COVER SHEET

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S.E.C. Registration Number

VISTAMALLS, INC. (FORMERLY STARMALLS, INC.)

(Company's Full Name)

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

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

Brian N. Edang	8571-5948
Contact Person	Registrant Telephone Number

1 2	3 1	17 -A		
Month	*Day*	FORM TYPE	*Month*	*Day*
Calendar Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2020**

2. SEC Identification Number **39587**

3. BIR Tax Identification No. **000-806-396-000**

4. Exact name of issuer as specified in its charter **VISTAMALLS, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation

6. Industry Classification Code [ ] (SEC Use Only)

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

8. **+63 2 8571-5948**
   Issuer's telephone number, including area code

9. **STARMALLS, INC.**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common stock	**8,425,981,156 shares**
Preferred stock	**2,350,000,000 shares**

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

    Yes [**x**] No [ ]

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

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [**x**] No [ ]

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

    Yes [**x**] No [ ]

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

₱ 3.7 Billion as of December 31, 2020

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

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

Yes [ ]　　　No [x]　**NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

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

Consolidated Financial Statements as of and for the year ended December 31, 2020
(incorporated as reference for Items 7 and 12 of SEC Form 17-A)

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PART I – BUSINESS

Item 1. Business

Overview

Vistamalls Inc. (the "Company"), formerly Starmalls, Inc., was incorporated in Metro Manila, Philippines, on October 16, 1969 originally to pursue mineral exploration. After obtaining SEC approval in 2004, the Company changed its primary business and is now presently engaged in investment, real estate and leasing business.

The Company is the holding company of Vistamalls Group which is engaged in leasing of retail malls and Business Process Outsourcing ("BPO") commercial center. The Group has a wholly owned subsidiary, Masterpiece Asia Properties, Inc. (MAPI) and a 98.36% owned subsidiary, Manuela Corporation (MC).

On May 3, 2016, by a majority vote of the BOD and on June 27, 2016, as approved by the Stockholders, the Company shall exist for another period of fifty (50) years from October 25, 2019. On the same dates, the BOD and Stockholders approved that the place where the principal office of the Company is to be established at the Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The SEC approved the Company's application for the following amendments on September 30, 2016.

On September 17, 2019, SEC approved the amended articles of incorporation of the Parent Company for the change in name to Vistamalls, Inc. as amended and approved by the Board of Directors during its meeting held on May 2, 2019 and by the stockholders during its meeting held on June 24, 2019.

As of December 31, 2020 and 2019 the Company has equity interests in the following entities:

	Percentage of Ownership	
Subsidiaries / Associate	**2020**	2019
Subsidiaries:		
Masterpiece Asia Properties, Inc. (MAPI)	**100.0%**	100.0%
Manuela Corporation (MC)	**99.85%**	99.85%

The Company and its subsidiaries are hereinafter collectively referred to as the Group. All subsidiaries were incorporated in the Philippines.

Recent Developments

On May 02, 2019, the Company's BOD authorized the change in name of the Company from Starmalls, Inc. to Vistamalls, Inc. The change of name of the Company from Starmalls, Inc. to Vistamalls, Inc. is to highlight the fact that Starmalls, Inc. is a subsidiary of Vista Land & Lifescapes, Inc. (VLL). Also, it is a good marketing strategy so that all malls of Vista Land shall be known as "VISTAMALLS".

On November 10, 2015, Vista Land & Lifescapes, Inc. (VLL) signed an agreement with Fine Properties, Inc. ("Fine Properties"), Althorp Holdings, Inc., Manuela Corporation, Mr. Manuel B. Villar, Jr. and Mr. Manuel Paolo A. Villar (collectively, the "Fine Group") to acquire approximately 88.25% or 7,436.22 million shares of the Company for a total consideration of ₱33,537.36 million.

In December 2015, VLL acquired 6,692.93 million shares of Vistamalls, Inc. from the Fine Group for a total consideration of ₱30,185.11 million (the "First Closing Date"). As at December 31, 2015, VLL completed its acquisition of Vistamalls' shares representing 79.43% or 6.69 billion shares from the Fine Group. Further, VLL has a tender offer to acquire 989.73 million more shares from minority shareholders which started on January 4, 2016 and expired on February 15, 2016. After the tender offer, 6.97 million shares tendered or 0.08% of the total shares of Vistamalls, Inc.

The second closing date which is after the tender offer period in February 10, 2016, VLL acquired the remaining 743.29 million shares of Vistamalls, Inc. from the Fine Group in the amount of ₱3,352.25 million. As at February 24, 2016, VLL completed its acquisition of the shares of Vistamalls, Inc. representing 88.34% or 7.44 billion shares.

Brittany Estates Corporation (BEC) is engaged in developing and selling real estate properties, particularly residential house and lot. In December 2014, in order to focus in the mall and office building development and operations, the Company disposed of its shareholdings in BEC.

<u>Description of the Business of the Registrant and its Subsidiaries</u>

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

<u>Products</u>

MAPI and MC are operator and developer of various mass market retail malls and BPO office commercial centers mostly located in the Mega Manila area. The malls house various retail establishments and the BPO commercial centers caters mostly to the office space needs of the BPO companies.

<u>Distribution Methods of Products</u>

Leasing of commercial and office space is done by the Company's leasing team. The internal team is augmented by major international property companies for the sourcing of prospective tenants for BPO office spaces.

<u>Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held</u>

The Company has registered with the Intellectual Property Office ("IPO") the trademarks "starmalls.inc". The Company's subsidiary, MC, on the other hand, registered with the IPO the trademark "starmall", which was subsequently assigned to the Company. The Company has applied for the registration of the revised design of "starmall".

<table>
<tr><th>Trademark</th><th>Registrant</th><th>Registration Date</th><th>Term</th><th>Principal Conditions</th></tr>
<tr><td>starmalls.inc.</td><td>Vistamalls, Inc.</td><td>14 February 2013</td><td>Ten (10) Years</td><td rowspan="3">(1) Renewable upon payment of the prescribed fee and filing of request;

(2) Registrant must file a declaration of actual use within three (3) years from filing of the Application and pay the required fee;

(3) Registrant must again file a declaration of actual use or non-use together with the evidence of use or reasons for non-use within one (1) year from the 5th Anniversary of the date of registration/renewal and pay the required fee.</td></tr>
<tr><td>Starmall</td><td>Manuela Corporation</td><td>16 August 2012</td><td>Ten (10) Years</td></tr>
<tr><td>Starmall
(revised design)</td><td>Vistamalls, Inc.</td><td>28 May 2015</td><td>Ten (10) Years</td></tr>
</table>

On the other hand, the trade mark and trade name "VISTAMALL" is registered by Vista Land & Lifescapes, Inc. – the parent company of the Company

<u>Development of the business of the registrant and its key operating subsidiaries or affiliates</u>

Vistamalls Inc. – parent company was incorporated on October 16, 1969 and presently engaged in investment and real estate business.

Masterpiece Asia Properties Inc. – incorporated in October 4, 2001 and is wholly owned by STR. The Company's mall developments are Starmall Prima Taguig, Starmall Prima Daang Hari, Starmall Prima Sta. Rosa, Starmall San Jose del Monte, Starmall Talisay, Starmall Imus, and Optimum Bank Building. In 2015, it has on-going construction of Starmall Prima Bataan in Balanga City, Bataan and the expansion of Starmall Prima Taguig, Starmall Prima Daang Hari, Starmall Prima Sta. Rosa and Starmall San Jose del Monte.

Manuela Corporation – incorporated in February 22, 1972 and is 98.36% wholly owned by STR. The Company's mall developments are Starmall Las Piñas, Starmall Las Piñas Annex, Starmall EDSA-Shaw and Starmall Alabang. Its corporate building is known as the Worldwide Corporate Center. In 2015, it opened the redeveloped Starmall Las Piñas complex which includes a multi-level parking. In the same year, the construction of a corporate building in Las Piñas City is on-going.

The Company virtually conducts all of its operations through its subsidiaries.

The Company's subsidiaries are involved in the acquisition of undeveloped land, the planning and design of developments, the securing of regulatory approvals for development and sale or lease, the supervision of land development and construction and the marketing and selling/leasing of it products.

Bankruptcy, Receivership or Similar Proceeding

As of December 31, 2020, there is no bankruptcy, receivership or similar proceedings involving the Group.

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

There have been no material reclassification, merger, consolidation or purchase or sale of a significant amount of assets (not ordinary) over the past three years.

As at February 24, 2016, VLL completed its acquisition of the shares of Vistamalls, Inc. representing 88.34% or 7.44 billion shares. After the aforementioned transactions, Vistamalls, Masterpiece and Manuela became subsidiaries of VLL.

In December 2014, the Company sold 1,009,960 shares of its investment in BEC. This disposal of 100% of the investment in BEC resulted to its cessation as a subsidiary.

In May 2013, the Company sold the remaining 399,397,000 shares of its investment in VLL, hence, it ceased to be an associate as of December 31, 2013.

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

In 2018, the Company increased its mall portfolio to include Vistamall Iloilo, Vistamall Naga, Vistamall Cagayan de Oro, Vistamall General Trias, Vistamall Tanza, Vistamall North Molino, Vistamall Dasmariñas, Vistamall Malolos. The Company also made an expansion in Vistamall Iloillo, Vistamall Naga, Evia Lifestyle Center, Vistamall Talisay and Global South. The Company opened its commercial centers namely, BCDA Pads and Vista Place – Daanghari. In 2020, the Company also added its mall portfolio in Santiago, Isabela, Cabanatuan, Nueva Ecija and Sta Maria, Bulacan.

As of December 31, 2020, the Company has ongoing construction work for commercial projects in various stages of development and level of sales, and in different locations in Mega Manila, North Luzon and Mindanao. The Company expects most of the completion in 2021 to 2022.

In April 2012, MAPI opened its first mall development in what is known as Starmall San Jose Del Monte in Bulacan. It opened Starmall Prima Taguig and Starmall Talisay in 2014. In 2015, it opened Starmall Prima Daang Hari, Starmall Prima Sta. Rosa, Starmall Imus, and Optimum Bank Building. As of end of 2015, it has on-going construction of Starmall Prima Bataan in Balanga City, Bataan and the expansion of Starmall Prima Taguig, Starmall Prima Daang Hari, Starmall Prima Sta. Rosa and Starmall San Jose del Monte.

After its acquisition of MC in June 2012, the Company increased its mall portfolio to include Starmall Las Piñas, Starmall Las Piñas Annex, Starmall EDSA-Shaw and Starmall Alabang and a corporate building, Worldwide Corporate Center. MC redeveloped Starmall EDSA-Shaw and Starmall Alabang in 2013. In 2015, it opened the redeveloped Starmall Las Piñas complex which includes a multi-level parking. As of end of 2015, construction of a corporate building in Las Piñas City is on-going.

Competition

Our shopping malls compete with other shopping malls in the geographic areas in which they operate. The other major shopping mall operators in the Mega Manila are Robinsons, SM and Ayala. We believe that we are well-positioned to face increased competition in the shopping mall industry given the competitive advantages we have including, among other things, the location of our existing shopping malls, the land bank of the Company and its affiliates, our balance sheet strength, a successful tenant mix and selection criteria and our strategic partnership with the Villar Family Companies. Our experience and understanding of the retail industry has also been a contributing factor to our competitive advantage in the industry.

Our office space competes with other BPO commercial centers and office buildings in the geographic area in which it operates. The major BPO office building commercial center developers in Metro Manila are Ayala Land, Robinsons Land, Megaworld and Filinvest Land. These developers have undertaken mixed-use residential, office and commercial developments in and around the major CBDs in Metro Manila as well as in key provincial cities. Apart from these real estate companies, there are many other independent developers in Metro Manila who have undertaken construction of new BPO buildings or conversion of existing buildings into BPO facilities in anticipation of a growing demand for BPO office spaces. We believe that we are well- positioned to face increased competition in the BPO commercial development given the competitive advantages we have including, among other things, the strategic location of our existing BPO commercial center, our strong and stable partnership with our existing BPO tenants and our expertise in flexible build-out arrangements to suit the requirements of our BPO tenants. Our experience and understanding of the BPO industry has also been a contributing factor to our competitive advantage in the industry

Suppliers

Site development and construction work is contracted out to various qualified and accredited independent contractors. For larger projects, such as major repair or construction work, contracts are awarded on the basis of competitive bidding. For operational repairs and maintenance projects, we hire contractors without a competitive process based on our previous experience with the contractor. In all cases, our accreditation procedure takes into consideration each contractor’s experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. We maintain relationships with various accredited independent contractors and deal with each of them on an arm’s length basis. We are not and do not expect to be dependent upon one or a limited number of suppliers or contractors.

Dependence on a Few Major Customers

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

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

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

Transactions with related parties

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

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

Government approvals

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

The Company has no principal product that has pending government approval as of December 31, 2020.

Effect of Existing or Probable Governmental Regulations

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

As of December 31, 2020, the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company's business operations.

Compliance with Environmental Laws

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

Costs and Effects of Compliance with Environmental Laws

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

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

Research and Development Costs

Research and development activities, such as market research, training and contractor's development programs, are treated as normal operating expense. For 2020, the amount that the Company spent for research and development is minimal and does not constitute a significant percentage of the Company's revenues.

