno Evo, Model AKL-603, 120 GPD capacity | | |
| | System complete with piping, air diffuser, valves, motor control center, manual bar screen, hydracanters, and other standard accessories | | |
| | (Note: On-going upgrade of STP) | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | | Replacement Cost | | Market Value |
|---|---|---|---|---|---|
| | **CINEMA EQUIPMENT** | | | | |
| | **Cinema 1 (VIP)** | | | | |
| **Lot** | **Cinema Equipment -** consisting of: | ₱ | 7,525,000 | ₱ | 5,605,000 |
| 1 | Projector - NEC, Model NP-NC1201L-A, complete with chiller, lens, lamps, and other standard accessories. | | | | |
| 1 | Equipment Rack - Golden Duck, equipped with: | | | | |
| 1 | Ethernet Switch - D-Link, Model DES-1016D | | | | |
| 1 | Power Supply - Socomec, approx. 2000 VA | | | | |
| Lot | Equipment Rack - 2-vertical sections, equipped with: | | | | |
| 1 | Cinema Processor - Dolby, Model Atmos CP-850 | | | | |
| 1 | Cinema Monitor - CM Series, 8 channel | | | | |
| 1 | Interface - Dolby Atmos DAC-3202 | | | | |
| 1 | Power Amplifier - Crown, Model DSI-4000 | | | | |
| 13 | Power Amplifiers - Crown, Model DSI-2000 | | | | |
| 13 | Power Amplifiers - Crown, Model DSI-1000 | | | | |
| 2 | Automatic Voltage Regulators - Stavol, Model ST-10 kVA | | | | |
| Lot | Sound System- equiped with: | | | | |
| 14 | Surround/Subwoofers - JBL | | | | |
| 24 | Loudspeakers - JBL, wall/ceiling mounted | | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | Market Value |
|---|---|---|---|---|
| 1 | Cinema Screen - | | | |
| | approx. 11 x 6 m frame size | | | |
| 34 | VIP Recliner Seats - | | | |
| | Lazyboy, soft leather upholstered | | | |
| | Systems complete with cabling installation, desktop computer and other standard accessories | | | |
| | **Cinema 2** | | | |
| **Lot** | **Cinema Equipment -** | ₱ | 7,731,000 | 5,758,000 |
| | consisting of: | | | |
| 1 | Projector - | | | |
| | NEC, Model NP-NC1201L-A, complete with chiller, lens, lamps, and other standard accessories. | | | |
| 1 | Equipment Rack - | | | |
| | Golden Duck, equipped with: | | | |
| 1 | Ethernet Switch - | | | |
| | D-Link, Model DES-1016D | | | |
| 1 | Power Supply - | | | |
| | Socomec, approx. 2000 VA | | | |
| Lot | Equipment Rack - | | | |
| | 2-vertical sections, equipped with: | | | |
| 1 | Cinema Processor - | | | |
| | Dolby, Model Atmos CP-850 | | | |
| 1 | Cinema Monitor - | | | |
| | CM Series, 8 channel | | | |
| 1 | Interface - | | | |
| | Dolby Atmos DAC-3202 | | | |
| 1 | Power Amplifier - | | | |
| | Crown, Model DSI-4000 | | | |
| 13 | Power Amplifiers - | | | |
| | Crown, Model DSI-2000 | | | |
| 13 | Power Amplifiers - | | | |
| | Crown, Model DSI-1000 | | | |
| 2 | Automatic Voltage Regulators - | | | |
| | Stavol, Model ST-10 kVA | | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | | Replacement Cost | Market Value |
|---|---|---|---|---|
| Lot | Sound System-<br>equiped with: | | | |
| 14 | Surround/Subwoofers -<br>JBL | | | |
| 26 | Loudspeakers -<br>JBL, wall/ceiling mounted | | | |
| 1 | Cinema Screen -<br>approx. 11 x 6 m frame size | | | |
| 78 | Regular Cinema Seats -<br>fabric, padded seat & back, with cupholder<br>Systems complete with cabling installation, desktop computer and other standard accessories | | | |
| | **Cinema 3&4** | | | |
| **Lot** | **Cinema Equipment -**<br>each consisting of: | ₱ | 17,576,000 | 13,091,000 |
| 1 | Projector -<br>NEC, Model NP-NC1201L-A, complete with chiller, lens, lamps, and other standard accessories. | | | |
| 1 | Equipment Rack -<br>Golden Duck, equipped with: | | | |
| 1 | Ethernet Switch -<br>D-Link, Model DES-1016D | | | |
| 1 | Power Supply -<br>Socomec, approx. 2000 VA | | | |
| Lot | Equipment Rack -<br>3-vertical sections, equipped with: | | | |
| 1 | Cinema Processor -<br>Dolby, Model Atmos CP-850 | | | |
| 1 | Cinema Monitor -<br>CM Series, 8 channel | | | |
| 1 | Interface -<br>Dolby Atmos DAC-3202 | | | |
| 5 | Power Amplifiers -<br>Crown, Model DSI-4000 | | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | | Market Value |
|---|---|---|---|---|
| 12 | Power Amplifiers -<br>Crown, Model DSI-2000 | | | |
| 13 | Power Amplifiers -<br>Crown, Model DSI-1000 | | | |
| 3 | Automatic Voltage Regulators -<br>Stavol, Model ST-10 kVA | | | |
| Lot | Sound System-<br>equiped with: | | | |
| 14 | Surround/Subwoofers -<br>JBL | | | |
| 4 | Speakers -<br>JBL BETA2 | | | |
| 34 | Loudspeakers -<br>JBL, wall/ceiling mounted | | | |
| 1 | Cinema Screen -<br>approx. 11 x 6 m frame size | | | |
| 125 | Regular Cinema Seats -<br>fabric, padded seat & back, with cupholder<br>Systems complete with cabling installation, desktop computer and other standard accessories | | | |
| **Lot** | **Cinema Airconditioning Units -**<br>consisting of: | ₱ | 7,689,000 | 5,727,000 |
| 3 | Packaged Air Conditioners -<br>Hitachi, Model RP-50WSYG, water cooled screw type, 50 TR capacity | | | |
| 3 | Dry Type Transformers -<br>100 kVA capacity, 380/440 V rated voltage | | | |
| 2 | Cooling Towers -<br>Intercool, bottle type, 170 GPM capacity, 1.5 kW fan motor | | | |
| 3 | Cooling Tower Pumps -<br>centrifugal, end sunction, 80 x 50 mm S&D dia., 11 kW motor | | | |
| | | ₱ | 40,521,000 | ₱ 30,181,000 |

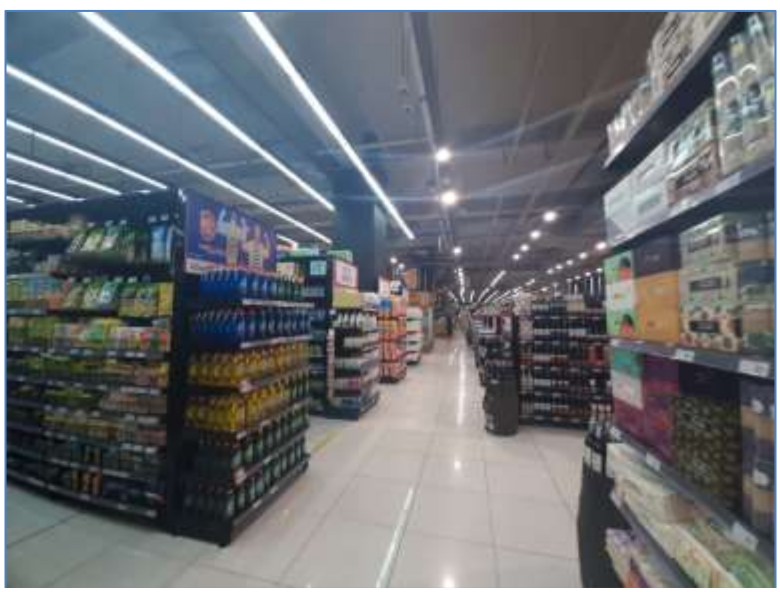

ASIAN APPRAISAL

# *Photographs of the Fixed Assets*

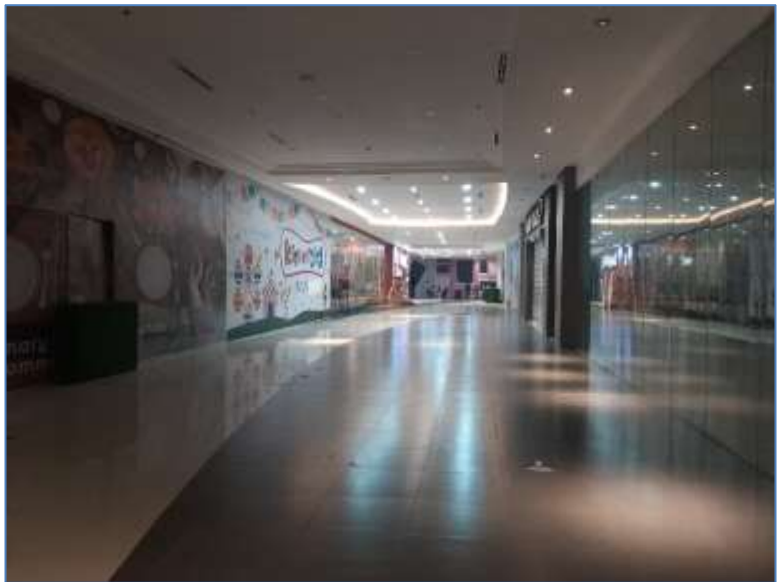
***Vista Mall-Tanza Building***


## ***Vista Mall-Tanza Interior Views***


*Ground Floor*



*Other views of Ground Floor*



***2nd Floor***


***Cinema Area at 2nd Floor***

***Garbage Building***

***Gas Room***

***STP Building***

***Transport Terminal Shed 1***

***Transport Terminal Shed 2***

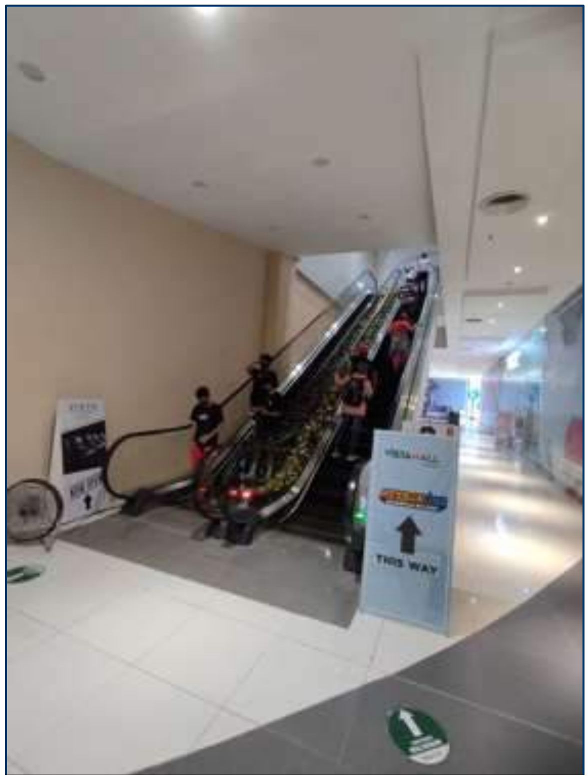
***Electrical Room***

***Driveways and Parking Areas***

***Deepwell Fence***

***Building Machinery and Equipment***

***Passenger Elevator***




***Escalator***

*Package Air Conditioning Unit*

*Cooling Tower Pumps and Cooling Tower*

***Ventilation Unit***

***Water Booster Pump***

***Fire Pump***

***Standby Generator Set***

***Generator Synchronizing Panel***

***Distribution Transformer***

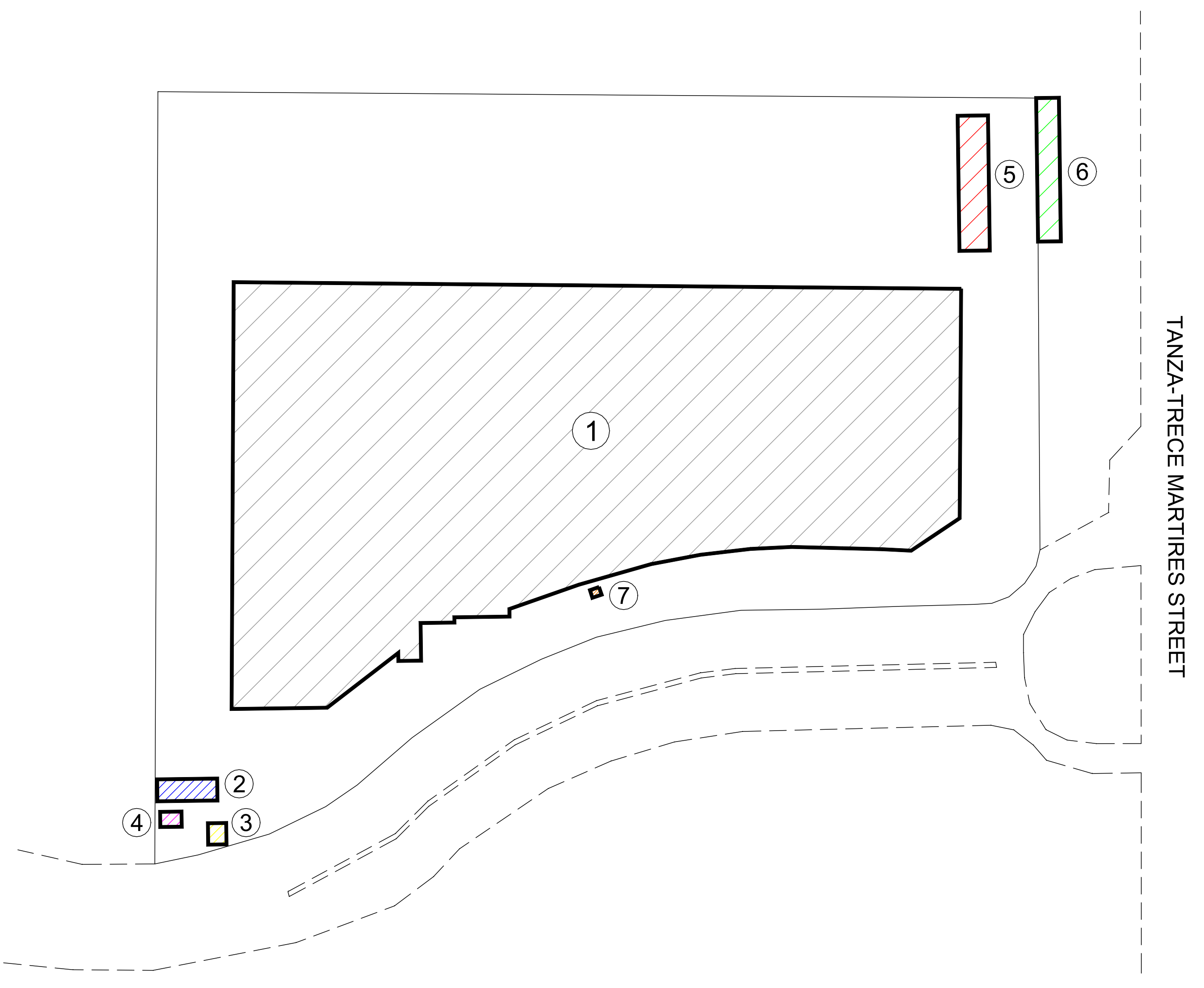
***Medium Voltage Switchgear Panel and Capacitor Bank***

***VIP Cinema Set***

## Cinema Equipment

***Root Blowers***

***Re-usable Water Tank***




LEGEND:
1. VISTA MALL-TANZA BUILDING
2. GARBAGE BUILDING
3. GAS ROOM
4. STP BUILDING
5. TRANSPORT TERMINAL SHED 1
6. TRANSPORT TERMINAL SHED 2
7. ELECTRICAL ROOM

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY PUNTA 2, MUNICIPALITY OF TANZA, PROVINCE OF CAVITE

PLOT PLAN

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-7
E. H. CALLEJO


NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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# CLIENT: MASTERPIECE ASIA PROPERTIES, INC.

BARANGAY PUNTA 2, MUNICIPALITY OF TANZA, PROVINCE OF CAVITE

## VICINITY MAP

PREPARED BY:

**ASIAN APPRAISAL**

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM22-C10754-001.1-7
E. H. CALLEJO

# VALUATION REPORT

*presented to*

## CROWN ASIA PROPERTIES, INC.
## (VISTA MALL ANTIPOLO)

### Fixed Assets

**Barangay San Roque**
**Antipolo City, Province of Rizal**
**FAM22-C10755-001.1 | As December 31, 2021**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

January 3, 2022

***Crown Asia Properties, Inc.***
*5th level Admin Office, Starmall Alabang*
*South Superhighway, Muntinlupa City*
*Metropolitan Manila*

Attention: Mr. Brian N. Edang
Chief Financial Officer

and

Ms. Rowena B. Bandigan
Chief Accountant

Gentlemen:

***Re: AACI File No. FAM22-C10755-001.1***
Appraisal of Fixed Assets

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets consisting of *buildings, other land improvements, and building machinery and equipment,* located in ***Barangay San Roque, Antipolo City, Province of Rizal,*** and now wish to submit our report as follows:

It is our understanding that the appraisal is required for financial reporting based on International Financial Reporting Standards (IFRS) 13 purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Fair Value*** as well as the ***Remaining Economic Life*** of the Fixed Assets as of ***December 31, 2021.***

Our report consists of –

This letter summarizing the results of our investigation;

General Service Conditions and Certificate of Appraiser;

Limiting Conditions;

A summary showing the appraised Replacement Cost and Fair Value of the buildings, other land improvements, and building machinery and equipment;

An inventory with technical description of the items comprising the Fixed Assets included in the appraisal showing for each item or group of items the appraised Replacement Cost and Fair Value of the buildings, other land improvements, and building machinery and equipment as well as the Remaining Economic Life;

Photographs of the Fixed Assets; and

Plot plan showing the arrangement of the buildings and vicinity map showing the general location of the Fixed Assets.

## *Bases of Value*

***Fair Value*** is defined as 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 (IFRS 13). In arriving at the Fair Value, we have utilized the Depreciated Replacement Cost Method.

The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

The three levels of inputs to valuation techniques used to measure fair value will also be taken into consideration. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVS).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance. The estimate for each asset or group of assets is indicated in the inventory section of this report.

## *Scope of Investigation and Consideration*

We have personally inspected the Fixed Assets, investigated local market conditions, and given consideration to the --

> Replacement Cost of the replaceable Fixed Assets in accordance with current market prices for materials and manufactured equipment;
>
> Extent, character and utility of the Fixed Assets;
>
> Current prices for similar used Fixed Assets in the secondhand market, if any; and
>
> Accrued depreciation that was based on the observed condition, past and present maintenance policy, and present and prospective serviceability in comparison with new units of like kind.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

## *Buildings and Other Land Improvements Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

## *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Based upon the investigation and an analysis of all relevant factors, and as supported by the accompanying inventory report, it is our opinion that ***FIVE HUNDRED SIXTY-FOUR MILLION, TWO HUNDRED FIFTEEN THOUSAND (₱564,215,000) PESOS*** represents the ***Fair Value*** of the subject Fixed Assets, appraised as ***December 31, 2021,*** for continued use as part of a going concern, subject to the attached limiting conditions.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Fixed Assets appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest on the appraised Fixed Assets or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

RAC:JPLT/jce:raca

# *General Service Conditions*

The services provided by **Asian Appraisal Company, Inc**., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards (PVS, 2nd Edition, 2018), International Valuation Standards (IVS, Effective as of 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusion expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the report, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, as of ***December 31, 2021.***

| | |
|---|---|
| **JOHN C. PAR, CPV, CRA, CRB, RCE** | **JOSEPH D. ALCANTARA** |
| Certified Review Appraiser | Licensed Mechanical Engineer |
| Licensed Real Estate Appraiser | PRC ME No. 0033453 |
| PRC REA No. 0002803 | PTR No. 8533642 |
| PTR No. 8533645 | (Plant Machinery and |
| (Real Estate Valuation) | Equipment Valuation) |

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities, charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

4. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size.

5. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

6. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

7. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

8. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

9. The machinery and equipment referred to in this Report shall be deemed to refer to complete units and all parts and accessories normally regarded as forming part of, or comprising, the same.

10. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

11. Values are reported in Philippine currency. For any conversion of the Philippine Peso, we have used an exchange rate of **₱50.774** to 1US$, prevailing as of **December 31, 2021.**

12. This Report is confidential to and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use of, or reliance upon, this Report or anything contained herein nor will any responsibility be accepted for any loss, direct or indirect, caused as a consequence of any use of this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

13. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

14. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

15. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

16. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

17. Erasures on appraisal date and values invalidate this valuation report.

18. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.