Employees

As of December 31, 2020, the Company and its subsidiaries, had a total of 257 employees. This is broken down by function as follows:

Function	Number of employees
Operations	113
Administrative	94
Technical	50
Total	**257**

The Company has no collective bargaining agreements with its employees and none of the Company's employees belong to a union. In addition to the regular remuneration packages being given by the Company, it also adopts a performance-based incentive scheme to employees holding strategic positions, such as foreign travel grants. The Company has no employee stock option plan.

Risks related to the Companies Business

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

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

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

Item 2. Properties

Details of the Company's properties as of December 31, 2020 are set out in the table below:

LAND

Location	Owner	Use
Valenzuela City	STR	Land bank
Alabang, Muntinlupa	MC	Mall
EDSA-Shaw	MC	Mall
Las Piñas City	MC	Mall
Dasmariñas, Cavite	MC	Residential
Bacoor, Cavite	MAPI	Land bank/ Mall
San Jose del Monte, Bulacan	MAPI	Mall
Taguig City	MAPI	Mall
Imus, Cavite	MAPI	Mall
Balanga, Bataan	MAPI	Land bank
Mandaluyong City	MAPI	Office Building
Naga City	MAPI	Land bank
General Trias, Cavite	MAPI	Mall
Tanza, Cavite	MAPI	Mall
Dasmariñas, Cavite	MAPI	Mall
Malolos, Bulacan	MAPI	Mall
Santiago, Isabela	MAPI	Mall
Cabanatuan, Nueva Ecija	MAPI	Mall
Sta Maria, Bulacan	MAPI	Mall
Silang, Cavite	MAPI	Mall
Sto Tomas, Batangas	MAPI	Land bank
Vigan, Ilocos Sur	MAPI	Land bank
Subic, Zambales	MAPI	Land bank

BUILDING AND IMPROVEMENTS

Location	Owner	Use
Alabang, Muntinlupa	MC	Mall
EDSA-Shaw	MC	Mall
Las Piñas City	MC	Mall
EDSA-Shaw	MC	Office Building
Las Piñas City	MC	Office Building
San Jose del Monte, Bulacan	MAPI	Mall
Bacoor, Cavite	MAPI	Mall / Office Building

Taguig City	MAPI	Mall
Talisay, Cebu	MAPI	Mall
Imus, Cavite	MAPI	Mall
Sta. Rosa, Laguna	MAPI	Mall
Balanga, Bataan	MAPI	Mall
EDSA, Mandaluyong City	MAPI	Office Building
Kawit, Cavite	MAPI	Mall
General Trias, Cavite	MAPI	Mall
Tanza, Cavite	MAPI	Mall
Malolos, Bulacan	MAPI	Mall
North Molino, Cavite	MAPI	Mall
Dasmariñas, Cavite	MAPI	Mall
Malolos, Bulacan	MAPI	Mall
Santiago, Isabela	MAPI	Mall
Cabanatuan, Nueva Ecija	MAPI	Mall
Sta Maria, Bulacan	MAPI	Mall
Silang, Cavite	MAPI	Mall

As of December 31, 2020, investment properties with carrying amount of ₱5.1 billion were used to secure the bank loans of MAPI and MC (see Note 10 of the 2020 Audited Financial Statements).

Item 3. Legal Proceedings

The Group is currently involved in litigation over portions of its properties located in Molino, Bacoor, Cavite comprising of an aggregate area of 117,480 square meters (the "Bacoor Property"). The case is an administrative action pending before the Land Management Bureau, the government agency responsible for administering disposable land in the Philippines. The plaintiffs claim to be the heirs of the rightful owner of the Bacoor Property and dispute the authenticity of MAPI's title; however, the plaintiffs do not possess a certificate of title over the property. A civil case based on a similar cause of action has been dismissed by the Regional Trial Court of Bacoor.

There is another case pending before the Regional Trial Court of Bacoor, Cavite filed by MAPI for quieting of title and annulment of titles involving portions of the Bacoor Property. The case is now on pretrial stage.

The rehabilitation of MC was terminated on January 25, 2012. The final report and accounting has been completed and the rehabilitation proceedings have been terminated on November 29, 2013.

We are subject to various civil lawsuits and legal actions arising in the ordinary course of our business. Typical cases include adverse claims regarding the title to parcels of land. In the Group's opinion, none of the lawsuits or legal actions to which we are currently subject will materially affect the daily operations of our business or have a material adverse effect on our consolidated financial position and results of operations.

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

Quarter	2021			2020			2019			2018		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	4.34	3.70	3.80	5.93	3.12	3.61	7.20	5.36	6.74	25.85	8.10	15.88
2nd				4.10	3.50	3.78	7.12	6.10	6.40	17.40	6.95	6.95
3rd				4.09	3.60	3.68	6.45	5.58	5.84	7.84	6.27	6.57
4th				5.09	3.56	4.24	5.82	4.96	5.66	7.98	3.94	5.40

The market capitalization of STR as of December 31, 2020, based on the closing price of ₱4.24 per share, was approximately ₱35.73 billion.

As of March 31, 2021, STR's market capitalization stood at ₱32.02 billion based on the ₱3.80 per share closing price.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
07 May 2021	3.85	3.70	3.84

Stockholders

There are approximately 436 holders of common equity security of the Company as of December 31, 2020 (based on the number of accounts registered with the Stock Transfer Agent).

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

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[1]
1.	Vista Land & Lifescapes, Inc.[2]	7,443,192,641	88.34%
2.	Land & Houses Public Company Limited	808,431,465	9.59%
3.	Fine Properties, Inc.[3]	114,877,955	1.36%
4.	PCD Nominee Corporation (Filipino)	50,886,392	0.60%
5.	PCD Nominee Corporation (Foreign)	2,988,604	0.04%
6.	Peter O. Tan	1,798,000	0.02%
7.	Peter Tan &/or Marilou Tan	1,524,000	0.02%
8.	Orion-Squire Capital, Inc.	82,000	0.00%
9.	Orion-Squire Sec., Inc.	77,900	0.00%
10.	Cua, Ang & Chua Securities Inc.	66,000	0.00%
11.	Dees Securities Corp.	60,715	0.00%
12.	Paic Securities Corporation	60,400	0.00%
13.	Tansengco & Co., Inc.	56,000	0.00%

[1] *based on the total shares issued of 8,425,981,156*
[2] *Shares are under PCD Nominee Corporation (Filipino)*
[3] *Shares are under PCD Nominee Corporation (Filipino)*

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[1]
14.	Ansaldo, Godinez & Co. Inc.	54,286	0.00%
15.	Filinvest Sec. Co. Inc.	50,000	0.00%
16.	Mario Osmena Jr.	50,000	0.00%
17.	Benito Penalosa	50,000	0.00%
18.	David Limqueco Kho	40,000	0.00%
19.	Gilbert M. Tiu	40,000	0.00%
20.	OH Siong Yu	39,942	0.00%
	Total	**8,424,426,300**	99.98%
	Others	1,554,856	0.02%
	Total issued and outstanding common shares as of December 31, 2020	**8,425,981,156**	100.00%

Dividends

₱0.0156 per share Regular Cash Dividend
Declaration Date: September 30, 2020
Record date: October 15, 2020
Payment date: October 30, 2020

₱0.0571 per share Regular Cash Dividend
Declaration Date: September 30, 2019
Record date: October 15, 2019
Payment date: October 30, 2019

₱0.0489 per share Regular Cash Dividend
Declaration Date: September 26, 2018
Record date: October 11, 2018
Payment date: October 25, 2018

₱0.0368 per share Regular Cash Dividend
Declaration Date: September 27, 2017
Record date: October 12, 2017
Payment date: October 26, 2017

₱0.0215 per share Regular Cash Dividend
Declaration Date: September 26, 2016
Record date: October 11, 2016
Payment date: October 26, 2016

Recent Sale of Unregistered Securities

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

Stock Options

None

Item 6. Management's Discussion and Analysis

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

Revenues

Operating revenue

Operating revenue increased from ₱7,475 million for the year ended December 31, 2019 to ₱7,273 million for the year ended December 31, 2020. The 3% decrease in the account was primarily attributable to the following:

- Rental income increased from ₱6,730 million for the year ended December 31, 2019 to ₱6,843 million for the year ended December 31, 2020. The 2% increase was maintained by the tenant mix of the malls being majority essential. In addition, the group provided concession to tenants on a case by case rather than an across the board concessions.

- Parking fee revenue decreased from ₱185 million for the year ended December 31, 2019 to ₱115 million for the year ended December 31, 2020. The 38% decrease was due to lower number of vehicles using the mall parking space due to the lockdown.

- Other operating income decreased from ₱559 million for the year ended December 31, 2019 to ₱314 million for the year ended December 31, 2020. The 44% 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

Operating Expenses

Cost and expenses decreased from ₱3,445 million for the year ended December 31, 2019 to ₱2,936 million for the year ended December 31, 2020. The 15% decrease in the account was primarily attributable to the following:

- Decrease in light and power by 55% from ₱522 million for the year ended December 31, 2019 to ₱233 million for the year ended December 31, 2020 due to the decrease in the consumption in light and power as a result of shorter mall operating hours implemented as part of the lockdown.

- Decrease in outside services by 31% from ₱403 million for the year ended December 31, 2019 to ₱280 million for the year ended December 31, 2020 due to the decrease in manpower and agency fees for the operations of the malls and office buildings as a result of the lockdown implemented.

- Increase in taxes and licenses by 7% from ₱230 million for the year ended December 31, 2019 to ₱246 million for the year ended December 31, 2020 due to higher taxes paid during the year.

- Decrease in repairs and maintenance by 31% from ₱173 million for the year ended December 31, 2019 to ₱119 million for the year ended December 31, 2020 due to the cost-cutting measures implemented and the closure of some parts of the malls during the lockdown.

- Decrease in advertising and promotions by 60% from ₱82 million for the year ended December 31, 2019 to ₱32 million for the year ended December 31, 2020 due to the pandemic and shift to digital marketing.

- Increase in insurance by 44% from ₱34 million for the year ended December 31, 2019 to ₱49 million for the year ended December 31, 2020 due to the additional insurance obtained by the Company for its malls and office buildings.

- Increase in professional fees by 42% from ₱19 million for the year ended December 31, 2019 to ₱27 million for the year ended December 31, 2020 as a result of higher professional fees paid in 2020.

- Decrease in rentals by 60% from ₱11 million for the year ended December 31, 2019 to ₱4 million for the year ended December 31, 2020 due to rental concessions from a 3rd party land lease and non-renewal of short term leases.

- Decrease in other operating expenses by 38% from ₱104 million for the year ended December 31, 2019 to ₱64 million for the year ended December 31, 2020 due to decrease in representation and entertainment, training, registration fees and miscellaneous for the year.

Interest Income
Interest income increase from ₱26 million for the year ended December 31, 2019 to ₱45 million for the year ended December 31, 2020. The 73% increase resulted from the higher interest earned from in cash in banks, investments and receivables of the company for the year.

Interest Expense
Interest expense increase by 119% from ₱238 million in the year ended December 31, 2019 to ₱522 million in the year ended December 31, 2020. This is due primarily to the interest pertaining to the of lease liabilities recognized due to the adoption of the PFRS 16 during the year.

<u>Provision for Income Tax</u>

Tax expense for the year ended December 31, 2020 is ₱1,132 million a decrease of 4% from ₱1,182 million for the year ended December 31, 2019. This is due primarily to the lower taxable income recorded for the year.

<u>Net Income</u>

As a result of the foregoing, the Company's net income increased by 3% from ₱2,636 million in the year ended December 31, 2019 to ₱2,721 million in the year ended December 31, 2020.

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

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

FINANCIAL CONDITION

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

Total assets as of December 31, 2019 were ₱70,626 million compared to ₱73,692 million as of December 31, 2020, or a 4% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments decreased by 74% from ₱652 million as of December 31, 2019 to ₱172 million as of December 31, 2020 due to cash usage for the period.

- Investments at fair value through profit/loss and other comprehensive income including non-current portion decreased by 39% from ₱5,844 million as of December 31, 2019 to ₱3,543 million as of December 31, 2019 due to the decrease in fair value of quoted equity securities for the year.

- Receivables, including non-current portion increased by 46% from ₱9,334 million as of December 31, 2019 to ₱13,635 million as of December 31, 2020 due to the lower collection for the period as a result of the pandemic and the implementation of the Bayanihan Act and the increase in accrued rent due to PAS 17.

- Property and equipment decreased by 18% from ₱80 million as of December 31, 2019 to ₱65 million as of December 31, 2020 due to depreciation recognized for the year.

- Investment properties increased by 3% from ₱47,855 million as of December 31, 2019 to ₱49,475 million as of December 31, 2020 due primarily to the additions to commercial developments, acquisition of land for commercial development during the year.

Total liabilities as of December 31, 2019 were ₱44,484 million compared to ₱47,261 million as of December 31, 2020, or a 6% increase. This was due to the following:

- Accounts and other payables increased by 73% from ₱2,358 million as of December 31, 2019 to ₱4,081 million as of December 31, 2020 due to the increase in accounts payable to contractors and suppliers, and retention payable for the year.