*INVENTORY OF FIXED ASSETS*

*S U M M A R Y*

| *Page No.* | | | *Replacement Cost* | | *Fair Value* |
|---|---|---|---|---|---|
| 10 | **BUILDINGS:** | | | | |
| 10 | Site I | ₱ | 295,081,000 | ₱ | 212,226,000 |
| 13 | Site II | | 339,320,000 | | 296,905,000 |
| | | **₱** | **634,401,000** | **₱** | **509,131,000** |
| 14 | **OTHER LAND IMPROVEMENTS** | **₱** | **13,693,000** | **₱** | **11,411,000** |
| 16 | **BUILDING MACHINERY AND EQUIPMENT:** | | | | |
| 16 | Phase I | | | | |
| 16 | Air Conditioning System | ₱ | 797,000 | ₱ | 482,000 |
| 17 | Electrical Distribution System | | 4,772,600 | | 2,837,400 |
| 20 | Fire Fighting System | | 2,425,000 | | 1,822,000 |
| 21 | Water Distribution System | | 339,000 | | 265,000 |
| 22 | Sewage Treatment Plant | | 950,000 | | 725,000 |
| | Total of Phase I - | ₱ | 9,283,600 | ₱ | 6,131,400 |
| 23 | Phase 2 | | | | |
| 23 | Elevator | ₱ | 706,000 | ₱ | 539,000 |
| 24 | Air Conditioning System | | 152,300 | | 97,000 |
| 25 | Electrical Distribution System | | 8,900,800 | | 5,152,300 |
| 29 | CCTV System | | 370,000 | | 204,000 |
| 30 | PA/BGM System | | 270,000 | | 137,000 |
| 31 | Water Distribution System | | 1,395,000 | | 1,052,000 |
| | Total of Phase II - | ₱ | 11,794,100 | ₱ | 7,181,300 |

***INVENTORY OF FIXED ASSETS***

***S U M M A R Y***

| Page No. | | | Replacement Cost | | Fair Value |
|---|---|---|---|---|---|
| 32 | Phase 3 | | | | |
| 32 | Elevators and Escalators | | ₱ | 8,064,000 | ₱ 6,078,000 |
| 33 | Air Conditioning System | | | 19,838,000 | 13,966,000 |
| 34 | Electrical Distribution System | | | 9,874,500 | 7,592,000 |
| 39 | Fire Fighting System | | | 2,585,300 | 1,939,500 |
| 41 | CCTV System | | | 846,000 | 430,000 |
| 42 | Water Distribution System | | | 471,000 | 355,000 |
| | Total of Phase III | - | ₱ | 41,678,800 | ₱ 30,360,500 |
| | **Total of Building Machinery and Equipment** | **-** | **₱** | **62,756,500** | **₱ 43,673,200** |
| | ***GRAND TOTAL*** | **-** | ***₱*** | ***710,850,500*** | ***₱ 564,215,200*** |
| | ***ROUNDED TO*** | **-** | ***₱*** | ***710,851,000*** | ***₱ 564,215,000*** |

*INVENTORY*

### ***B U I L D I N G S***

| ***D e s c r i p t i o n*** | | ***Replacement Cost*** | | ***Fair Value*** | ***Estimated Remaining Economic Life (In Years)*** |
|---|---|---|---|---|---|
| ***SITE I -*** | | | | | |
| **Building 1 -** | ₱ | 110,636,000 | ₱ | 96,807,000 | 35 |

| | | |
|---|---|---|
| No. of Storey (s) | : | two (2) |
| Estimated Total Floor Area | : | 3,254 sq.m. |
| General Framing | : | reinforced concrete |
| Walls | : | concrete hollow blocks and glass panel |
| Interior Wall Finish | : | plastered cement |
| Exterior Wall Finish | : | plastered cement, glass panel |
| Roofing | : | pre painted rib-type metal sheets on steel frame |
| Flooring | : | reinforced concrete slab |
| Floor Finish | : | ceramic tiles |
| Ceiling | : | gypsum board, acoustic board on aluminum T-runner |
| Partition | : | concrete hollow blocks and glass panel |
| Windows | : | glass on powder coated aluminum frame |
| Doors | : | frameless glass panel, glass on wood frame |
| Others | : | The building is provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : | good |

***B U I L D I N G S***

| *Description* | | *Replacement Cost* | | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|---|
| **Building 2 -** | ₱ | 183,838,000 | ₱ | 114,899,000 | 35 |

| | | |
|---|---|---|
| No. of Storey (s) | : | two (2) |
| Estimated Total Floor Area | : | 5,407 sq.m. |
| General Framing | : | reinforce concrete |
| Walls | : | concrete hollow blocks |
| Interior Wall Finish | : | plastered cement and wall cladding |
| Exterior Wall Finish | : | plastered cement and glass panel |
| Roofing | : | tegula tiles and partly pre painted rib-type metal sheet on steel frame |
| Flooring | : | reinforced concrete slab |
| Floor Finish | : | ceramic tiles |
| Ceiling | : | gypsum board |
| Partitions | : | glass on analok aluminum frame |
| Windows | : | glass on powder-coated aluminum frame |
| Doors | : | frameless glass panel |
| Others | : | The building is provided with electrical lighting and plumbing facilities. |
| Observed Physical Condition | : | good |

## *BUILDINGS*

| *Description* | | *Replacement Cost* | | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|---|
| **Material Recovery Facility (MRF) -** | ₱ | 481,000 | ₱ | 412,000 | 30 |
| No. of Storey (s) : one (1)<br>Estimated Floor Area : 37 sq.m.<br>General Framing : reinforced concrete<br>Walls : concrete hollow blocks<br>Interior Wall Finish : plastered cement and ceramic tiles<br>Exterior Wall Finish : plastered cement<br>Roofing : pre painted rib-type metal sheet on steel frame with heat insulation<br>Flooring : reinforced concrete slab<br>Floor Finish : ceramic tiles<br>Partition : ceramic tiles<br>Doors : steel louver<br>Others : The building is provided with electrical lighting facilities.<br>Observed Physical Condition : good | | | | | |
| **Sewage Treatment Plant (STP) -** | | 126,000 | | 108,000 | 30 |
| No. of Storey (s) : one (1)<br>Estimated Floor Area : 14 sq.m.<br>General Framing : reinforced concrete<br>Walls : concrete hollow blocks<br>Interior Wall Finish : plastered cement<br>Exterior Wall Finish : plastered cement<br>Roofing : corrugated galvanized iron sheet on steel frame<br>Flooring : reinforced concrete slab<br>Floor Finish : epoxy paint on plain cement<br>Doors : steel plate<br>Others : The building is provided with electrical lighting facilities.<br>Observed Physical Condition : good | | | | | |
| Total for Site I - | ₱ | 295,081,000 | ₱ | 212,226,000 | |

***B U I L D I N G S***

| *D e s c r i p t i o n* | | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| ***SITE II -*** | | | | |
| **Building 3 -** | | ₱ 339,320,000 | ₱ 296,905,000 | 35 |
| No. of Storey (s) | : three (3), lofty | | | |
| Estimated Total Floor Area | : 9,980 sq.m. | | | |
| General Framing | : reinforced concrete | | | |
| Walls | : concrete hollow blocks | | | |
| Interior Wall Finish | : plastered cement | | | |
| Exterior Wall Finish | : plastered cement | | | |
| Roofing | : pre painted rib-type metal sheet on steel frame with heat insulation | | | |
| Flooring | : reinforced concrete slab | | | |
| Floor Finish | : ceramic tiles | | | |
| Ceiling | : steel spandrel and gypsum board | | | |
| Partition | : partly concrete hollow blocks | | | |
| Doors | : frameless glass | | | |
| Others | : The building is provided with electrical lighting and plumbing facilities. | | | |
| Observed Physical Condition | : good | | | |
| | **Grand Total -** | **₱ 634,401,000** | **₱ 509,131,000** | |

***OTHER LAND IMRPOVEMENTS***

| *Description* | | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| **Driveway and Parking Area** | : These consist of reinforced concrete pavement laid on compacted earth base provided with underground drainage system. | ₱ 13,693,000 | ₱ 11,411,000 | 25 |

| IFRS 13 DISCLOSURE REQUIREMENTS | |
|---|---|
| Suggested classification: | *Region IV-A / Investment Property – Shoping Mall held for lease* |
| Unit of Account | *Group ofAssets - Buildings, Other Land Improvements and Building Machinery and Equipment* |
| Fair Value (IFRS) at the end of the reporting period (December 31, 2021): | *₱564,215,000* |
| Fair Value (IFRS) at the end of the reporting period (November 30, 2021): | *₱1,181,699,000* |
| Level of the Fair Value Hierarchy in which the fair value measurement in its entirety is categorized: | *Level 2* |
| Valuation techniques used: | *Cost Approach for buildings, other land improvements, and building machinery and equipment.* |
| Description of valuation techniques used: | *Please see introductory pages of this volume.* |
| Observable Inputs used: (based on external or independent sources) | *Replacement Cost* |
| Significant Unobservable Inputs used: (based on internal sources) | *Accrued Depreciation* |
| For Level 3 measurements, quantitative information regarding the significant unobservable inputs: | *Not Applicable* |
| Amount transfers between Level 1 and Level 2: | *Not Applicable* |
| For Level 3 measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs: | *Not Applicable* |
| If the highest and best use differs from its current use, disclose that fact and reason for it | *Highest and best use of the fixed assets is its designed and intended use.* |
| Highest and Best Use was determined: | *Design, function and intended use.* |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | | Replacement Cost | | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|---|---|
| | ***PHASE 1*** | | | | | |
| | **AIR CONDITIONING SYSTEM** | | | | | |
| **1** | **Air Cooled Condensing Unit (Outdoor)-** McQuay, Model MMC125D-PBAB, 2012 Year Mfd., Ser. No. 20552707-00022, 1000 mm dia. fan, 10 TR cooling capacity, 10512 rated power | ₱ | 365,000 | ₱ | 202,000 | 11 |
| **4** | **Air Conditioning Units -** Carrier, Model FP-40GKX060, Ser. Nos. 38ASBCDUCAR05TKXF13PC-0213996, 38ASBCDUCAR05TKXF13PC-0213977, 38ASBCDUCAR05TKXF13PC-0213978, 38ASBCDUCAR05TKXF13PC-0213978, ceiling cassette, split type, 5 TR cooling capacity | | 432,000 | | 280,000 | 10 |
| | | ₱ | 797,000 | ₱ | 482,000 | |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | | | | |
| **1** | **Generator Set -** Camda, Model KDGC400S1, Engine Model No. KTA19-G2, 2012 Year Mfd., 500 kVA/400kW capacity, 0.8 power factor, 60 Hz, 3-phase, powered by 6-cylinder cummins diesel engine, complete with controls and other standard accessories | ₱ | 3,434,000 | ₱ | 1,762,000 | 13 |
| **Lot** | **MDP-ATS Panel -** metal clad enclosure, equipped with: | | 594,000 | | 477,000 | 20 |
| 1 | Air Circuit Breaker (Normal) - LS, Model AS-16D3-16H, 1600A | | | | | |
| 1 | Air Circuit Breaker (Genset) - LS, Model AS-16D3-16H, 1600A complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **Feeder Panel -** metal clad enclosure, equipped with: | | 280,000 | | 225,000 | 20 |
| 1 | MCCB 1 - 1000A | | | | | |
| 1 | MCCB 2 - Metasol, Model ABN 803c, 800A | | | | | |
| 1 | MCCB 3 - Metasol, Model ABN 803c, 700A complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **Main MPCOM Panel -** metal clad enclosure, equipped with: | | 159,000 | | 128,000 | 20 |
| 1 | Main Circuit Breaker - 1000A | | | | | |
| 1 | CCF Breaker - Metasol, Model ABN 403c, 400A | | | | | |
| 1 | Main ECB F.Stall Breaker - Metasol, Model ABN 203c, 225A | | | | | |
| 1 | Fire Pump Breaker - Metasol, Model ABN 203c, 225A complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |

## *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|---|---|
| **Lot** | **Main DPAD Panel -** | ₱ | 146,000 | ₱ | 117,300 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Metasol, Model ABN 803c, 800A | | | | | |
| 1 | PPAD Breaker - | | | | | |
| | Metasol, Model ABN 203c, 250A | | | | | |
| 1 | Branch Circuit Breaker - | | | | | |
| | Metasol, Model ABN 203c, 200A | | | | | |
| 1 | Fire Pump Breaker - | | | | | |
| | Metasol, Model ABN 203c, 225A | | | | | |
| 1 | TPM Breaker - | | | | | |
| | Metasol, Model ABN 203c, 125A | | | | | |
| 1 | STP Breaker - | | | | | |
| | Metasol, Model ABN 103c, 100A | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **Main MPCOM Panel -** | | 42,400 | | 34,100 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Metasol, Model ABN 203c, 250A | | | | | |
| 1 | LPAD Breaker - | | | | | |
| | Metasol, Model ABN 103c, 100A | | | | | |
| 1 | ACC Breaker - | | | | | |
| | Metasol, Model ABN 103c, 100A | | | | | |
| 1 | Spare Breaker - | | | | | |
| | Metasol, Model ABN 103c, 100A | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **Main LPAD Panel -** | | 24,200 | | 19,400 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Metasol, Model ABN 103c, 100A | | | | | |
| 1 | Miniature Circuit Breaker - | | | | | |
| | LS, 40A | | | | | |
| 4 | Miniature Circuit Breakers - | | | | | |
| | LS, 32A | | | | | |
| 15 | Miniature Circuit Breakers - | | | | | |
| | LS, 20A | | | | | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | | Fair Value | | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|---|---|
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **ECB Commercial Panel -** | ₱ | 46,500 | ₱ | 37,300 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 3 | Branch Circuit Breakers - Metasol, Model ABN 103c, 125A | | | | | |
| 2 | Branch Circuit Breakers - Metasol, Model ABN 103c, 175A | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **CBG Panel -** | | 46,500 | | 37,300 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 3 | Branch Circuit Breakers - 175A, 3P | | | | | |
| 1 | Branch Circuit Breaker - 125A, 2P | | | | | |
| 2 | Branch Circuit Breakers - 100A, 2P | | | | | |
| 2 | Branch Circuit Breakers - 70A, 2P | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| | | ₱ | 4,772,600 | ₱ | 2,837,400 | |

## *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | | |
| **Lot** | **Fire Fighting Equipment (For Phase 1 and 2) -** consisting of: | ₱ 2,401,000 | ₱ 1,810,000 | 15 |
| 1 | Fire Pump - Aurora, centrifugal, vertical turbine, 127 mm S&D dia., 500 psi max pressure, 500 GPM, driven by 44.74 kW motor | | | |
| 1 | Fire Pump Controller - Eaton, Catalog No. FD80-60-B-L1, Ser. No. 16C3779E | | | |
| 1 | Jockey Pump - submersible, 3.73 kW motor | | | |
| 1 | Jockey Pump Controller - Eaton, Catalog No. XTJP-5-B-L1, Ser. No. 16C3779J | | | |
| 1 | Fire Alarm Control Panel Simplex, Model 4007ES | | | |
| 1 | Fire Fighter Telephone - Ravel, Model RE-740 | | | |
| 8 | Fire Hose Cabinets - aluminum steel framing with glass frontage, each equipped with long single jacket rubber line fire hose and 4.5 kgs. dry chemical fire extinguisher | | | |
| 40 | Sprinkler Heads | | | |
| 40 | Smoke Detectors | | | |
| 10 | Manual Pull Stations | | | |
| 10 | Fire Alarm Bells | | | |
| 10 | Strobe Light system complete with starter, pipings, valves controls and other standard accessories | | | |
| **20** | **Fire Extinguishers -** dry chemical, 4.5 kgs cap. | 24,000 | 12,000 | 5 |
| | | ₱ 2,425,000 | ₱ 1,822,000 | |

***BUILDING MACHINERY AND EQUIPMENT***

| ***Qty.*** | ***D e s c r i p t i o n*** | *Replacement Cost* | *Fair Value* | ***Estimated Remaining Economic Life (In Years)*** |
|---|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 339,000 | ₱ 265,000 | 16 |
| 2 | Water Pumps - Goulds Pumps, Index No. 3BF1J2A0RD, single-stage, centrifugal end-suction, 51 x 76 mm S&D dia., driven by 3.73 kW motor | | | |
| 1 | Pressure Tank - Super Dynaflo, Model SDF-300VL-10, Product ID No. A00300-10GE1C5N-MVL-150H, Ser. No. 2019.4.4-0008, 2019 Year Mfd., metal body, 300 liters capacity, 700 x 1000 mm DH | | | |
| | system complete with starter, pipings, valves controls and other standard accessories | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| ***Qty.*** | ***Description*** | *Replacement Cost* | *Fair Value* | ***Estimated Remaining Economic Life (In Years)*** |
|---|---|---|---|---|
| | **SEWAGE TREATMENT PLANT** | | | |
| **Lot** | **Sewage Treatment Plant -** consisting of: | ₱ 950,000 | ₱ 725,000 | 15 |
| 2 | Roots Blowers - Longtech, Model LTS-065, Ser. Nos. 13023 and 13012, 2013 Year Mfd., 3.73 kW capacity | | | |
| 2 | Roots Blowers - Hey-Wel, 2012 Year Mfd., 3.73 kW capacity | | | |
| 1 | Chlorinator Pump - Iwaki, Model ES-B16VC-230N1, Mfg. No. M091736634, 3.9 liters/hr., 16 W | | | |
| 1 | Chlorinator Tank - plastic, 60 liters capacity, 400 x 700 mm DH | | | |
| 4 | Submersible Pumps - approx. 76 mm dia discharged, driven by 2.2 kW | | | |
| 1 | Submersible Pump - approx. 76 mm dia discharged, driven by 1.5 kW motor | | | |
| | system complete with pipings, valves controls and other standard accessories | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | Replacement Cost | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|
| | ***PHASE 2*** | | | |
| | **ELEVATOR** | | | |
| **1** | **Passenger Elevator -** Nippon, 10-persons/800 kgs. load capacity, 2 landings, complete with controls and other standard accessories | ₱ 706,000 | ₱ 539,000 | 15 |

***BUILDING MACHINERY AND EQUIPMENT***

| ***Qty.*** | ***Description*** | *Replacement Cost* | *Fair Value* | ***Estimated Remaining Economic Life (In Years)*** |
|---|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | | |
| **1** | **Air Conditioning Unit -** Koppel, Model KV36CM-ARF21, ceiling cassette, split type, 3 TR capacity | ₱ 124,000 | ₱ 79,000 | 6 |
| **1** | **Air Conditioning Unit -** Samsung, split type, wall-mounted, 0.75 TR capacity | 28,300 | 18,000 | 6 |
| | | ₱ 152,300 | ₱ 97,000 | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *D e s c r i p t i o n* | | *Replacement Cost* | | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | | | | |
| | **Ground Floor EE Room** | | | | | |
| **1** | **Generator Set -** Camda, Model KDGC800S1, 2012 Year Mfd., 1000 kVA/800kW capacity, 0.8 power factor, 60 Hz, 3-phase, powered by 6-cylinder Cummins Diesel Engine, Engine Model No. KTA38-G2,complete with controls and other standard accessories | ₱ | 6,868,000 | ₱ | 3,525,000 | 13 |
| **Lot** | **LVSG/ Unitized Panel ATS -** metal clad enclosure, 3-vertical sections, equipped with: | | 1,089,000 | | 875,000 | 20 |
| 1 | Normal Breaker - LS, Model AH-20D4-20A, 2000A | | | | | |
| 1 | Genset Breaker - LS, Model AH-20D4-20A, 2000A | | | | | |
| 1 | Main Circuit Breaker - Metasol, Model ABN 103c, 150A | | | | | |
| 1 | Branch Circuit Breaker - Metasol, Model ABN 103c, 125A | | | | | |
| 1 | Branch Circuit Breaker - Metasol, Model ABN 103c, 100A | | | | | |
| 1 | Branch Circuit Breaker - Metasol, Model ABN 103c, 60A | | | | | |
| 1 | Branch Circuit Breaker - Metasol, Model ABN 103c, 40A | | | | | |
| 1 | RMC 2F Breaker(MCCB 16) - LS, Model ABS 1003b, 1000A | | | | | |
| 1 | MCCB 17 - LS, Model ABS 1203b, 1200A | | | | | |
| 1 | RMC G Breaker(MCCB 18) - LS, Model ABS 803b, 800A complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **PPG Panel -** metal clad enclosure, equipped with: | | 37,400 | | 30,000 | 20 |
| 1 | Main Circuit Breaker - Metasol, Model ABN 103c, 150A | | | | | |
| 4 | Branch Circuit Breakers - | | | | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| | Metasol, Model ABN 103c, 50A | | | |
| 2 | Branch Circuit Breakers - | | | |
| | Metasol, Model ABN 103c, 30A | | | |
| 1 | Branch Circuit Breaker - | | | |
| | 30A, 1P | | | |
| 15 | Branch Circuit Breakers - | | | |
| | 20A, 1P | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **LPG Panel -** | ₱ 11,100 | ₱ 8,900 | 20 |
| | metal clad enclosure, equipped with: | | | |
| 1 | Main Circuit Breaker - | | | |
| | Metasol, Model ABN 103c, 40A | | | |
| 24 | Branch Circuit Breakers - | | | |
| | 30A, 1P | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **RMCG ECB Panel -** | 259,000 | 208,000 | 20 |
| | metal clad enclosure, equipped with: | | | |
| 1 | Main Circuit Breaker - | | | |
| | Metasol, Model ABN 803c, 800A | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **RMCG Panel -** | 131,000 | 105,000 | 20 |
| | metal clad enclosure, equipped with: | | | |
| 1 | Main Circuit Breaker - | | | |
| | Metasol, Model ABN 103c, 150A | | | |
| 10 | Branch Circuit Breakers- | | | |
| | Metasol, Model ABN 103c, 100A | | | |
| 1 | Branch Circuit Breaker - | | | |
| | Metasol, Model ABN 103c, 75A | | | |
| 2 | Branch Circuit Breakers- | | | |
| | Metasol, Model ABN 103c, 60A | | | |
| 1 | Branch Circuit Breaker - | | | |
| | Metasol, Model ABN 103c, 50A | | | |
| 12 | Branch Circuit Breakers- | | | |
| | Metasol, Model ABN 103c, 40A | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| | **Second Floor EE Room** | | | |
| **1** | **Distribution Transformer -**<br>Standard Transformer, Ser. No. R90C9021136, dry type, 30 kVA, 400/230V primary, 230V secondary voltage | ₱ 92,000 | ₱ 69,000 | 15 |
| **Lot** | **PP2 Panel -**<br>metal clad enclosure, equipped with: | 23,000 | 18,000 | 20 |
| 1 | Main Circuit Breaker -<br>Metasol, Model ABN 103c, 125A | | | |
| 2 | Branch Circuit Breakers-<br>Metasol, Model ABN 103c, 100A | | | |
| 10 | Branch Circuit Breakers-<br>20A, 1P<br>complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **LP2 Panel -**<br>metal clad enclosure, equipped with: | 10,100 | 8,100 | 20 |
| 1 | Main Circuit Breaker -<br>Metasol, Model ABN 103c, 40A | | | |
| 20 | Branch Circuit Breakers -<br>20A, 1P<br>complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **RMC2F ECB Panel -**<br>metal clad enclosure, equipped with: | 259,000 | 208,000 | 20 |
| 1 | Main Circuit Breaker -<br>LS, Model ABS 1003b, 1000A<br>complete with cables, wirings, connections, cable trays and other standard accessories | | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| *Qty.* | *Description* | | *Replacement Cost* | | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|---|---|
| **Lot** | **RMC2 Panel -** | ₱ | 121,200 | ₱ | 97,300 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Metasol, Model ABN 203c, 250A | | | | | |
| 11 | Branch Circuit Breakers- | | | | | |
| | Metasol, Model ABN 103c, 100A | | | | | |
| 1 | Circuit Breaker - | | | | | |
| | Metasol, Model ABN 103c, 75A | | | | | |
| 5 | Branch Circuit Breakers- | | | | | |
| | Metasol, Model ABN 103c, 60A | | | | | |
| 2 | Circuit Breaker - | | | | | |
| | Metasol, Model ABN 103c, 40A | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| | | ₱ | 8,900,800 | ₱ | 5,152,300 | |

## BUILDING MACHINERY AND EQUIPMENT

| Qty. | Description | Replacement Cost | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|
| | **CCTV SYSTEM** | | | |
| **Lot** | **CCTV Equipment (For Phase 1 and 2) -** consisting of: | ₱ 370,000 | ₱ 204,000 | 6 |
| 1 | Digital Video Recorder - Hikvision, 40 channels | | | |
| 1 | CCTV Monitor - Hikvision, 1397 mm screen size | | | |
| 40 | CCTV Cameras - Hikvision, bullet type | | | |
| 1 | Uninterruptible Power Supply - Kstar, Model Micro 600, 600 VA complete with cables, wirings and other standard accessories | | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|
| | **PA/BGM SYSTEM** | | | |
| **Lot** | **PA/BGM Equipment (For Phase 1 and 2) -** consisting of: | ₱ 270,000 | ₱ 137,000 | 5 |
| 1 | Desktop Microphone - Carol, Model MUD-546 | | | |
| 1 | Multi Zone Mixing Amplifier - Kevler, Model BGM-500UB | | | |
| 1 | Router - Huawei, Model AR-160 Series | | | |
| 2 | Pre-Amplifiers - Bosch, Plena System | | | |
| 1 | AM/FM Tuner Player - ITC, Model T-2221 | | | |
| 20 | Speakers - ceiling mounted, 203 mm dia. complete with cables, wirings and other standard accessories | | | |

### *BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | Replacement Cost | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|
| | **WATER DISTIRBUTION SYSTEM** | | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 1,395,000 | ₱ 1,052,000 | 15 |
| 3 | Water Pumps - Pentair, Type 6 DRELC, Ser. Nos. 2426393-1, 2426393-2, 2426393-3, centrifugal, vertical turbine, 76 mm S&D dia., 80 GPM, 55 m head, driven by 5.56 kW motor, 3500 rpm | | | |
| 1 | Pressure Tank - Super Dynaflo, Model WF-850VL-PW, metal body, 850 liters capacity, 900 x 1600 mm DH system complete with starter, pipings, valves controls and other standard accessories | | | |