- Security deposits and advance rent increased by 5% from ₱703 million as of December 31, 2019 to ₱734 million as of December 31, 2020 due to the additional deposits from new lessees for malls and offices as well as top up of security deposits and advance rent based on escalation.

- Payable to parent company increased by 6% from ₱27,854 million as of December 31, 2019 to ₱29,461 million as of December 31, 2020 due to advances from parent company made during the year.

- Income tax payable decreased by 15% from ₱41 million as of December 31, 2019 to ₱35 million as of December 31, 2020 due to the settlements made during the year.

- Bank Loans, including non-current portion decreased by 31% from ₱4,298 million as of December 31, 2019 to ₱2,972 million as of December 31, 2020 due to payments made during the year.

- Lease liabilities decreased by 7% from ₱4,016 as of December 31, 2019 to ₱3,737 million as of December 31, 2020 due to termination of two land lease contracts for the year.

- Pension liabilities increased by 37% from ₱52 million as of December 31, 2019 to ₱71 million as of December 31, 2020 due to actuarial adjustments.

- Deferred tax liabilities – net posted an increase of 29% from ₱3,140 million as of December 31, 2019 to ₱4,056 million as of December 31, 2020 due to the increase in temporary differences for the period that will eventually result to future tax liability.

- Other non-current liabilities increased by 4% from ₱2,024 million as of December 31, 2019 to ₱2,113 million as of December 31, 2020 due to the increase in the noncurrent portion of payables to contractors.

Total stockholder's equity increased by 1% from ₱26,143 million as of December 31, 2019 to ₱26,431 million as of December 31, 2020 to due to the earnings recorded for the year.

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

Key Performance Indicators	12/31/2020	12/31/2019
Current ratio [(a)]	0.33:1	0.28:1
Liability-to-equity ratio [(b)]	1.79:1	1.70:1
Interest coverage [(c)]	32.68	17.82
Return on assets [(d)]	3.7%	3.7%
Return on equity [(e)]	10.3%	10.1%

Notes:

(a) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(b) Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(c) Interest coverage: This ratio is obtained by dividing earnings before interest, taxes depreciation and amortization (EBITDA) by the total interest paid. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably.

(d) Return on assets: This ratio is obtained by dividing the Company's net income (net of income from acquisition of subsidiary) by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(e) Return on equity: This ratio is obtained by dividing the Company's net income (net of income from acquisition of subsidiary) by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

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

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

The increase in liability-to-equity ratio was due to the increase in payable to related parties and the recognition of lease liabilities under PFRS 16.

Interest coverage for the year ended December 31, 2020 increased because of the lower interest paid for the year.

Return on asset flat as of December 31, 2020 compared to that as of December 31, 2019 due to same increase of growth in total assets and net income for the year.

Return on equity slightly increased due to the higher increase in net income for the year compared to the growth in total equity.

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

Cash and cash equivalents including short term cash investments decreased by 74% from ₱652 million as of December 31, 2019 to ₱172 million as of December 31, 2020 due to cash usage for the period.

Investments at fair value through profit/loss and other comprehensive income including non-current portion decreased by 39% from ₱5,844 million as of December 31, 2019 to ₱3,543 million as of December 31, 2019 due to the decrease in fair value of quoted equity securities for the year.

Receivables, including non-current portion increased by 46% from ₱9,334 million as of December 31, 2019 to ₱13,635 million as of December 31, 2020 due to the lower collection for the period as a result of the pandemic and the implementation of the Bayanihan Act and the increase in accrued rent due to PAS 17.

Property and equipment decreased by 18% from ₱80 million as of December 31, 2019 to ₱65 million as of December 31, 2020 due to depreciation recognized for the year.

Accounts and other payables increased by 73% from ₱2,358 million as of December 31, 2019 to ₱4,081 million as of December 31, 2020 due to the increase in accounts payable to contractors and suppliers, and retention payable for the year.

Security deposits and advance rent increased by 5% from ₱703 million as of December 31, 2019 to ₱734 million as of December 31, 2020 due to the additional deposits from new lessees for malls and offices as well as top up of security deposits and advance rent based on escalation.

Payable to parent company increased by 6% from ₱27,854 million as of December 31, 2019 to ₱29,461 million as of December 31, 2020 due to advances from parent company made during the year.

Income tax payable decreased by 15% from ₱41 million as of December 31, 2019 to ₱35 million as of December 31, 2020 due to the settlements made during the year.

Bank Loans, including non-current portion decreased by 31% from ₱4,298 million as of December 31, 2019 to ₱2,972 million as of December 31, 2020 due to payments made during the year.

Lease liabilities decreased by 7% from ₱4,016 as of December 31, 2019 to ₱3,737 million as of December 31, 2020 due to termination of two land lease contracts for the year.

Pension liabilities increased by 37% from ₱52 million as of December 31, 2019 to ₱71 million as of December 31, 2020 due to actuarial adjustments.

Deferred tax liabilities – net posted an increase of 29% from ₱3,140 million as of December 31, 2019 to ₱ 4,056 million as of December 31, 2020 due to the increase in temporary differences for the period that will eventually result to future tax liability.

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

Parking fee revenue decreased from ₱185 million for the year ended December 31, 2019 to ₱115 million for the year ended December 31, 2020. The 38% decrease was due to lower number of vehicles using the mall parking space due to the lockdown.

Other operating income decreased from ₱559 million for the year ended December 31, 2019 to ₱314 million for the year ended December 31, 2020. The 44% 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.

Decrease in light and power by 55% from ₱522 million for the year ended December 31, 2019 to ₱233 million for the year ended December 31, 2020 due to the decrease in the consumption in light and power as a result of shorter mall operating hours implemented as part of the lockdown.

Decrease in outside services by 31% from ₱403 million for the year ended December 31, 2019 to ₱280 million for the year ended December 31, 2020 due to the decrease in manpower and agency fees for the operations of the malls and office buildings as a result of the lockdown implemented.

Increase in taxes and licenses by 7% from ₱230 million for the year ended December 31, 2019 to ₱246 million for the year ended December 31, 2020 due to higher taxes paid during the year.

Decrease in repairs and maintenance by 31% from ₱173 million for the year ended December 31, 2019 to ₱ 119 million for the year ended December 31, 2020 due to the cost-cutting measures implemented and the closure of some parts of the malls during the lockdown.

Decrease in advertising and promotions by 60% from ₱82 million for the year ended December 31, 2019 to ₱32 million for the year ended December 31, 2020 due to the pandemic and shift to digital marketing.

Increase in insurance by 44% from ₱34 million for the year ended December 31, 2019 to ₱49 million for the year ended December 31, 2020 due to the additional insurance obtained by the Company for its malls and office buildings.

Increase in professional fees by 42% from ₱19 million for the year ended December 31, 2019 to ₱27 million for the year ended December 31, 2020 as a result of higher professional fees paid in 2020.

Decrease in rentals by 60% from ₱11 million for the year ended December 31, 2019 to ₱4 million for the year ended December 31, 2020 due to rental concessions from a 3rd party land lease and non-renewal of short term leases.

Decrease in other operating expenses by 38% from ₱104 million for the year ended December 31, 2019 to ₱ 64 million for the year ended December 31, 2020 due to decrease in representation and entertainment, training, registration fees and miscellaneous for the year.

Interest income increase from ₱26 million for the year ended December 31, 2019 to ₱45 million for the year ended December 31, 2020. The 73% increase resulted from the higher interest earned from in cash in banks, investments and receivables of the company for the year.

Interest expense increase by 119% from ₱238 million in the year ended December 31, 2019 to ₱522 million in the year ended December 31, 2020. This is due primarily to the interest pertaining to the of lease liabilities recognized due to the adoption of the PFRS 16 during the year.

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

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS

Revenues

Operating revenue

Operating revenue increased from ₱6,286 million for the year ended December 31, 2018 to ₱7,474 million for the year ended December 31, 2019. The 19% increase in the account was primarily attributable to the following:

- Rental income increased from ₱5,674 million for the year ended December 31, 2018 to ₱6,730 million for the year ended December 31, 2019. The 19% increase was due to the primarily to the additional leasable space for the year, increase in occupancy of the existing malls and increase in the rental rate.

- Parking fee revenue increased from ₱159 million for the year ended December 31, 2018 to ₱185 million for the year ended December 31, 2019. The 16% increase was due to higher number of vehicles using the mall parking space and additional parking space from new malls opened during the year.

- Other operating income increased from ₱453 million for the year ended December 31, 2018 to ₱559 million for the year ended December 31, 2019. The 23% increase was due to increase in other fees charged to tenants such as billboards and other collaterals classified as other operating income.

Costs and Expenses

Operating Expenses

Cost and expenses increased from ₱2,809 million for the year ended December 31, 2018 to ₱3,445 million for the year ended December 31, 2019. The 23% increase in the account was primarily attributable to the following:

- Increase in depreciation and amortization by 56% from ₱998 million for the year ended December 31, 2018 to ₱1,559 million for the year ended December 31, 2019 due to additional depreciation from the newly opened malls and corporate building.

- Increase in light and power by 28% from ₱409 million for the year ended December 31, 2018 to ₱522 million for the year ended December 31, 2019 due to the increase in the consumption in light and power as a result of the additional mall openings during the year as well as increase the rate of utilities charged during the period.

- Increase in outside services by 16% from ₱347 million for the year ended December 31, 2018 to ₱403 million for the year ended December 31, 2019 due to the increase in manpower and agency fees for the operations of the malls and office buildings as a result of the new openings for the year.

- Increase in salaries and employee benefits by 5% from ₱244 million for the year ended December 31, 2018 to ₱256 million for the year ended December 31, 2019 due to the increase in manpower for the operations and management of the new and existing malls and office buildings.

- Increase in taxes and licenses by 32% from ₱174 million for the year ended December 31, 2018 to ₱230 million for the year ended December 31, 2019 due to higher taxes paid during the year.

- Increase in repairs and maintenance by 17% from ₱148 million for the year ended December 31, 2018 to ₱173 million for the year ended December 31, 2019 due to the various refurbishments of the company's older malls and office building.

- Increase in advertising and promotions by 8% from ₱76 million for the year ended December 31, 2018 to ₱82 million for the year ended December 31, 2019 due to increase in advertorials for the marketing and promotion of the malls especially the newly opened ones.

- Increase in insurance by 13% from ₱30 million for the year ended December 31, 2018 to ₱34 million for the year ended December 31, 2019 due to the additional insurance obtained by the Company for its new malls and office buildings.

- Increase in professional fees by 12% from ₱17 million for the year ended December 31, 2018 to ₱19 million for the year ended December 31, 2019 as a result of lower professional fees paid in 2018.

- Decrease in rentals by 96% from ₱299 million for the year ended December 31, 2018 to ₱11 million for the year ended December 31, 2019 due to the adoption of PFRS 16 which recognized the amortization of right-of-use asset against the previously recognized rent expense.

- Increase in other operating expenses by 133% from ₱67 million for the year ended December 31, 2018 to ₱156 million for the year ended December 31, 2019 due to increase in representation and entertainment, training, registration fees and miscellaneous for the year.

Interest Income
Interest income decrease from ₱42 million for the year ended December 31, 2018 to ₱26 million for the year ended December 31, 2019. The 39% decrease resulted from the lower interest earned from in cash in banks, investments and receivables of the company for the year.

Interest Expense
Interest expense increase by 341% from ₱54 million in the year ended December 31, 2018 to ₱238 million in the year ended December 31, 2019. This is due primarily to the interest pertaining to the of lease liabilities recognized due to the adoption of the PFRS 16 during the year.

Provision for Income Tax

Tax expense for the year ended December 31, 2019 is ₱1,182 million an increase of 14% from ₱1,038 million for the year ended December 31, 2018. This is due primarily to the higher taxable income recorded for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 9% from ₱2,422 million in the year ended December 31, 2018 to ₱2,636 million in the year ended December 31, 2019.

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. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

FINANCIAL CONDITION

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

Total assets as of December 31, 2018 were ₱52,917 million compared to ₱70,628 million as of December 31, 2019, or a 33% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments increased by 56% from ₱418 million as of December 31, 2018 to ₱652 million as of December 31, 2019 due to the higher cash generated from operations.

- Investments at fair value through profit/loss and other comprehensive income including non-current portion increased by 44% from ₱4,098 million as of December 31, 2018 to ₱5,908 million as of December 31, 2019 due to the recognition of the unrealized fair value gain during the year.

- Receivables, including non-current portion increased by 36% from ₱6,858 million as of December 31, 2018 to ₱9,335 million as of December 31, 2019 due to due to an increase in the various receivables of the company such as accounts receivable from tenants, advances to contractors and accrued rental receivables as part of the PAS 17 adjustments.

- Real estate properties for sale decreased by 6% from ₱322 million as of December 31, 2018 to ₱302 million as of December 31, 2019 due to the sale in lot inventory for the year.

- Other current assets increased by 42% from ₱2,135 million as of December 31, 2018 to ₱3,034 million as of December 31, 2019 due primarily to the increase in input value-added tax and refundable deposits.

- Property and equipment increased by 19% from ₱67 million as of December 31, 2018 to ₱80 million as of December 31, 2019 due primarily to the acquisitions of property and equipment made during the year.

- Investment properties increased by 36% from ₱35,316 million as of December 31, 2018 to ₱47,855 million as of December 31, 2019. The increase was due primarily to the additions to commercial developments, acquisition of land for commercial development during the year and the recognition of the Right of use asset in accordance with the adoption of PFRS 16.

- Other non-current assets decreased by 21% from ₱852 million as of December 31, 2018 to ₱674 million as of December 31, 2019 due to the decrease in cash restricted for use.

Total liabilities as of December 31, 2018 were ₱30,676 million compared to ₱44,485 million as of December 31, 2019, or a 45% increase. This was due to the following:

- Security deposits and advance rent increased by 29% from ₱545 million as of December 31, 2018 to ₱703 million as of December 31, 2019 due to the additional deposits from lessees for new malls and offices.

- Payable to parent company increased by 52% from ₱18,377 million as of December 31, 2018 to ₱27,854 million as of December 31, 2019 due to advances from parent company made during the year.

- Income tax payable decreased by 36% from ₱64 million as of December 31, 2018 to ₱41 million as of December 31, 2019 due to the settlements made during the year.

- Bank Loans, including non-current portion decreased by 27% from ₱5,857 million as of December 31, 2018 to ₱4,297 million as of December 31, 2019 due to payments made during the year.

- Lease liabilities increased by 100% from nil as of December 31, 2018 to ₱3,964 million as of December 31, 2019 due to the adoption of PFRS 16.

- Pension liabilities increased by 6% from ₱49 million as of December 31, 2018 to ₱52 million as of December 31, 2019 due to actuarial adjustments.

- Deferred tax liabilities – net posted an increase of 36% from ₱2,307 million as of December 31, 2018 to ₱3,140 million as of December 31, 2019 due to the increase in temporary differences for the period that will eventually result to future tax liability.

- Other non-current liabilities increased by 99% from ₱1,015 million as of December 31, 2018 to ₱2,024 million as of December 31, 2019 due to the increase retentions payable, advance rent and payable to contractors.

Total stockholder's equity increased by 18% from ₱22,242 million as of December 31, 2018 to ₱26,141 million as of December 31, 2019 to due to the earnings recorded for the year.

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

Key Performance Indicators	12/31/2019	12/31/2018
Current ratio [a]	0.28:1	0.41:1
Liability-to-equity ratio [b]	1.70:1	1.38:1
Interest coverage [c]	17.82	10.60
Return on assets [d]	3.7%	4.6%
Return on equity [e]	10.1%	10.9%

Notes:

(f) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(g) Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(h) Interest coverage: This ratio is obtained by dividing earnings before interest, taxes depreciation and amortization (EBITDA) by the total interest paid. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably.

(i) Return on assets: This ratio is obtained by dividing the Company's net income (net of income from acquisition of subsidiary) by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(j) Return on equity: This ratio is obtained by dividing the Company's net income (net of income from acquisition of subsidiary) by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

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

Current ratio as of December 31, 2019 decreased from that of December 31, 2018 due increase in current liability from security deposits and advance rent and payable to related parties company classified as current.

The increase in liability-to-equity ratio was due to the increase in payable to related parties and the recognition of lease liabilities under PFRS 16.

Interest coverage for the year ended December 31, 2019 increased because of the higher EBITDA and lower interest paid for the year.

Return on asset decreased as of December 31, 2019 compared to that as of December 31, 2018 due to higher increase in total assets for the year compared to the growth in net income.

Return on equity slightly decreased due to the higher increase in total equity for the year compared to the growth in net income.

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

Cash and cash equivalents including short term cash investments increased by 56% from ₱418 million as of December 31, 2018 to ₱652 million as of December 31, 2019 due to the higher cash generated from operations.

Investments at fair value through profit/loss and other comprehensive income including non-current portion increased by 44% from ₱4,098 million as of December 31, 2018 to ₱5,908 million as of December 31, 2019 due to the recognition of the unrealized fair value gain during the year.

Receivables, including non-current portion increased by 36% from ₱6,858 million as of December 31, 2018 to ₱9,335 million as of December 31, 2019 due to due to an increase in the various receivables of the company such as accounts receivable from tenants, advances to contractors and accrued rental receivables as part of the PAS 17 adjustments.

Real estate properties for sale decreased by 6% from ₱322 million as of December 31, 2018 to ₱302 million as of December 31, 2019 due to the sale in lot inventory for the year.

Other current assets increased by 42% from ₱2,135 million as of December 31, 2018 to ₱3,034 million as of December 31, 2019 due primarily to the increase in input value-added tax and refundable deposits.

Property and equipment increased by 19% from ₱67 million as of December 31, 2018 to ₱80 million as of December 31, 2019 due primarily to the acquisitions of property and equipment made during the year.

Investment properties increased by 36% from ₱35,316 million as of December 31, 2018 to ₱47,855 million as of December 31, 2019. The increase was due primarily to the additions to commercial developments, acquisition of land for commercial development during the year and the recognition of the Right of use asset in accordance with the adoption of PFRS 16.

Other non-current assets decreased by 21% from ₱852 million as of December 31, 2018 to ₱674 million as of December 31, 2019 due to the decrease in cash restricted for use.

Security deposits and advance rent increased by 29% from ₱545 million as of December 31, 2018 to ₱703 million as of December 31, 2019 due to the additional deposits from lessees for new malls and offices.

Payable to parent company increased by 52% from ₱18,377 million as of December 31, 2018 to ₱27,854 million as of December 31, 2019 due to advances from parent company made during the year.

Income tax payable decreased by 36% from ₱64 million as of December 31, 2018 to ₱41 million as of December 31, 2019 due to the settlements made during the year.

Bank Loans, including non-current portion decreased by 27% from ₱5,857 million as of December 31, 2018 to ₱4,297 million as of December 31, 2019 due to payments made during the year.

Lease liabilities increased by 100% from nil as of December 31, 2018 to ₱3,964 million as of December 31, 2019 due to the adoption of PFRS 16.

Pension liabilities increased by 6% from ₱49 million as of December 31, 2018 to ₱52 million as of December 31, 2019 due to actuarial adjustments.

Deferred tax liabilities – net posted an increase of 36% from ₱2,307 million as of December 31, 2018 to ₱3,140 million as of December 31, 2019 due to the increase in temporary differences for the period that will eventually result to future tax liability.

Other non-current liabilities increased by 99% from ₱1,015 million as of December 31, 2018 to ₱2,024 million as of December 31, 2019 due to the increase retentions payable, advance rent and payable to contractors.

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

Rental income increased from ₱5,674 million for the year ended December 31, 2018 to ₱6,730 million for the year ended December 31, 2019. The 19% increase was due to the primarily to the additional leasable space for the year, increase in occupancy of the existing malls and increase in the rental rate.

Parking fee revenue increased from ₱159 million for the year ended December 31, 2018 to ₱185 million for the year ended December 31, 2019. The 16% increase was due to higher number of vehicles using the mall parking space and additional parking space from new malls opened during the year.

Other operating income increased from ₱453 million for the year ended December 31, 2018 to ₱559 million for the year ended December 31, 2019. The 23% increase was due to increase in other fees charged to tenants such as billboards and other collaterals classified as other operating income.

Increase in depreciation and amortization by 56% from ₱998 million for the year ended December 31, 2018 to ₱1,559 million for the year ended December 31, 2019 due to additional depreciation from the newly opened malls and corporate building.

Increase in light and power by 28% from ₱409 million for the year ended December 31, 2018 to ₱522 million for the year ended December 31, 2019 due to the increase in the consumption in light and power as a result of the additional mall openings during the year as well as increase the rate of utilities charged during the period.

Increase in outside services by 16% from ₱347 million for the year ended December 31, 2018 to ₱403 million for the year ended December 31, 2019 due to the increase in manpower and agency fees for the operations of the malls and office buildings as a result of the new openings for the year.

Increase in salaries and employee benefits by 5% from ₱244 million for the year ended December 31, 2018 to ₱256 million for the year ended December 31, 2019 due to the increase in manpower for the operations and management of the new and existing malls and office buildings.

Increase in taxes and licenses by 32% from ₱174 million for the year ended December 31, 2018 to ₱230 million for the year ended December 31, 2019 due to higher taxes paid during the year.

Increase in repairs and maintenance by 17% from ₱148 million for the year ended December 31, 2018 to ₱173 million for the year ended December 31, 2019 due to the various refurbishments of the company's older malls and office building.

Increase in advertising and promotions by 8% from ₱76 million for the year ended December 31, 2018 to ₱82 million for the year ended December 31, 2019 due to increase in advertorials for the marketing and promotion of the malls especially the newly opened ones.

Increase in insurance by 13% from ₱30 million for the year ended December 31, 2018 to ₱34 million for the year ended December 31, 2019 due to the additional insurance obtained by the Company for its new malls and office buildings.

Increase in professional fees by 12% from ₱17 million for the year ended December 31, 2018 to ₱19 million for the year ended December 31, 2019 as a result of lower professional fees paid in 2018.

Decrease in rentals by 96% from ₱299 million for the year ended December 31, 2018 to ₱11 million for the year ended December 31, 2019 due to the adoption of PFRS 16 which recognized the amortization of right-of-use asset against the previously recognized rent expense.

Increase in other operating expenses by 133% from ₱67 million for the year ended December 31, 2018 to ₱156 million for the year ended December 31, 2019 due to increase in representation and entertainment, training, registration fees and miscellaneous for the year.

Interest income decrease from ₱42 million for the year ended December 31, 2018 to ₱26 million for the year ended December 31, 2019. The 39% decrease resulted from the lower interest earned from in cash in banks, investments and receivables of the company for the year.

Interest expense increase by 341% from ₱54 million in the year ended December 31, 2018 to ₱238 million in the year ended December 31, 2019. This is due primarily to the interest pertaining to the of lease liabilities recognized due to the adoption of the PFRS 16 during the year.

Tax expense for the year ended December 31, 2019 is ₱1,182 million an increase of 14% from ₱1,038 million for the year ended December 31, 2018. This is due primarily to the higher taxable income recorded for the year.

Net income increased by 9% from ₱2,422 million in the year ended December 31, 2018 to ₱2,636 million in the year ended December 31, 2019.

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. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

REVIEW OF YEAR END 2018 VS YEAR END 2017

RESULTS OF OPERATIONS

Revenues

Operating revenue
Operating revenue increased from ₱5,297 million for the year ended December 31, 2017 to ₱6,286 million for the year ended December 31, 2018. The 19% increase in the account was primarily attributable to the following:

- Rental income increased from ₱4,799 million for the year ended December 31, 2017 to ₱5,674 million for the year ended December 31, 2018. The 18% increase was due to the primarily to the additional leasable space for the year, increase in occupancy of the existing malls and increase in the rental rate.

- Parking fee revenue increased from ₱117 million for the year ended December 31, 2017 to ₱159 million for the year ended December 31, 2018. The 36% increase was due to higher number of vehicles using the mall parking space and additional parking space from new malls opened during the year.

- Other operating income increased from ₱381 million for the year ended December 31, 2017 to ₱453 million for the year ended December 31, 2018. The 19% increase was due to increase in other fees charged to tenants such as billboards and other collaterals classified as other operating income.

Costs and Expenses

Operating Expenses
Cost and expenses increased from ₱2,332 million for the year ended December 31, 2017 to ₱2,809 million for the year ended December 31, 2018. The 20% increase in the account was primarily attributable to the following:

- Increase in depreciation and amortization by 5% from ₱950 million for the year ended December 31, 2017 to ₱998 million for the year ended December 31, 2018 due to additional depreciation from the newly opened malls and corporate building.

- Increase in light and power by 6% from ₱387 million for the year ended December 31, 2017 to ₱409 million for the year ended December 31, 2018 due to the increase in the consumption in light and power as a result of the additional mall openings during the year as well as increase the rate of utilities charged during the period.

- Increase in outside services by 24% from ₱279 million for the year ended December 31, 2017 to ₱347 million for the year ended December 31, 2018 due to the increase in manpower and agency fees for the operations of the malls and office buildings as a result of the new openings for the year.

- Increase in salaries and employee benefits by 31% from ₱186 million for the year ended December 31, 2017 to ₱244 million for the year ended December 31, 2018 due to the increase in manpower for the operations and management of the new and existing malls and office buildings.

- Increase in rentals by 123% from ₱134 million for the year ended December 31, 2017 to ₱299 million for the year ended December 31, 2018 due primarily to the new malls opened on leased properties and to the annual escalations of the rental rates of existing leased properties.

- Increase in taxes and licenses by 33% from ₱131 million for the year ended December 31, 2017 to ₱174 million for the year ended December 31, 2018 due to higher taxes paid during the year.

- Increase in repairs and maintenance by 54% from ₱96 million for the year ended December 31, 2017 to ₱148 million for the year ended December 31, 2018 due to the various refurbishments of the company's older malls and office building.

- Increase in advertising and promotions by 55% from ₱49 million for the year ended December 31, 2017 to ₱76 million for the year ended December 31, 2018 due to increase in advertorials for the marketing and promotion of the malls especially the newly opened ones.

- Increase in insurance by 7% from ₱28 million for the year ended December 31, 2017 to ₱30 million for the year ended December 31, 2018 due to the additional insurance obtained by the Company for its new malls and office buildings.