*BUILDING MACHINERY AND EQUIPMENT*

| Qty. | Description | | Replacement Cost | | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|---|---|
| | ***PHASE 3*** | | | | | |
| | **ELEVATOR** | | | | | |
| 1 | **Passenger Elevator -** Nippon, 13-persons/1000 kgs. load capacity, 3-landings, complete with controls and other standard accessories | ₱ | 1,324,000 | ₱ | 998,000 | 15 |
| 2 | **Escalators -** Nippon, 9000 persons per hour, 400 x 800 mm LW step, 0.5 m/s speed, approx. 4.5 m rise, complete with drive motor, controls and other standard accessories. | | 3,370,000 | | 2,540,000 | 15 |
| 2 | **Escalators -** Kone, Type TravelMaster 110, Eqpt. No. 30491488, Sales Order No. 36047030, 2014 Year Mfd., 9000 persons/hour cap., 400 x 800 mm LW step, 0.5 m/s speed, approx. 4.5 m rise, complete with drive motor, controls and other standard accessories. | | 3,370,000 | | 2,540,000 | 15 |
| | | ₱ | 8,064,000 | ₱ | 6,078,000 | |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | Replacement Cost | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|
| | **AIR CONDITIONING SYSTEM** | | | |
| **Lot** | **Centralized Air Conditioning System -** consisting of: | ₱ 19,838,000 | ₱ 13,966,000 | 14 |
| 13 | Air Cooled Condensing Units - Trane, Model RAUP500K1B0A, 2016 Year Mfd., 41 tons capacity, outdoor | | | |
| | Serial Nos. | | | |
| | 3T0216-801008 | | | |
| | 3T0216-801009 | | | |
| | 3T0216-801007 | | | |
| | 3T0216-801002 | | | |
| | 3T0216-800978 | | | |
| | 3T0216-800999 | | | |
| | 3T0216-801001 | | | |
| | 3T0216-800977 | | | |
| | 3T0216-800976 | | | |
| | 3T0216-800998 | | | |
| | 3T0216-801000 | | | |
| | 3T0216-801003 | | | |
| | 3T0216-801010 | | | |
| 4 | Air Handling Units - Trane, Model TTV400AK14A0AA0D, 2016 Year Mfd., 33 tons capacity, indoor | | | |
| | Serial Nos. | | | |
| | 3T0216-701143 | | | |
| | 3T0216-701147 | | | |
| | 3T0216-701144 | | | |
| | 3T0216-701157 | | | |
| | System complete with piping connections, electrical and control system, ductings, and other standard accessories | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| | **ELECTRICAL DISTRIBUTION SYSTEM** | | | |
| | **Second Floor EE Room** | | | |
| **1** | **Automatic Voltage Regulator -** Advance Electronics, Model AP-500XV-CDR3A,Ser. No. 0716-15805, 2016 Year Mfd., 50 kVA capacity | ₱ 192,000 | ₱ 135,000 | 14 |
| **4** | **Automatic Voltage Regulators -** Advance Power, Model AP-200XV-CDR3A,Ser. Nos. 0716-15807, 0716-15808, 0716-15809 and 0716-15806, 2016 Year Mfd., 20 kVA capacity | 444,000 | 312,000 | 14 |
| **Lot** | **LP Module Panel -** metal clad enclosure, equipped with: | 12,100 | 8,600 | 18 |
| 1 | Main Circuit Breaker - Siemens, Model 3VT1, 80A | | | |
| 1 | Miniature Circuit Breaker - Schneider, Model IC60N, 32A, 1P | | | |
| 17 | Miniature Circuit Breakers - Schneider, Model IC60N, 20A, 1P | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **ACCU/AHU/GF Panel -** metal clad enclosure, equipped with: | 31,300 | 25,100 | 20 |
| 1 | Main Circuit Breaker - Siemens, Model 3VT1, 160A | | | |
| 6 | Branch Circuit Breakers - Siemens, Model 3VT1, 40A | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **PP-ESC/ELEV Panel -** metal clad enclosure, equipped with: | 41,400 | 33,300 | 20 |
| 1 | Main Circuit Breaker - Siemens, Model 3VT2, 250A | | | |
| 1 | Branch Circuit Breaker - Siemens, Model 3VT1, 50A | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| 4 | Branch Circuit Breakers - | | | |
| | Siemens, Model 3VT1, 40A | | | |
| 1 | Branch Circuit Breaker - | | | |
| | Schneider, 60A, 2P | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **DP-2 Panel -** | ₱ 523,000 | ₱ 420,000 | 20 |
| | metal clad enclosure, equipped with: | | | |
| 1 | Main Circuit Breaker - | | | |
| | approximately 2250A | | | |
| 14 | Branch Circuit Breakers - | | | |
| | Siemens, Model 3VT1, 160A | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **DP-1 Panel -** | 199,000 | 160,000 | 20 |
| | metal clad enclosure, equipped with: | | | |
| 1 | Main Circuit Breaker - | | | |
| | approximately 1250A | | | |
| 1 | Branch Circuit Breaker - | | | |
| | approximately 200A | | | |
| 2 | Branch Circuit Breakers - | | | |
| | Siemens, Model 3VT1, 160A | | | |
| 1 | Branch Circuit Breaker - | | | |
| | Siemens, Model 3VT1, 125A | | | |
| 4 | Branch Circuit Breakers - | | | |
| | Siemens, Model 3VT1, 100A | | | |
| 2 | Branch Circuit Breakers - | | | |
| | Siemens, Model 3VT1, 80A | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **LP-2 Panel -** | 18,200 | 14,600 | 20 |
| | metal clad enclosure, equipped with: | | | |
| 1 | Main Circuit Breaker - | | | |
| | Siemens, Model 3VT1, 100A | | | |
| 24 | Miniature Circuit Breakers - | | | |
| | Schneider, Model IC60N, 20A, 1P | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | | Replacement Cost | | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|---|---|
| **Lot** | **LP-Rack Panel -** | ₱ | 14,100 | ₱ | 11,300 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Siemens, Model 3VT1, 100A | | | | | |
| 17 | Miniature Circuit Breakers - | | | | | |
| | Schneider, Model IC60N, 20A, 1P | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **LP-3 Panel -** | | 16,200 | | 13,000 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Siemens, Model 3VT1, 100A | | | | | |
| 18 | Miniature Circuit Breakers - | | | | | |
| | Schneider, Model IC60N, 20A, 1P | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **PP-2 Panel -** | | 11,100 | | 8,900 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Siemens, Model 3VT1, 100A | | | | | |
| 10 | Miniature Circuit Breakers - | | | | | |
| | Schneider, Model IC60N, 20A, 1P | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **ACCU/AHU/2F Panel -** | | 24,200 | | 19,400 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Siemens, Model 3VT1, 100A | | | | | |
| 5 | Branch Circuit Breakers - | | | | | |
| | Siemens, Model 3VT1, 40A | | | | | |
| | complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **ACCU/AHU/3F Panel -** | | 25,300 | | 20,300 | 20 |
| | metal clad enclosure, equipped with: | | | | | |
| 1 | Main Circuit Breaker - | | | | | |
| | Siemens, Model 3VT1, 160A | | | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | | Replacement Cost | | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|---|---|
| 4 | Branch Circuit Breakers -<br>Siemens, Model 3VT1, 40A<br>complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **LP-1 Panel -**<br>metal clad enclosure, equipped with: | ₱ | 18,200 | ₱ | 14,600 | 20 |
| 1 | Main Circuit Breaker -<br>Siemens, Model 3VT1, 100A | | | | | |
| 24 | Miniature Circuit Breakers -<br>Schneider, Model IC60N, 20A, 1P<br>complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| **Lot** | **PP-1 Panel -**<br>metal clad enclosure, equipped with: | | 16,200 | | 13,000 | 20 |
| 1 | Main Circuit Breaker -<br>Siemens, Model 3VT1, 100A | | | | | |
| 18 | Miniature Circuit Breakers -<br>Schneider, Model IC60N, 20A, 1P<br>complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |
| | **ATS Room** | | | | | |
| **Lot** | **Main Distribution Panel -**<br>metal clad enclosure, 3-vertical sections, equipped with: | | 1,322,000 | | 1,062,000 | 20 |
| 1 | Normal Breaker -<br>LS, Model AH-20D4-20A, 2000A | | | | | |
| 1 | Genset Breaker -<br>LS, Model AH-20D4-20A, 2000A | | | | | |
| 1 | Branch Circuit Breaker -<br>LS, Model AH-16D3-16A, 1600A | | | | | |
| 1 | Branch Circuit Breaker -<br>Metasol, Model ABN 803c, 800A | | | | | |
| 1 | Branch Circuit Breaker -<br>Metasol, Model ABN 203c, 200A | | | | | |
| 1 | Branch Circuit Breaker -<br>Metasol, Model ABN 103c, 100A<br>complete with cables, wirings, connections, cable trays and other standard accessories | | | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| **Lot** | **PPAD Panel -** metal clad enclosure, equipped with: | ₱ 78,000 | ₱ 63,000 | 20 |
| 1 | Main Circuit Breaker - Metasol, Model ABN 103c, 75A | | | |
| 2 | Branch Circuit Breakers - Metasol, Model ABN 103c, 40A | | | |
| 18 | Branch Circuit Breakers - Metasol, Model ABN 103c, 20A complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| **Lot** | **DPAD Panel -** metal clad enclosure, equipped with: | 20,200 | 16,200 | 20 |
| 1 | Main Circuit Breaker - Metasol, Model ABN 103c, 100A | | | |
| 2 | Branch Circuit Breakers - Metasol, Model ABN 103c, 75A | | | |
| 1 | Branch Circuit Breaker - Metasol, Model ABN 103c, 30A | | | |
| 1 | Branch Circuit Breaker - Metasol, Model ABN 103c, 20A complete with cables, wirings, connections, cable trays and other standard accessories | | | |
| | **Genset Room** | | | |
| **1** | **Generator Set -** Stamford, Model TOP 825, Ser. No. T10010636, 2016 Year Mfd., 1000kVA/800kW capacity, 0.8 power factor, 60 Hz, 3-phase, powered by 6-cylinder cummins diesel engine, complete with controls and other standard accessories | 6,868,000 | 5,241,700 | 19 |
| | | ₱ 9,874,500 | ₱ 7,592,000 | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| | **FIRE FIGHTING SYSTEM** | | | |
| **Lot** | **Fire Fighting Equipment -** consisting of: | ₱ 2,454,000 | ₱ 1,873,000 | 15 |
| 1 | Fire Pump - AC Fire Pump Systems, Model FP11CLC-500, Type VIT-CT, Ser. No. 15-0074258-01-01/QKX063, centrifugal, vertical turbine, 127 mm S&D dia., 500 GPM, driven by 44.74 kW motor | | | |
| 1 | Fire Pump Controller - TornaTech, Model No. GPW-400/60/3/60, Ser. No. Z 151916, 2016 Year Mfd. | | | |
| 1 | Jockey Pump - submersible, 5.60 kW motor | | | |
| 1 | Jockey Pump Controller - TornaTech, Model No. JP3-400/7.5/3/60, Ser. No. Z 151917, 2016 Year Mfd. | | | |
| 1 | Fire Alarm Control Panel Cooper, Model CF1200, Ser. No. G211013 | | | |
| 12 | Fire Hose Cabinet/s - aluminum steel framing with glass frontage, each equipped with long single jacket rubber line fire hose and 4.5 kgs. dry chemical fire extinguisher | | | |
| 40 | Sprinkler Heads | | | |
| 40 | Smoke Detectors | | | |
| 20 | Manual Pull Station | | | |
| 20 | Fire Alarm Bells | | | |
| 20 | Strobe Lights | | | |
| | system complete with starter, pipings, valves controls and other standard accessories | | | |
| **47** | **Fire Extinguishers -** dry chemical, 4.5 kgs cap. | 56,400 | 28,200 | 5 |
| **5** | **Fire Extinguishers -** dry chemical, 9.07 kgs cap. | 10,000 | 5,000 | 5 |
| **10** | **Fire Extinguishers -** AFFF, 9.07 kgs cap. | 13,000 | 7,000 | 5 |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *Description* | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| **1** | **Fire Extinguisher -** AFFF, 45.36 kgs cap. | ₱ 10,000 | ₱ 5,100 | 5 |
| **1** | **Fire Extinguisher -** carbon dioxide, 22.68 kgs cap. | 9,300 | 4,700 | 6 |
| **1** | **Fire Extinguisher -** carbon dioxide, 9.07 kgs cap. | 27,000 | 13,700 | 6 |
| **1** | **Fire Extinguisher -** HCFC, 4.5 kgs cap. | 5,600 | 2,800 | 6 |
| | | ₱ 2,585,300 | ₱ 1,939,500 | |

***BUILDING MACHINERY AND EQUIPMENT***

| Qty. | Description | Replacement Cost | Fair Value | Estimated Remaining Economic Life (In Years) |
|---|---|---|---|---|
| | **CCTV SYSTEM** | | | |
| **Lot** | **CCTV Equipment -** consisting of: | ₱ 846,000 | ₱ 430,000 | 5 |
| 6 | Digital Video Recorders - Hikvision, 16 channels | | | |
| 1 | CCTV Monitor - Ace, 813 mm screen size | | | |
| 5 | CCTV Monitors - LG, 813 mm screen size | | | |
| 96 | CCTV Cameras - Hikvision, bullet type | | | |
| 6 | Uninterruptible Power Supplies - APC, Model Back-UPS 625 complete with cables, wirings and other standard accessories | | | |

***BUILDING MACHINERY AND EQUIPMENT***

| *Qty.* | *D e s c r i p t i o n* | *Replacement Cost* | *Fair Value* | *Estimated Remaining Economic Life (In Years)* |
|---|---|---|---|---|
| | **WATER DISTRIBUTION SYSTEM** | | | |
| **Lot** | **Water Distribution System -** consisting of: | ₱ 471,000 | ₱ 355,000 | 15 |
| 2 | Water Pumps - Lowara, Pump No. 15SV04F556, Code No. BV1504F, vertical in-line, multi-stage, 10-29 m³/hr. flow rate, 51 mm S&D dia., driven by 5.5 kW motor | | | |
| 1 | Pressure Tank - Super Dynaflo, Model SDF-500VL-10, metal body, 500 liters capacity, 800 x 1100 mm DH system complete with starter, pipings, valves controls and other standard accessories | | | |