- Decrease in professional fees by 23% from ₱22 million for the year ended December 31, 2017 to ₱17 million for the year ended December 31, 2018 as a result of lower professional fees paid in 2018.

- Decrease in other operating expenses by 6% from ₱71 million for the year ended December 31, 2017 to ₱67 million for the year ended December 31, 2018 due to decrease in representation and entertainment, training, registration fees and miscellaneous for the year.

Interest Income
Interest income increase from ₱25 million for the year ended December 31, 2017 to ₱42 million for the year ended December 31, 2018. The 68% increase resulted from the higher interest earned from in cash in banks, investments and receivables of the company for the year.

Interest Expense
Interest expense increase by 20% from ₱45 million in the year ended December 31, 2017 to ₱54 million in the year ended December 31, 2018. This is due primarily to the lower capitalization for the year as some of the malls are already operating.

Provision for Income Tax

Tax expense for the year ended December 31, 2018 is ₱1,038 million an increase of 17% from ₱884 million for the year ended December 31, 2017. This is due primarily to the higher taxable income recorded for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 18% from ₱2,061 million in the year ended December 31, 2017 to ₱2,422 million in the year ended December 31, 2018.

For the year ended December 31, 2018, 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.

FINANCIAL CONDITION

As of December 31, 2018 vs. December 31, 2017

Total assets as of December 31, 2017 were ₱45,330 million compared to ₱52,917 million as of December 31, 2018, or a 17% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments decreased by 27% from ₱572 million as of December 31, 2017 to ₱418 million as of December 31, 2018 due to the higher disbursements made for the construction of new malls.

- Available for sale financial assets in December 31, 2017, now classified as Investments at fair value through profit/loss and other comprehensive income including non-current portion decreased by 10% from ₱4,544 million as of December 31, 2017 to ₱4,098 million as of December 31, 2018 due to lower market value of the AFS held by the Group.

- Receivable from related parties, including non-current portion increased by 27% from ₱16,670 million as of December 31, 2017 to ₱21,228 million as of December 31, 2018 due to advances received during the year.

- Prepayments and other current assets increased by 45% from ₱1,473 million as of December 31, 2017 to ₱2,135 million as of December 31, 2018 due to the increase in prepayments and creditable withholding taxes.

- Property and equipment increased by 29% from ₱52 million as of December 31, 2017 to ₱67 million as of December 31, 2018 due primarily to the acquisitions of property and equipment made during the year.

- Investment properties increased by 38% from ₱25,581 million as of December 31, 2017 to ₱35,316 million as of December 31, 2018. The increase was due to the construction and development of new malls for the year.

- Other non-current assets decreased by 18% from ₱1,039 million as of December 31, 2017 to ₱852 million as of December 31, 2018 due to the decrease in cash restricted for use.

Total liabilities as of December 31, 2017 were ₱24,710 million compared to ₱30,675 million as of December 31, 2018, or a 24% increase. This was due to the following:

- Trade and other payables increased by 26% from ₱1,917 million as of December 31, 2017 to ₱2,424 million as of December 31, 2018 due to increase in accrued expenses, retention payable, deferred output VAT and payable to contractors for the construction and development of new projects.

- Payable to related parties increased by 54% from ₱11,915 million as of December 31, 2017 to ₱18,377 million as of December 31, 2018 due to advances from parent company made during the year.

- Interest bearing loans and borrowings, including non-current portion decreased by 22% from ₱7,530 million as of December 31, 2017 to ₱5,857 million as of December 31, 2018 due to payments made during the year.

- Deferred tax liabilities – net posted an increase of 51% from ₱1,530 million as of December 31, 2017 to ₱2,307 million as of December 31, 2018 due to the increase in temporary differences for the period that will eventually result to future tax liability.

- Other non-current liabilities decreased by 12% from ₱907 million as of December 31, 2017 to ₱802 million as of December 31, 2018 due to the settlements for the period.

Total stockholder's equity increased by 8% from ₱20,620 million as of December 31, 2017 to ₱22,242 million as of December 31, 2018 to due to the earnings for the year.

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

Key Performance Indicators	12/31/2018	12/31/2017
Current ratio [(a)]	0.41:1	0.77:1
Liability-to-equity ratio [(b)]	1.38:1	1.20:1
Interest coverage [(c)]	10.60	8.91
Return on assets [(d)]	4.6%	4.6%
Return on equity [(e)]	10.9%	10.0%

Notes:

(a) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(b) Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(c) Interest coverage: This ratio is obtained by dividing earnings before interest, taxes depreciation and amortization (EBITDA) by the total interest paid. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably.

(d) Return on assets: This ratio is obtained by dividing the Company's net income (net of income from acquisition of subsidiary) by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(e) Return on equity: This ratio is obtained by dividing the Company's net income (net of income from acquisition of subsidiary) by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

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

Current ratio as of December 31, 2018 decreased from that of December 31, 2017 due increase in current liability from trade and other payables and payable to related parties company classified as current.

The increase in liability-to-equity ratio was due to the increase in payable to related parties.

Interest coverage for the year ended December 31, 2018 increased because of the higher EBITDA and lower interest paid for the year.

Return on asset increased as of December 31, 2018 compared to that as of December 31, 2017 due to higher income in 2018.

Return on equity is increased as a result of higher income made in 2018.

Material Changes to the Company's Balance Sheet as of December 31, 2018 compared to December 31, 2017 (increase/decrease of 5% or more)

Cash and cash equivalents including short term cash investments decreased by 27% from ₱572 million as of December 31, 2017 to ₱418 million as of December 31, 2018 due to the higher disbursements made for the construction of new malls.

Available for sale financial assets in December 31, 2017, now classified as Investments at fair value through profit/loss and other comprehensive income including non-current portion decreased by 10% from ₱4,544 million as of December 31, 2017 to ₱4,098 million as of December 31, 2018 due to lower market value of the AFS held by the Group.

Receivable from related parties, including non-current portion increased by 27% from ₱16,670 million as of December 31, 2017 to ₱21,228 million as of December 31, 2018 due to advances made during the year.

Prepayments and other current assets increased by 45% from ₱1,473 million as of December 31, 2017 to ₱2,135 million as of December 31, 2018 due to the increase in prepayments and creditable withholding taxes.

Property and equipment increased by 29% from ₱52 million as of December 31, 2017 to ₱67 million as of December 31, 2018 due primarily to the acquisitions of equipments made during the year.

Investment properties increased by 38% from ₱25,581 million as of December 31, 2017 to ₱35,316 million as of December 31, 2018. The increase was due to the construction and development of new malls for rent for the year.

Other non-current assets decreased by 18% from ₱1,039 million as of December 31, 2017 to ₱852 million as of December 31, 2018 due to the decrease in cash restricted for use.

Trade and other payables increased by 26% from ₱1,917 million as of December 31, 2017 to ₱2,424 million as of December 31, 2018 due to increase in accrued expenses, retention payable, deferred output VAT and payable to contractors for the construction and development of new projects.

Payable to related parties increased by 54% from ₱11,915 million as of December 31, 2017 to ₱18,377 million as of December 31, 2018 due to advances from parent company made during the year.

Interest bearing loans and borrowings, including non-current portion decreased by 22% from ₱7,530 million as of December 31, 2017 to ₱5,857 million as of December 31, 2018 due to payments made during the year.

Deferred tax liabilities – net posted an increase of 51% from ₱1,530 million as of December 31, 2017 to ₱2,307 million as of December 31, 2018 due to the increase in temporary differences for the period that will eventually result to future tax liability.

Other non-current liabilities decreased by 12% from ₱907 million as of December 31, 2017 to ₱802 million as of December 31, 2018 due to the settlements for the period.

Material Changes to the Company's Statement of income for the year ended December 31, 2018 compared to the year ended December 31, 2017 (increase/decrease of 5% or more)

Rental income increased from ₱4,799 million for the year ended December 31, 2017 to ₱5,674 million for the year ended December 31, 2018. The 18% increase was due to the primarily to the additional leasable space for the year, increase in occupancy of the existing malls and increase in the rental rate.

Parking fee revenue increased from ₱117 million for the year ended December 31, 2018 to ₱159 million for the year ended December 31, 2018. The 36% increase was due to higher number of vehicles using the mall parking space and additional parking space from new malls opened during the year.

Other operating income increased from ₱381 million for the year ended December 31, 2017 to ₱453 million for the year ended December 31, 2018. The 19% increase was due to increase in other fees charged to tenants such as billboards and other collaterals classified as other operating income.

Increase in depreciation and amortization by 5% from ₱950 million for the year ended December 31, 2017 to ₱998 million for the year ended December 31, 2018 due to additional depreciation from the newly opened malls and corporate building.

Increase in light and power by 6% from ₱387 million for the year ended December 31, 2017 to ₱409 million for the year ended December 31, 2018 due to the increase in the consumption in light and power as a result of the additional mall openings during the year as well as increase the rate of utilities charged during the period.

Increase in outside services by 24% from ₱279 million for the year ended December 31, 2017 to ₱347 million for the year ended December 31, 2018 due to the increase in manpower and agency fees for the operations of the malls and office buildings as a result of the new openings for the year.

Increase in salaries and employee benefits by 31% from ₱186 million for the year ended December 31, 2017 to ₱244 million for the year ended December 31, 2018 due to the increase in manpower for the operations and management of the new and existing malls and office buildings.

Increase in rentals by 123% from ₱134 million for the year ended December 31, 2017 to ₱299 million for the year ended December 31, 2018 due primarily to the new malls opened on leased properties and to the annual escalations of the rental rates of existing leased properties.

Increase in taxes and licenses by 33% from ₱131 million for the year ended December 31, 2017 to ₱174 million for the year ended December 31, 2018 due to higher taxes paid during the year.

Increase in repairs and maintenance by 54% from ₱96 million for the year ended December 31, 2017 to ₱148 million for the year ended December 31, 2018 due to the various refurbishments of the company's older malls and office building.

Increase in advertising and promotions by 55% from ₱49 million for the year ended December 31, 2017 to ₱76 million for the year ended December 31, 2018 due to increase in advertorials for the marketing and promotion of the malls especially the newly opened ones.

Increase in insurance by 7% from ₱28 million for the year ended December 31, 2017 to ₱30 million for the year ended December 31, 2018 due to the additional insurance obtained by the Company for its new malls and office buildings.

Decrease in professional fees by 23% from ₱22 million for the year ended December 31, 2017 to ₱17 million for the year ended December 31, 2018 as a result of lower professional fees paid in 2018.

Decrease in other operating expenses by 6% from ₱71 million for the year ended December 31, 2017 to ₱67 million for the year ended December 31, 2018 due to decrease in representation and entertainment, training, registration fees and miscellaneous for the year.

Interest income increase from ₱25 million for the year ended December 31, 2017 to ₱42 million for the year ended December 31, 2018. The 68% increase resulted from the higher interest earned from cash in banks of the company for the year.

Interest expense increase by 20% from ₱45 million in the year ended December 31, 2017 to ₱54 million in the year ended December 31, 2018. This is due primarily to the lower capitalization for the year.

Tax expense for the year ended December 31, 2018 is ₱1,038 million an increase of 17% from ₱884 million for the year ended December 31, 2017. This is due primarily to the higher taxable income recorded for the year.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company.

Commitments and Contingencies

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

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

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

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

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

None, except for those items disclosed in the 2020 Audited Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 2020 Audited Financial Statements.

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2020 are incorporated herein in the accompanying Index to Financial Statements and/Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountant

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

External Audit Fees and Services

External Audit Fees

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

	2020	**2019**
	(In ₱ Millions with VAT)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	**₱ 4.24**	**₱ 3.59**
All other fees	–	–
Total	**₱ 4.24**	**₱ 3.59**

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

Tax Fees

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

All Other Fees

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

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

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

<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>

The Group has adopted some revisions and annual improvements to the PFRS (Philippine Financial Reporting Standards) that are relevant to the Group and effective for the financial statements beginning on or after January 1, 2018 as discussed in Note 3 of the Notes to Consolidated Financial Statements for the years ended December 31, 2020, 2019 and 2018.

As such, the comparative amounts contained in the audited financial statements may differ from those previously presented in the consolidated financial statements for the year ended December 31, 2020, 2019 and 2018.

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

<u>Board of Directors and Executive Officers</u>

The table below sets forth the members of the Company's Board and Executive Officers as of December 31, 2020.

NAME	AGE	POSITION	CITIZENSHIP
Manuel B. Villar Jr.	71	Chairman	Filipino
Manuel Paolo A. Villar	44	Director and President	Filipino
Cynthia J. Javarez	57	Director & Treasurer	Filipino
Camille A. Villar	35	Director	Filipino
Adisorn Thananun-Narapool	66	Director	Thai
Joel L. Bodegon	72	Independent Director	Filipino
Raul Juan N. Esteban	58	Independent Director	Filipino
Brian N. Edang	42	Chief Financial Officer & Head, Investor Relations	Filipino
Ma. Nalen Rosero	49	Chief Information Officer & Corporate Secretary	Filipino
Jo Marie Lazaro-Lim	42	Compliance Officer & Assistant Corporate Secretary	Filipino

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

MANUEL B. VILLAR JR., *Chairman,* was a Senator of the Philippines, having been elected in 2001 and re-elected in 2007. He served as Senate President from 2006 to 2008. He was a Congressman from 1992 to 2001 and served as Speaker of the House of Representatives from 1998 to 2000. A certified public accountant, Mr. Villar graduated from the University of the Philippines in 1970 with the degree of Bachelor of Science in Business Administration and in 1973 with the degree of Masters in Business Administration. In the early 1970's he founded Camella Homes and successfully managed the company to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar has been Chairman of the Board of the Company since 2012. Mr. Villar is currently the Chairman of the Board of Vista Land , AllHome Corp., AllValue Holdings Corp. and Golden Bria Holdings, Inc. He is a member of the following organizations: Makati Business Club, Manila Golf Club, Management Association of the Philippines, Financial Executive Institute of the Philippines (FINEX), Philippine Institute of Certified Public Accountants, and the Villar Social Institute for Poverty Alleviation and Governance (SIPAG).

MANUEL PAOLO A. VILLAR, *Director and President*, graduated from the Wharton School of the University of Pennsylvania with a dual degree of Bachelor of Science in Economics and bachelor of Applied Science. He worked as a research analyst at Clemente Capital Inc. in New York City prior to his graduation. He was a fixed income analyst at Goldman Sachs in Hong Kong and a consultant for McKinsey & Co. in the United States for two years before joining the Vista Land Group in 2001. He is currently the President and Chief Executive Officer of Vista Land. Mr. Villar has been a Director of the Company since 2007. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. and Powersource Phils Development Corp. Mr. Villar is also the majority shareholder of Prime Asset Ventures, Inc., and director of Fine Properties, Inc, and AllHome Corp.

CYNTHIA J. JAVAREZ, *Director and Treasurer*, Ms. Javarez graduated from the University of the East with a degree in Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She took a Management Development Program at the Asian Institute of Management. She is currently the Chief Operating Officer and Treasurer of Vistamalls, Inc. She is also the Controller, Chief Operating Officer and Head of the Tax and Audit group of Vista Land after holding various other positions in the MB Villar Group of Companies since 1985. She is also the current President of Fine Properties, Inc, Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation and Vista Residences, Inc.

CAMIILE A. VILLAR, *Managing Director*, Vista Land Commercial Division. Ms. Villar, graduated from the 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 Empressa (IESE Business School) of the University of Navarra in 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 is also a Director of Golden Bria Holdings, Inc. She is also the Concurrent President of All Value Holdings Corp., and the Vice Chairman of AllHome Corp. Ms. Villar is currently a Congresswoman, representing Las Pinas City.

ADISORN THANANUN-NARAPOOL, *Director*, holds a Bachelor of Accounting from Thammasat University and M.B.A. from Thammasat University. Mr. Thananun-Narapool has been Managing Director of Land and Houses Public Company Limited since May 1, 2013 and serves as its Member of Executive Board. Mr. Thananun-Narapool served as Senior Executive Vice President of Support at Land and Houses Public Company Limited from 2002 to April 2013 and served as its Chief Financial Officer. Mr. Thananun-Narapool served as an Executive Vice President -Land and Houses Public Co., Ltd. from 1992 to 2001. He has been a Director of Land and Houses North Co Ltd., and Land and Houses Northeast Co Ltd., since 1995. Mr. Thananun-Narapool has been a Director of Siam Tanee Property Co., Ltd. since 1991, Siam Tanee Realestate Co., Ltd. since 1993, Safety Insurance Public Co., Ltd. since 1994, Cameron Global Limited since 1999, LH Muang Mai Co., Ltd. since 2001. Mr. Thananun-Narapool serves as a Director of Secondary Mortgage Corporation, Asset Plus Securities Public Co., Ltd., Land and Houses Property Fund. He has been a Director of Land and Houses Public Company Ltd. since 2002.

JOEL L. BODEGON, *Independent Director*, obtained his Bachelor of Arts degree and Bachelor of Laws, both from the University of the Philippines. He was admitted to the Bar in 1975. He worked in a private law firm and the Office of the Solicitor General before he joined Angara Abello Concepcion Regala and Cruz (ACCRA) in 1976, where he became a partner in 1982 until 1986. In 1987, he formed, together with some ACCRA partners, the Jardeleza Sobreviñas Diaz Hayudini & Bodegon Law Offices, where he was managing partner for 12 years until his retirement in 2008. In 2010, he formed the Bodegon Estorninos Guerzon Borie & Bongco Law Offices. Mr. Bodegon has been a Director of the Company since 2010. Atty. Bodegon possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since his election as such.

RAUL N. ESTEBAN, *Independent Director*, 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.

BRIAN N. EDANG, *Chief Financial Officer and Head Investor Relations*, is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy degree from the University of St. La Salle –

Bacolod. He served in various capacities in the MB Villar Group of Companies from 2004 to 2007. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2003. He is the Investor Relations Head of Vista Land from 2007 up to present and the Chief Financial Officer of the Company 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).

MA. NALEN SJ. ROSERO, *Chief Information Officer and Corporate Secretary*, graduated salutatorian from the San Beda College of Law. She has been with Manuela since 2001. She was an associate of the Angara Abello Concepcion Regala & Cruz (ACCRA) Law Offices for three years. She is currently a director of Masterpiece Asia Properties, Inc. and Manuela Corporation. She is also the Corporate Secretary of the subsidiaries of Vista Land.

JO MARIE LAZARO-LIM, *Compliance Officer and Assistant Corporate Secretary*, graduated from University of Sto. Tomas with a degree in Bachelor of Arts in Legal Management and she earned her law degree from San Beda College of Law. She joined Manuela Corporation in 2003. She is currently the Corporate Secretary of Manuela Corporation and Masterpiece Asia Properties, Inc., as well as the other affiliate companies of the group.

Resignation of Directors

No director has resigned or declined to stand for re-election for the Board of Directors due to any disagreement with the Corporation relative to the Corporation's policies, practices and operations.

Family relationships

Manuel B. Villar, Jr., is the father of Manuel Paolo A. Villar and Camille A. Villar. There are no other family relationships among the directors and executive officers.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

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

(a) None of them has been involved in any bankruptcy petition.

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

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

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

Item 10. Executive Compensation

Names	Position	Year	Salary	Bonus
Manuel Paolo A. Villar	President			
Brian N. Edang	Chief Financial Officer & Head, Investor Relations			
Ma. Nalen SJ. Rosero	Corporate Secretary & Chief Information Officer			
Rowena B. Bandigan	Chief Accountant			
Florence R. Bernardo	Mall operations			
Aggregate executive compensation for above named officers		**Actual 2019**	**₱ 9.7 M**	**₱ 0.6 M**
		Actual 2020	**₱ 10.2 M**	**₱ 0.6 M**
		Projected 2021	**₱ 10.8 M**	**₱ 0.7 M**
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2019**	**₱ 5.4 M**	**₱ 0.4 M**
		Actual 2020	**₱ 5.6 M**	**₱ 0.4 M**
		Projected 2021	**₱ 5.9 M**	**₱ 0.4 M**

The total annual compensation paid to the above-named officers and directors was paid in cash. The annual compensation includes the basic salary, the mid-year and 13th month bonus.

Standard arrangements

Other than payment of reasonable per diem ₱50,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company's subsidiaries, for any services provided as a director for 2019 and 2020.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company's subsidiaries, during 2019 and 2020 for any service provided as a director.

Employment Contracts and Termination of Employment and Change in Control Arrangements

The Company has not entered into any contract or arrangement for payment of compensation other than what has been included above. Executive officers are considered employees of the Company, but their contracts with the Company are not in writing. The Company has no arrangement for termination of employment.

Warrants and options held by the executive officers and directors

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

Significant employee

The Company has high regard for its human resources. It expects each employee to do his part in achieving the Company's goals and objectives.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of the voting securities as of December 31, 2020:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership[1]
Common Shares	Vista Land & Lifescapes, Inc. LGF Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	7,443,192,641	69.0721%
Common Shares	Land & Houses Public Company Limited Q. House, Convent Building, 4th & 5th Floors, No. 38 Convent Road, Silom, Bangkok, Thailand Shareholder	Record Owner is also beneficial Owner	Thai	808,431,465	7.5022%
Preferred Shares	Fine Properties Inc. LGF Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	2,350,000,000	21.8078%

[1]*Based on the total issued and outstanding shares (common and preferred) of 10,775,981,156 as of December 31, 2020*

Security Ownership of Management

Security ownership of certain management as of December 31, 2020:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	1,000 - Direct	Filipino	0.00001%
Preferred Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	2,350,000,000 - Indirect	Filipino	21.80776%
Common Shares	Manuel Paolo A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	1,000 - Direct	Filipino	0.00001%
Common Shares	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia, Imus, Cavite	1,000 - Direct	Filipino	0.00001%

Common Shares	Camille A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Indirect	Filipino	0.000001%
Common Shares	Adisorn Thananan-Narapool 1 Q. House, Lumpini 38th Floor, South Saturn Road, Silom, Bangkok, Thailand	1,000 – Indirect	Thai	0.00001%
Common Shares	Joel L. Bodegon 118 Lipa Street, Ayala Alabang Village, Muntinlupa City	1,000 – Direct	Filipino	0.00001%
Common Shares	Raul Juan N. Esteban 223B Alexandra Condo. 29 Meralco Avenue, Ortigas Center, Pasig City	1,000 – Indirect	Filipino	0.00001%
AGGREGATE SHAREHOLDINGS		**2,350,006,100**		**21.80782%**

Voting Trust Holders of 5.0% or More

As of December 31, 2020, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes In Control

As of December 31, 2020, there was no arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company is a subsidiary of Vista Land & Lifescapes, Inc. (VLL). It enters into transactions with associates and related parties, in its regular course of business, consisting mainly of advances and reimbursement of expenses and purchase and sell of real estate properties. These transactions to and from related parties are made on arm's length basis and at current market prices at the time of the transactions.

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

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

Please refer to Notes on Related Party Transactions of the Notes to Consolidated Financial Statements of the 2020 Audited Financial Statements, which is incorporated herein in the accompanying Index to Exhibits.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

To be disclosed separately.

PART V – SUSTAINABILITY REPORT

Item 14. Sustainability Report

Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	VISTAMALLS, INC.
Location of Headquarters	Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City 1750
Location of Operations	Nationwide
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	For the environmental portion of the report, the Vistamalls that were chosen are: ● Evia Lifestyle Center - Daang Hari Road, Vista Alabang, Las Piñas City ● Vista Hub – 21st Drive cor. 5th Avenue, Bonifacio Global City, The Fort, Taguig City ● Starmall Alabang – South Luzon Expressway, Alabang, Muntinlupa City ● Starmall EDSA Shaw – Harvard St., Mandaluyong City ● Vista Mall Bataan – Brgy. Cupang Proper, Roman Superhighway, Balanga, Bataan ● NOMO – A Vista Lifestyle Center - Molino Boulevard, Bacoor City, Cavite For other sections, the whole of Vistamalls' operations are included.
Business Model, including Primary Activities, Brands, Products, and Services	Real Estate
Reporting Period	January 1 to December 31, 2020
Highest Ranking Person responsible for this report	Brian N. Edang Chief Financial Officer Head of Investor Relations

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[4]

On its 2nd year reporting, the Villar Group companies, which includes Vistamalls, are guided by the GRI and SASB Standards in the conduct of its materiality process. Specifically, the process undertook the following steps:

1. Pre-identification of topics – Issues and topics from different references such as the sector-specific publications from GRI and SASB and industry peers were collated.
2. Identification of Material Topics – The collated topics were initially reviewed by the Company if these are material to the operations and stakeholders. Each topic was provided with definitions for better assessment.
3. Materiality Assessment – The topics identified as material are processed into a survey where the Company further assessed the criticality of impact of each topic.

Due to restrictions brought about by the pandemic, the Company engaged in the survey through Google Forms. Similar to the process in the previous reporting, Vistamalls assessed the criticality of identified topics based on their impact to the business and impact to the stakeholders using a 5-point scale (1 as low to no impact; 5 as highest impact).