# _Photographs of the Fixed Assets_

**_The Subject Property_**


**_SITE I (Taken along Manuel L. Quezon Extension)_**


**_SITE II (Taken along Manuel L. Quezon Extension)_**

***Road Scenes***


***along Manuel L. Quezon Avenue***

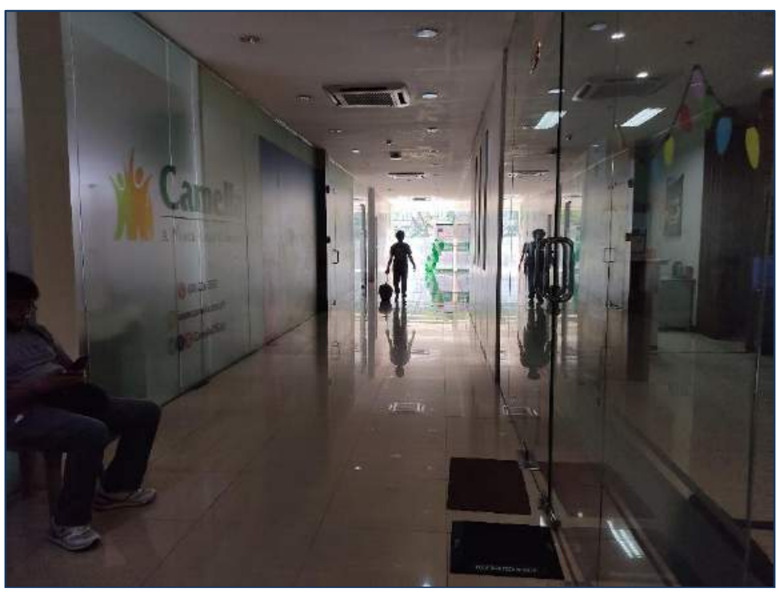
***along Atis Street (Road Lot 1)***

***along Road Lot 3***


***Building 1***

***Interior Views***


***Ground Floor of Building 1***



***Second Floor of Building 1***

***Building 2***


***Ground Floor***

***Second Floor of Building 2***


***Building 3***

## ***Interior Views***


***Ground Floor of Building 3***


***Second Floor of Building 3***


***Third Floor***

***Material Recovery Facility (MRF)***

***Sewage Treatment Plant (STP)***

***Driveway***

***Parking Area***

## ***Building Machinery and Equipment***

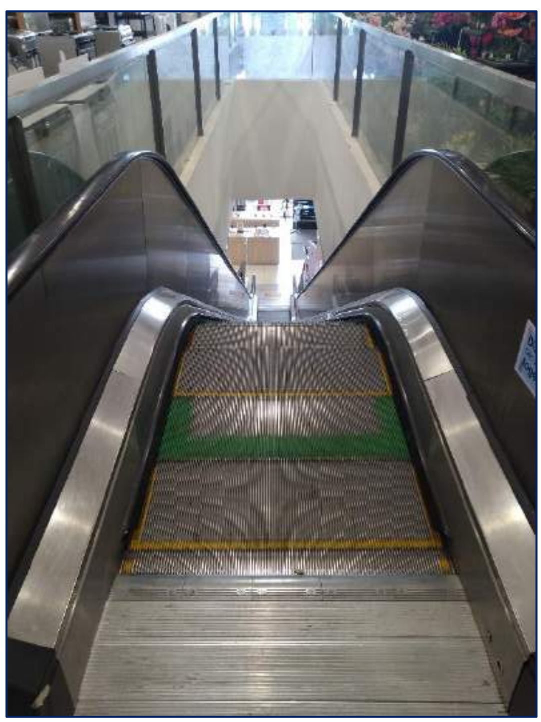
*Air Cooled Condensing Unit*

*Generator Set*

*Fire Pump*

*Elevator*

*Distribution Transformer*

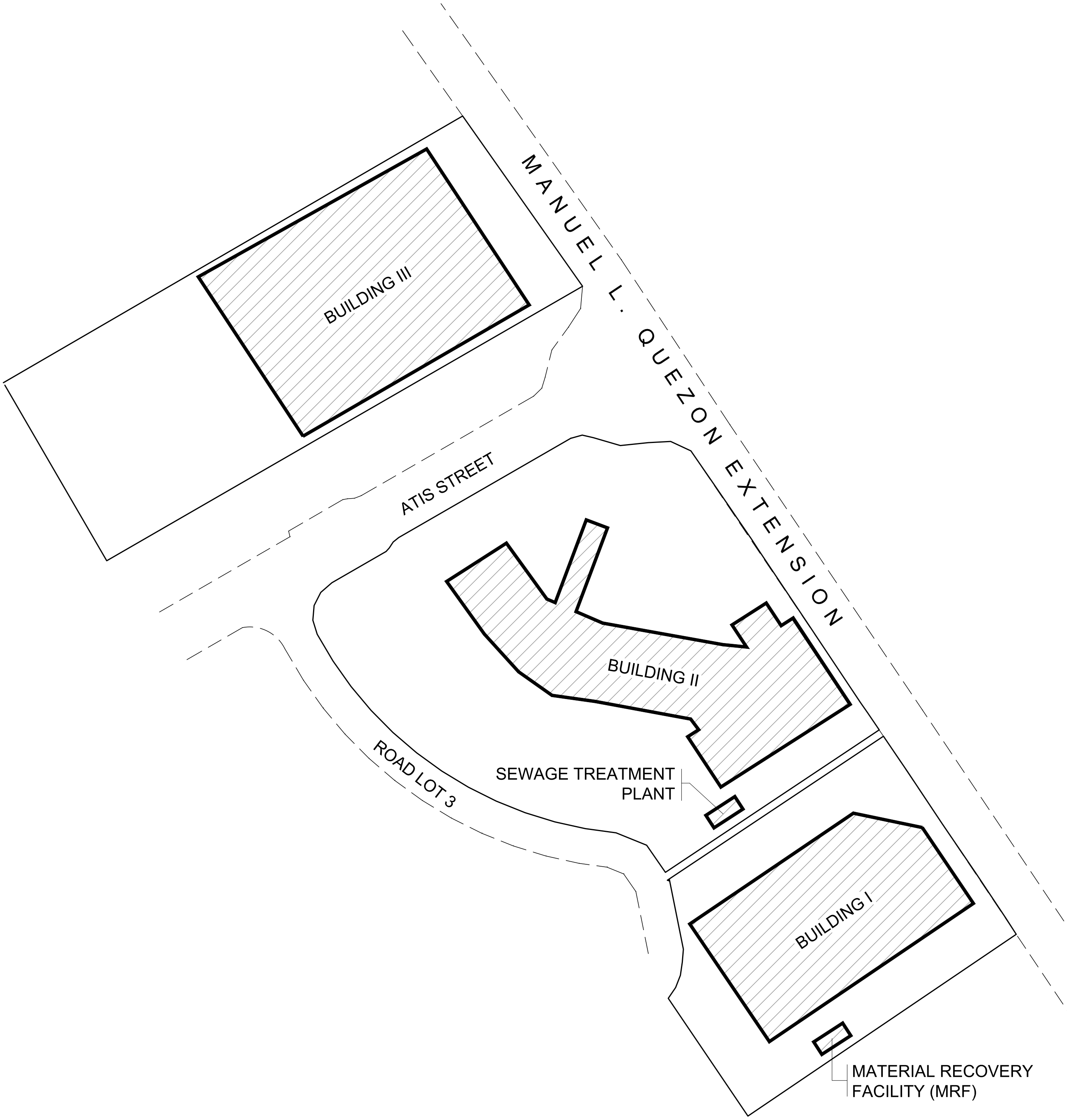


*Escalator*

***Air Handling Unit***

***Water Distribution System***

***Roots Blower***

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**CROWN ASIA PROPERTIES-NORTH, INCORPORATED AND BEATRICE REALTY DEVELOPMENT COMPANY INC.**

BARANGAY SAN ROQUE, ANTIPOLO CITY, PROVINCE OF RIZAL

# PLOT PLAN

PREPARED BY:

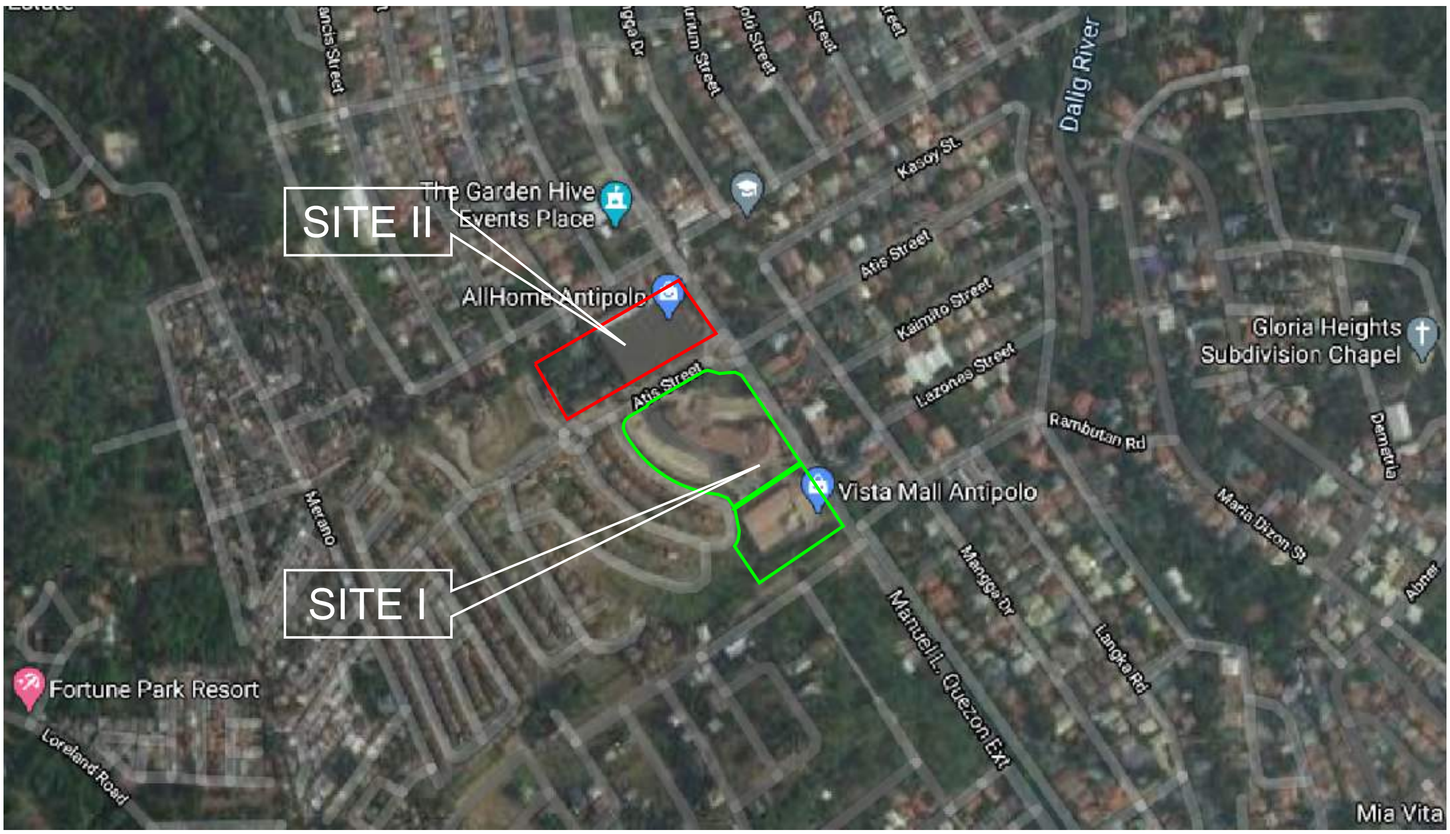
## ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM21-C10755-001.1
D.S. MORALES

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.




NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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CROWN ASIA PROPERTIES-NORTH, INCORPORATED AND BEATRICE REALTY DEVELOPMENT COMPANY INC.