Table 1. Topics Arranged According to Degree of Impact*

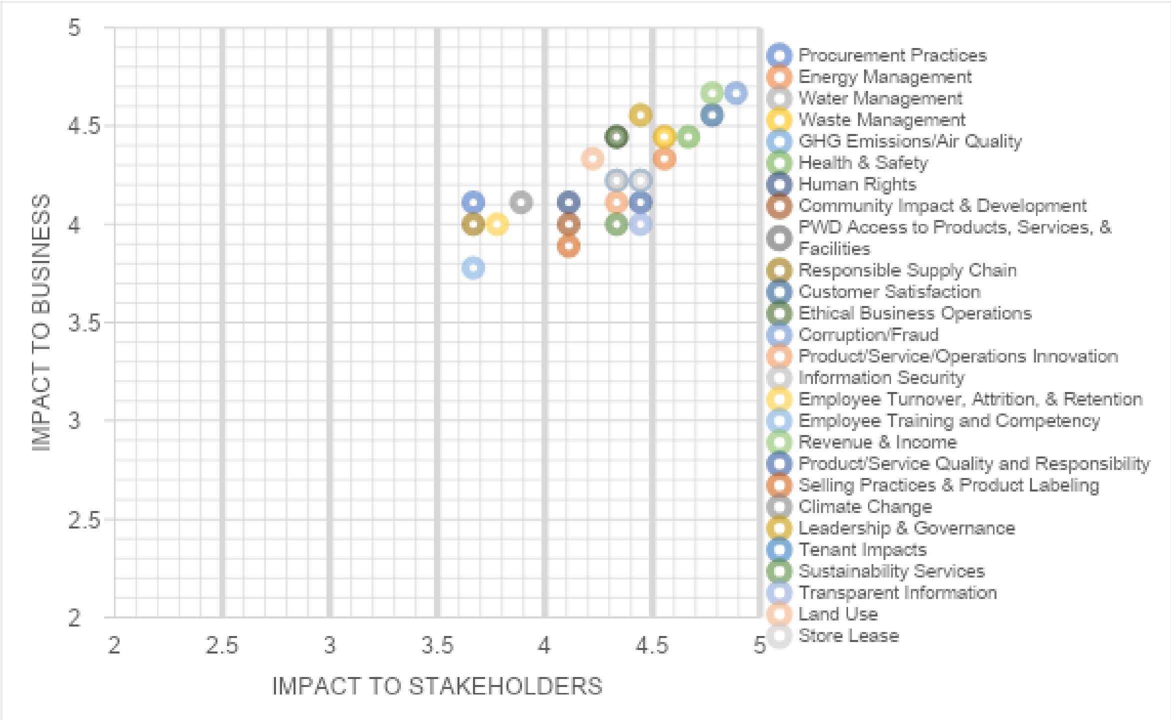
1	Corruption/Fraud	9	Product/Service Quality and Responsibility
2	Revenue & Income	9	Land Use
3	Customer Satisfaction	10	Product/Service/Operations Innovation
4	Health & Safety	10	Transparent Information
5	Water Management	11	Sustainability Services
5	Waste Management	12	Human Rights
5	Leadership & Governance	13	Community Impact & Development
6	Energy Management	14	Procurement Practices
7	PWD Access to Products, Services, & Facilities	14	Employee Turnover, Attrition, & Retention
7	Ethical Business Operations	14	Selling Practices & Product Labeling
8	Tenant Impacts	14	Climate Change
8	Store Lease	15	Responsible Supply Chain
9	GHG Emissions/Air Quality	16	Employee Training and Competency
9	Information Security		

*Topics with similar rank numbers indicate similar weighted averages.

Similar to the 2019 Materiality Assessment, Corruption/Fraud, Revenue & Income, and Customer Satisfaction remain Vistamall's identified topics with the highest materiality in 2020. The Company puts high value in maintaining ethical leadership of its operations to avoid corruption or fraud while sustaining profitability and satisfying customer needs.

[4] See *GRI 102-46*(2016) for more guidance.

Figure 1. Vistamalls 2020 Materiality Matrix



ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in millions)	Units
Direct economic value generated (revenue)	7,273.07	PhP
Direct economic value distributed:		
a. Operating costs	890.81	PhP
b. Employee wages and benefits	252.82	PhP
c. Payments to suppliers, other operating costs	48.31	Php
d. Dividends given to stockholders and interest payments to loan providers	189.02	PhP
e. Taxes given to government	1,378.80	PhP
f. Investments to community (e.g. donations, CSR)	2.93	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The pandemic has affected the Company's leasing business especially during the start of the implementation of government restrictions to fight against the spread of the coronavirus wherein the Company has to temporarily close 80% of its commercial spaces and to halt construction of its commercial projects. However, as the restrictions further eased and the economy started to reopen starting June, the Company saw encouraging signs of recovery such as the sustained demand for its BPO office space, increased operational gross floor area (GFA) to 95%. In addition, the Company provided rental concessions to tenants on a case by case rather than an across the board concessions. Vistamalls managed to maintain its revenues, slightly decreased by	Employees, Community, Suppliers, Investors, Government	In making business decisions, Vistamalls continues to improve the economic value it delivers, and manages its impact on the environment and society. The Company's financial reports have been prepared in compliance with the Philippine Financial Reporting Standards and such financial reports are being audited by an external auditing firm. The Company files and submits its quarterly and annual financial reports to the relevant regulatory agencies, and posts the same on the company website. It also established a separate Board Risk Oversight Committee, responsible for the oversight of the Company's Enterprise Risk Management System, to ensure its functionality and effectiveness. The Company

3% for the year 2020 due to the nature of its tenants and captive market.		contributes to its stakeholders through the following: ● Its employees are provided with employee benefits on top of the basic salary ● It allocates budget for its corporate social responsibility (CSR) programs, as approved by the Board and Management ● Timely payment of taxes ● Continuous engagements with suppliers as the Company grows its leasing portfolio ● Annually declare dividends Its Finance department observes prudence in managing the resources of the Company. Its conscious financial management maintains a healthy gearing ratio. Liability management activities are conducted, as needed.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Foreign exchange devaluation, inflation of prices affecting cost and expenses, and emerging regulations affecting the Philippine Real Estate industry, are risks that were identified year-on-year.	Employees, Suppliers, Investors, Government	Vistamalls' has an established Enterprise Risk Management, and has a Board Risk Oversight Committee to mitigate these financial risks. With the impact of the pandemic, the Company continued to maximize its financial resources by continuous study of consumer behavior and fit its marketing strategies to it.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Community based commercial centers and business process outsourcing (BPO) office spaces provided the Company stable revenues despite the health crisis. This opened an opportunity for Vistamalls to strengthen its leasing business that caters to community based malls and BPO offices or other similar uses. As the economy improves, Vistamalls will retain its synergistic relationships with the Villar Group in making adjustments to navigate effectively in the new normal.	Employees, Suppliers, Investors, Government	The Company, through its Management, ensures that financial resources of the Company are being optimized. It continues to exercise prudence in managing the resources of the Company.

Climate-related risks and opportunities[5]

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	Board oversight on all risks and opportunities, including physical risks related to climate, are handled by the Board Risk Oversight Committee. It is tasked to decide upon the recommendations made to update policies related to the ERM and related guidance, as may be needed. The Chief Risk Officer (CRO) is designated as the ultimate champion of the ERM process. It is his/her responsibility to: (i) supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation; (ii) communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee; (iii) collaborate with the Chief Executive Officer (CEO) in updating and making recommendations to the Board Risk Oversight Committee; (iv) suggest ERM policies and related guidance, as may be needed; and (v) provide insight on the following:

[5] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

	- Risk management processes are performing as intended; - Risk measures reported are continuously reviewed by risk owners for effectiveness; and - Establish risk policies and procedures are being complied with.
b) Describe management's role in assessing and managing climate-related risks and opportunities	The CRO's office is given authority, stature, resources and support from all departments to fulfill the tasks given to him/her.
Strategy Disclose the actual and potential impacts[16] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Over the short-, medium-, and long-term, the Company has looked into acute physical (e.g. typhoons, floods) and chronic physical (e.g. increase in outside temperatures) risks for its malls and BPO leasing operations as part of operational, financial, and reputational risks.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Although in 2020, there were no incidents that caused significant operational, financial, and reputational impact in any of our malls and BPO operations due to climate-related risks, the Company still believes that such risks may cause temporary disruptions of its operations.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2^{o}C or lower scenario	Due to the Company's exposure to climate-related scenarios, Vistamalls conducts thorough technical due diligence and environment scanning on all of its land acquisitions, and mall and office openings. Technical due diligence includes environmental studies not just for specific land parcels but for adjacent areas as well. The Company considers additional measures for specific climate-related events including the 2^{o}C or lower scenario in its Enterprise Risk Management ("ERM").
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	As with all the key risks (e.g., strategic, compliance, operational, financial, and reputational risks), Vistamalls identifies climate-related risks based on analysis of key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives.

	The Company's processes for managing climate-related risks are defined and discussed in its ERM plan.
b) Describe the organization's processes for managing climate-related risks	Vistamalls has a risk register with clearly defined, prioritized and residual risks included. From there, the Company develops a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy. The Company then communicates and reports significant risk exposures, and risk mitigation plans to the Board Risk Oversight Committee for their consideration.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	As a subsidiary of Vista Land, the direction for risk management, including climate-related risks of Vistamalls is patterned after its parent company.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Natural catastrophes directly affect the Company's operations. Impacts of this risk is measured through the following: ● Number of days of delays in project timeline ● Number of days of property downtime and business disruption ● Costs of repair or replaced damage or destroyed assets ● Costs for maintenance due to wear and tear on or damage to buildings In order to mitigate or eliminate the exposure to risks, Vistamalls sees the opportunity of improving its business operations through: ● Conducting regular preventive check and maintenance of all assets ● Retrofitting of building and other developments ● Tracking the frequency of discussions with Board and Management on climate-related risks
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Vistamalls targets to have minimal business disruptions to the best of its capacity by tracking the frequency of communication and training sessions with employees regarding protocols in situations related to natural catastrophes or severe weather conditions.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company continues to invest in local suppliers as a commitment to help develop the local economy.	Employees, Suppliers, Contractors, Customers	Vistamalls requires in its procurement process that business or corporate documents (e.g. SEC and DTI Registration, BIR registration, Business Permits, Audited Financial Statements) would be submitted by potential suppliers for them to be considered. The Company selects its suppliers through set criteria (e.g. number of years in the industry, Aftersales service, Facilities and equipment, Liquidity & Solvency). Additionally, contractors and suppliers are chosen based on their capacity to fulfill our requirements, competitiveness of their offer, historical performance, and results of background checking, among others.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Local suppliers may not be globally competitive in terms of technology. The pandemic also affected local and global supply chains, causing delays in delivery, shortage of materials, increased pricing, limited face-to-face assessments, and others, which may impact the Vistamalls' operations.	Suppliers, Customers	The Company assesses suppliers thru constant research and foreign travels for benchmarking. Hence, suppliers undergo a thorough accreditation process that includes background investigation, submission of complete and updated financial documents and the necessary government permits and certifications, company and plant visits, and other pertinent inquiries. Vistamalls conducts checking of supplied items before receiving and

		regular auditing of items delivered/used. The Company used online meeting platforms to communicate with suppliers for negotiations and other transactions. Vistamalls orders in bulk to get the maximum discounted price for common requirements.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Better relations with local suppliers and achieve higher standards of practices for procurement	Suppliers, Customers, Employees	Synergy of all procurement teams within the Villar Group to negotiate prices of key goods and services as one block. The Company also invests in human resources by providing the necessary training to further improve their skills as procurement professionals. Because of the limitations caused by the pandemic, the Company put up an online procurement system where transactions such as bidding, contract reviews, billing processing, and supply requests can be performed even during work-from-home set-ups.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	**Quantity**	**Units**
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
All directors and employees are constantly reminded of the anti-corruption policies and procedures of the company.	Employees, Suppliers, Government Regulators	The Company acknowledges that fraud and corruption management is part of good governance and management practice. The Company has a Whistleblowing Policy and an Anti-Bribery Policy that are communicated to its employees during job orientations and tackled every annual corporate values session of the Company. These policies are posted on the Company's website as well for the information of all our stakeholders.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Stakeholders may not completely follow the communications that are conveyed on the Company's Anti-corruption policies.	Employees, Suppliers, Investors	The Company makes sure to include discussion of the Anti-Corruption Policies of the Company during on-the-job orientation and during the annual corporate values session of the Company. During the pandemic, the Company exhausted all available platforms, such as emails blasts, social media, and virtual meetings to communicate across the organization different policies such as new work-from-home policy, travel policy, safety protocols, etc.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified as all employees, directors and management are 100% communicated and trained on anti-corruption policies.		

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There was no case of corruption in the Company in the reporting year. However, the Company is always employing its Anti-corruption policies to its operations and supply and value chains.	Employees, Suppliers, Government	The Anti-Corruption Policies of the Company are issued to all staff members, directors, and members of the management and strictly applies to all personnel. Apart from communicating anti-corruption policies, the Company placed internal audit procedures that ensured clarity and traceability in its Finance and Operations. External auditors test the effectiveness of these internal controls.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Anti-corruption cases which are not dealt with proper action will lead to inefficiency in operations, loss of trust in the management, and damage to the company's reputation if unresolved.	Employees, Suppliers, Investors, Government	The Anti-Corruption Policies of the Company are issued to all staff members, directors, and members of the management and strictly applies to all personnel. Clear protocols are communicated to all employees such as rules about accepting gifts, and direction on how to avoid conflicts of interest. For instance, new suppliers undergo a standard accreditation process before being granted projects and contracting.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified as there are no incidents reported regarding corruption activities within the Company for 2020.		