BARANGAY SAN ROQUE, ANTIPOLO CITY, PROVINCE OF RIZAL

VICINITY MAP

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

FAM21-C10755-001.1
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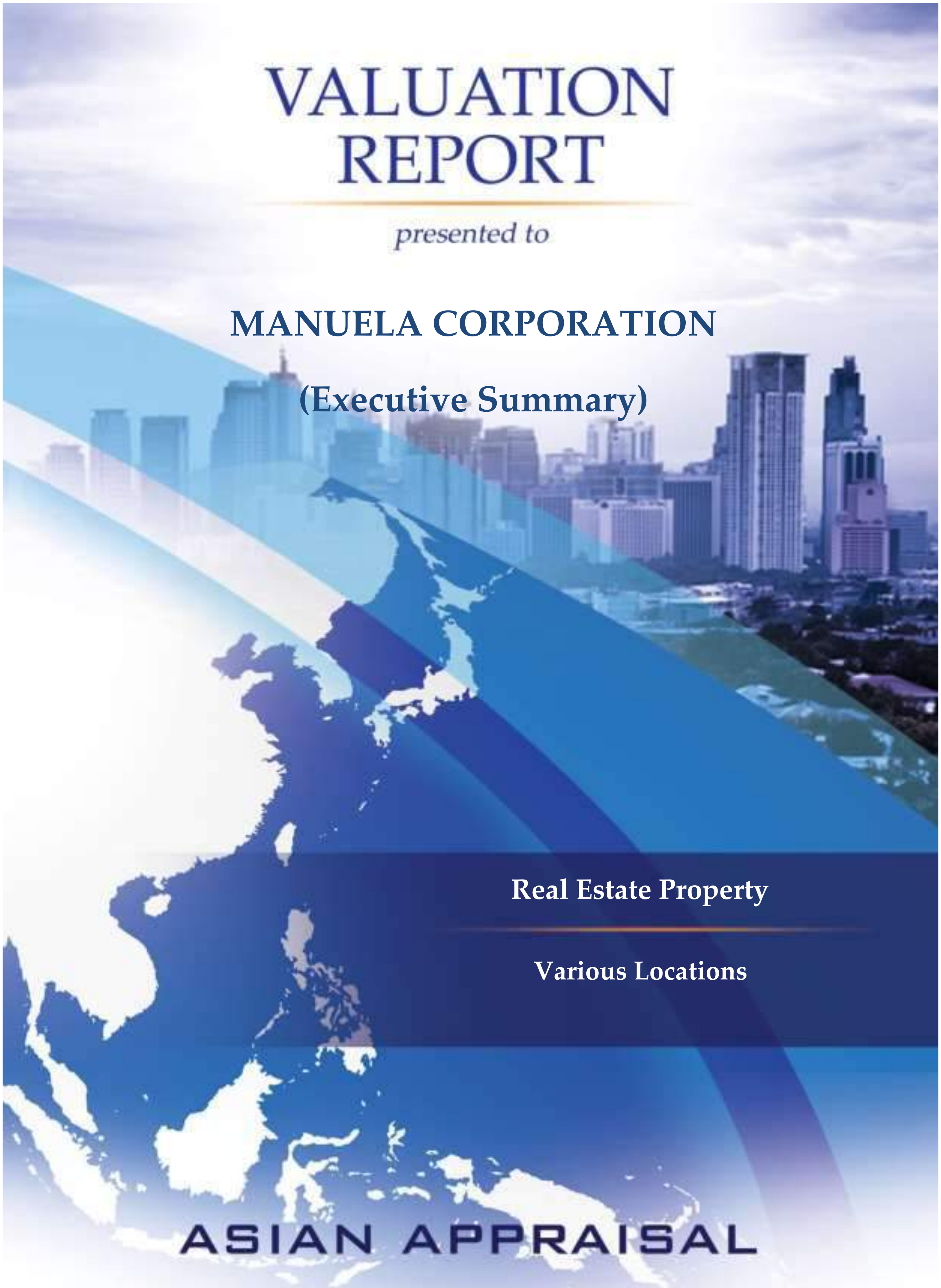

# VALUATION REPORT

*presented to*

## MANUELA CORPORATION

## (Executive Summary)

**Real Estate Property**

**Various Locations**

ASIAN APPRAISAL

***PRIVATE AND CONFIDENTIAL***

April 26, 2022

**MANUELA CORPORATION**
M Star, C. V. Starr Avenue
Philamlife Village, Pamplona Dos
Las Pinas City, Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MR. BRIAN N. EDANG**
Chief Financial Officer

Gentlemen:

***Re: AACI File No. FAM22-C00480-001.1***
Appraisal of Property

Pursuant to your instructions, we have made an investigation and appraisal of Fixed Assets of the following properties listed below situated in various locations.

| AACI File No. | Company Name | Property Name | Subject Property | Replacement Cost | Market Value |
|---|---|---|---|---|---|
| FAM22-C00480-001.1 | MANUELA CORPORATION | Starmall Las Piñas-Annex | Building and Building Machinery and Equipment | **191,641,000** | **87,391,000** |
| FAM22-C00480-001.2 | MANUELA CORPORATION | Vista Mall Las Piñas | Building and Building Machinery and Equipment | **1,401,047,000** | **990,285,000** |
| FAM22-C10752-001.2 | COMMUNITIES PAMPANGA, INC. | Vista Mall Pampanga | Building and Building Machinery and Equipment | **1,314,549,600** | **1,095,415,000** |
| FAM22-C10755-001.2 | CROWN ASIA PROPERTIES, INC. | Vista Mall Antipolo | Building and Building Machinery and Equipment | **710,851,000** | **564,215,000** |
| FAM22-C10754-001.1-1 | MASTERPIECE ASIA PROPERTIES | Starmall San Jose Del Monte | Building and Building Machinery and Equipment | **2,515,816,000** | **2,006,197,000** |
| FAM22-C10754-001.1-2 | MASTERPIECE ASIA PROPERTIES | Vista Mall Imus | Building and Building Machinery and Equipment | **458,857,000** | **302,885,000** |
| FAM22-C10754-001.1-3 | MASTERPIECE ASIA PROPERTIES | SOMO - A Vista Mall | Building and Building Machinery and Equipment | **1,382,599,000** | **1,184,087,000** |
| FAM22-C10754-001.1-4 | MASTERPIECE ASIA PROPERTIES | VistaHub Molino | Building and Building Machinery and Equipment | **777,537,000** | **688,811,000** |

| AACI File No. | Company Name | Property Name | Subject Property | Replacement Cost | Market Value |
|---|---|---|---|---|---|
| FAM22-C10754-001.1-5 | MASTERPIECE ASIA PROPERTIES | Starmall Talisay-Cebu | Building and Building Machinery and Equipment | **790,189,000** | **622,744,000** |
| FAM22-C10754-001.1-6 | MASTERPIECE ASIA PROPERTIES | Vista Mall General Trias | Building and Building Machinery and Equipment | **1,320,714,000** | **1,220,045,000** |
| FAM22-C10754-001.1-7 | MASTERPIECE ASIA PROPERTIES | Vista Mall Tanza | Building and Building Machinery and Equipment | **1,312,422,000** | **1,210,838,000** |
| FAM21-C10753-001.1 | VISTA RESIDENCES, INC. | VistaHub BGC | Condominium units and Parking Slot | **3,549,607,000** | **3,549,607,000** |

It is our understanding that the appraisal is required for Real Estate Investment Trust (REIT) purpose only, and you wish us to render an opinion of the ***Replacement Cost*** and ***Market Value*** of the Fixed Assets as of ***December 31, 2021.***

### *Bases of Value*

***Market Value*** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC).

***Replacement Cost*** is defined as the current cost of a similar asset offering equivalent utility (IVS).

***Depreciated Replacement Cost*** as a method under the cost approach that indicates value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence (IVSC).

***Remaining Economic Life*** is that estimated period of time, expressed in years, that an asset is expected to perform in a satisfactory manner, the function for which it was designed and built, assuming normal and reasonable maintenance.

### *Condominium Property Valuation*

The value of the condominium units was arrived at using the Market Approach. In this approach, the value of a particular condominium units was based on sales and listings of comparable property registered within the specific condominium project or comparable condominium projects within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. Our comparison was premised on the factors of floor location, floor area, age, amenities, building location, time element and other relevant factors.

## *Improvement Valuation*

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with *Modified Quantity Survey Method* which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

### *Building Machinery and Equipment Valuation*

The value of the Building Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Building Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building Machinery and Equipment.

## *Opinion of Value*

Premised on the foregoing and as supported by the accompanying inventory report, we are of the opinion that the following estimates represent the ***Market Value*** of the property:

*Based upon the investigation and an analysis of all relevant factors, and as supported by the accompanying inventory report, it is our opinion that* **THIRTEEN BILLION, FIVE HUNDRED TWENTY-TWO MILLION, *FIVE HUNDRED TWENTY THOUSAND (PHP 13,522,520,000.00) PESOS*** *represents the* **Market Value** *of the subject Fixed Assets appraised as of December 31, 2021, for continued use as part of a going concern, subject to the attached limiting conditions.*

We have made no investigation of and assume no responsibility for titles to or liabilities against the property appraised.

***WE HEREBY CERTIFY*** that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

**ASIAN APPRAISAL COMPANY, INC.**

**JOHN C. PAR, CPV, CRA, CRB, RCE**
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

# *General Service Conditions*

The services provided by Asian Appraisal Company, Inc., were performed in accordance with recognized professional appraisal standards namely the Philippine Valuation Standards, 2nd Edition (2018), the International Valuation Standards (Effective 31 January 2020 Edition), the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021 Edition), and the International Financial Reporting Standards (IFRS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

# *Certificate of Appraiser*

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that appraisal of the property was done under the direct supervision of the undersigned, with a total ***Market Value*** of ***PHP 13,522,520,000.00*** as of ***December 31, 2021.***

**JOHN C. PAR, CPV, CRA, CRB, RCE**
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8533645

# *Limiting Conditions*

1. This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

2. Asian Appraisal Company, Inc. or any employee of ours shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

3. No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner/representative(s) is the property described in the title furnished us.

4. No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

5. Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

6. No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

7. This Report is confidential and is intended for the sole use of the Client to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

8. We have assumed in our valuation that the property as currently used is not in contravention of any planning or similar governmental regulations.

9. It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

10. We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

11. In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The Client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

12. We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

13. Any requirements or preconditions imposed by the Client in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a client withholding approval and finalization of the Report.

14. The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

15. Erasures on appraisal date and values invalidate this valuation report.

16. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company, Inc.