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	
Energy consumption (gasoline)		
Starmall Alabang	4,280	L
EVIA	48	L
Energy consumption (LPG)		
Starmall Alabang	115,200	L
EVIA	113,407	kg
NOMO	5,643	Cubic meters
Energy consumption (diesel)		
NOMO	35,756	L
Starmall Alabang	10,063	L
Starmall EDSA Shaw	2,868	L
EVIA	28,500	L
Vista Mall Bataan	35,287	L
Vista Hub	5,276	L
Energy consumption (electricity)		
NOMO	5,457	MWh
Starmall Alabang	15,115	MWh
Starmall EDSA Shaw	6,820	MWh
EVIA	13,354	MWh
Vista Mall Bataan	10,203	MWh
Vista Hub	4,556	MWh

Reduction of energy consumption

Disclosure	Quantity*	Units
Energy consumption (gasoline)		
Starmall Alabang (vehicle)	856	L
Vista Mall Bataan	N/A^	
EVIA	N/A^	
Energy consumption (LPG)		
Starmall Alabang	10,393	L
EVIA	50,508	kg
NOMO	N/A^	
Energy consumption (diesel)		
Vehicles		
Starmall EDSA Shaw	N/A	
EVIA	2,556	L
Vista Mall Bataan	-5,415	L
Generator Sets		
NOMO	N/A^	L
Starmall Alabang	-4,120	L
Starmall EDSA Shaw	N/A^	L
EVIA	-19,500	L
Vista Mall Bataan	2,420	L
Vista Hub	N/A	
Energy consumption (electricity)		
NOMO	-3,623	MWh
Starmall Alabang	10,329	MWh
Starmall EDSA Shaw	378	MWh
EVIA	7,319	MWh
Vista Mall Bataan	3,206	MWh
Vista Hub	7	MWh

*Negative values mean an increased consumption compared to 2019 consumption.
^First time reporting of energy consumption figures hence, reduction will be determined in the next reporting years.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Malls and commercial spaces consume energy for their cooling system, chiller plant operation, lighting, generator set operations, and tenants' use. As part of the company's response to protect its employees, shuttle services are provided which causes diesel consumption in 2020.	Employees, Tenants, Customers	The Company trains its operations staff on energy management measures which include the proper maintenance and operation of diesel generator sets. Energy saving measures are being adopted. These include measures such as: (i) upgrading lighting fixtures from CFL to LED bulbs; (ii) optimizing facility scheduling on turning on the lights, air conditioning facilities, elevators and escalators; (iii) daily monitoring of temperature wherein low temperatures indicates that equipment must be switched off; (iv) the use of the automatic switches for pumps and motors; (v) maximize the existing load capacity of transformers to cater activities; (vi) diesel consumption is monitored through the purchase orders for servicing employees; and (vii) regular preventive maintenance measures and cleaning of facilities are in place to improve equipment performance and efficiency. The Company is studying the possibility to install renewable energy technologies in its malls and BPO spaces.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Vistamalls sees the risk of power interruptions that may be caused by natural or man-made events.	Employees, Tenants, Customers	The Company has designated teams that manage the energy consumption of malls. These teams are trained on responses in case of power interruptions in their respective malls. Hence, regular repair and maintenance of equipment are conducted to ensure these are run in optimum conditions. Part of maintenance activities is the weekly load testing of generator sets in all malls.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Vistamalls is planning to replace all old electric equipment to avoid failure in the system and prevent power losses. The Company also plans to consult with industry experts and review available latest practice and technology for more efficient use of energy.	Community, Environment	The Company will continue to expand its program in energy reduction with the use of less wattage, high efficiency equipment. The Company is continually assessing potential renewable sources of energy, specifically on solar panels, for its operations In compliance with the Department of Energy (DOE) Memorandum Circular No. 93-03-05, the Company will submit an Annual Energy Efficiency and Conservation Report as part of introducing and institutionalizing policies or initiatives on energy efficiency and conservation. Also, the report will be used for the purpose stipulated under the Energy Efficiency and Conservation (EEC) Act.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal		
NOMO	34,381	Cubic meters
Starmall Alabang	33,748	Cubic meters
Starmall EDSA Shaw	59,378	Cubic meters
EVIA	131,176	Cubic meters
Vista Mall Bataan	110,638	Cubic meters
Vista Hub	10,786	Cubic meters
Water consumption		
NOMO	30,265	Cubic meters
Starmall Alabang	10,124	Cubic meters
Starmall EDSA Shaw	39,033	Cubic meters
EVIA	41,902	Cubic meters
Vista Mall Bataan	99,574	Cubic meters
Vista Hub	10,786	Cubic meters
Water recycled and reused	N/A	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Water has been a vital resource in the Company's operations. It is especially used for the malls' cooling system, cooking and washing supply of tenants, and supply for comfort rooms and water features (e.g., fountains). The malls have decreased its water consumption in 2020 due to limited mall hours and operations in compliance with safety protocols of preventing the spread of the virus. This has also reduced the consumption for the cooling towers and mandatory shut-off of the water features. Yet, water has been used as part of the maintenance and	Employees, Tenants, Customers	The Company does the following measures to ensure that water is consumed efficiently in its operations: ● During the cleaning of malls and BPO spaces, the Company minimizes the use of water through proper scheduling of floor wash downs or cleanings ● Train personnel on water conservation ● Regular maintenance of all pipes, valves, and pumps ● The Company takes initiatives to prevent soil and water contamination ● New technologies such as sensor-type faucets are installed in all malls and

disinfection/cleaning of mall facilities.		BPO properties. ● Regular testing is performed to pass water and wastewater quality standards set by government regulations ● Reduce percentage of valve opening in common areas ● Reduced water pressure in comfort rooms ● Water features are only opened during weekends ● Check and maintenance of pipes to avoid leaks ● Provision of water meters for daily monitoring of water consumption
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Vistamalls are at risk of water crises.	Employees, Customers	The malls are equipped with water tanks which allow them to supply water needs in times of water shortage.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company is looking for the possibility of installing water-recycling equipment to divert discharges for other uses such as landscape maintenance.	Employees, Tenants, Customers	Vistamalls targets to lessen the water withdrawn needed to run the facilities by a minimum of 20% by the end of the year. As part of this target, the Company plans to recycle wastewater to operate the cooling towers. It is also the initiative of the Company to blow off water from the cooling tower to be used for perimeter cleaning.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
a. Renewable	N/A	kg/liters
b. non-renewable		kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not Applicable		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	#
Habitats protected or restored	N/A	ha
IUCN[6] Red List species and national conservation list species with habitats in areas affected by operations	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
All our malls and BPO operations are not located in protected areas.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable, see above.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable, see above.		

[6] International Union for Conservation of Nature

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions		
NOMO	99.73	Tonnes CO_2e
Starmall Alabang	55.92	Tonnes CO_2e
Starmall EDSA Shaw	7.69	Tonnes CO_2e
EVIA	114.77	Tonnes CO_2e
Vista Mall Bataan	94.89	Tonnes CO_2e
Vista Hub	14.20	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions		
NOMO	3,886.64	Tonnes CO_2e
Starmall Alabang	10,764.90	Tonnes CO_2e
Starmall EDSA Shaw	4,857.07	Tonnes CO_2e
EVIA	9,511.03	Tonnes CO_2e
Vista Mall Bataan	7,266.58	Tonnes CO_2e
Vista Hub	3,245.02	Tonnes CO_2e
Emission of ozone-depleting substances (ODS)	N/A	Tonnes CO_2e

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Due to the optimization of equipment and servicing of employees to and from work sites, the Company has increased its Scope 1 emissions. Yet, Scope 2 emissions in its malls have decreased due to limited operations in compliance with the protocols set by the government in response to the COVID-19 pandemic.	Employees, Community, Tenants	Energy consumption directly impacts the behavior of emissions from its malls and operations. The Company therefore implements strict practices to efficiently use energy and reduce emissions. Similar in energy management, malls use energy efficient lightings and cut consumption of products that generate GHG.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Improper management and control of emissions may lead to unhealthy living conditions.	Employees, Customers, Tenants, Communities	Vistamalls refrains from procurement of equipment that will emit GHG. The property management functions maintain the engine of the power generator

		set by conducting annual preventive maintenance through engine cleaning and changing oil and filters regularly. Additionally, high efficiency fuel is used that produces lower carbon dioxide emission. Aside from actual observation of the physical color, odor and thickness of gas emissions during generator operation, the Company conducts annual emission tests performed by DENR Accredited Source Emission Testing Firm as part of the requirements to attain the Permit to Operate (PTO).
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
With the targets of reducing emissions globally to address urgent climate concerns, Vistamalls is considering the gradual switch to energy efficient technologies to lower carbon emissions.	Vistamalls	See Management Approach for Energy Consumption for more details.

Air Pollutants

Disclosure	Quantity	Units
NO_x	No data available	kg
SO_x		kg
Persistent organic pollutants (POPs)		kg
Volatile organic compounds (VOCs)		kg
Hazardous air pollutants (HAPs)		kg
Particulate Matter (PM)		kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company believes that the impact is minimal, since air emissions are only produced once generator sets are used in case of power interruptions.	Employees, Tenants, Government regulators	Despite having limited impact due to air emissions, the Company ensures that it is fully compliant with the clean air standards of the Department of the Environment and Natural Resources (DENR).

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified for the reporting year.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified for the reporting year.		

Solid and Hazardous Wastes

Solid Waste

Disclosure		Quantity	Units
Reusable			
Starmall Alabang	Paper	155.13	kg
Recyclable			
NOMO	Paper, cartons, plastic	1,000	kg
Starmall EDSA Shaw	Paper	105	MT
	Plastics	90	MT
Vista Mall Bataan	Paper	450	kg
Vista Hub	Paper	234.4	kg
Composted			
NOMO	Kitchen waste	30,000	kg
EVIA	Food Waste	30,000	kg
Vista Mall Bataan	Food Waste	30,000	kg
Vista Hub	Food Waste	1,993.6	kg
Residuals/Landfilled			
NOMO	Assorted waste	145	MT
EVIA	Paper	602	kg
	Plastics	448	kg
Vista Mall Bataan	Assorted waste	48,000	kg
Recovered			
Starmall Alabang	Plastics	103.42	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Events, seasonal decorations, increased tenants, higher foot traffic, and higher car volume are the identified inputs that lead to more waste generation in Vistamalls.	Employees, Tenants, Community, Suppliers, Government regulators	Having an effective solid waste management system minimizes cost of disposal as recyclable items generates income. Furthermore, pest control and health-related concerns of tenants are reduced which promotes a healthy and clean environment. Vistamalls monitors its wastes through manual tracking, visual confirmation, referencing on the hauling data, and estimations using the size of garbage trucks for wastes volume collected. Segregation at the source is encouraged for all the mall and BPO tenants. Each segregated waste is hauled by a contracted waste disposal contractor to the proper facilities. Recyclable wastes, such as cartons, papers, and tarpaulins, are sent to Materials Recovery Facilities (MRFs), which are then sorted out and sent to buyers (e.g. junk and scrap buyers). Excess food wastes from selective properties are sent to composting sites to be processed into a fertilizer. This is then used to help farmers under our Villar Social Institute for Poverty Alleviation and Governance (SIPAG) program, the Company's CSR arm. The Company also encourages tenants to reduce waste through reuse of materials such as recycling scratch paper for printing documents instead of using new ream of papers and old materials and cartons as storage boxes for other smaller items. Single-use plastics are strictly banned.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Improper disposal of materials and other resources increases waste generation that may cause pollution of the environment.	Employees	The pandemic has limited face-to-face interactions. Hence, with the online processing, wastes are minimized in 2020 because of less foot traffic. Nevertheless, Vistamalls maintains its waste management policy that is communicated through meetings, reports, and issued memorandums. Monitoring of compliance is conducted through regular audits and daily rounds. The Company strictly implements the 'Reduce, Reuse, Recycle' practice to minimize waste generation being transported to the landfills, reduce environmental impacts of packaging, and promote circular economy.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Villar SIPAG programs encourage fertilizer production from food wastes to our farmer-beneficiaries.	Farmer-beneficiaries	The Company has composting facilities that are dedicated for this project through the Villar SIPAG.

Hazardous Waste

Disclosure		Quantity	Units
Total weight of hazardous waste generated			
NOMO	Bulbs	25	Pcs
	Batteries	22	Pcs
Starmall Alabang	Bulbs	0	pcs
	Batteries	0	pcs
Starmall EDSA Shaw	Bulbs	0.003	MT
	Grease Sludge	0.001	MT
EVIA	Bulbs	376	Pcs.
	Genset Batteries	16	Pcs.
Vista Mall Bataan	Bulbs	155	Pcs.
	Used Oil	95	Gal
Vista Hub	Bulbs	343	pcs
Total weight of hazardous waste transported		No data available	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company ensures that Hazardous wastes are properly identified, characterized, stored, and transported, according to government regulations.	Employees, Government Regulators	The Company closely coordinates with its tenants in the disposal of their own hazardous wastes, including the installation of grease traps on their sinks. It also utilizes warranties from suppliers to avoid disposal of wastes to the Company's Hazardous Wastes room. However, if there are hazardous wastes that need to be stored, the Company has buildings that have its own Hazardous Wastes Room for storage.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified for the reporting year.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified for the reporting year.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	137,290	Cubic meters
NOMO	4,016	Cubic meters
Starmall Alabang	23,624	Cubic meters
Starmall EDSA Shaw	41,565	Cubic meters
EVIA	56,160	Cubic meters
Vista Mall Bataan	11,064	Cubic meters
Vista Hub	862	Cubic meters
Percent of wastewater recycled	No data available	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company ensures that discharges to creeks and rivers comply with national standards.	Employees, Government regulators	The Company makes sure that its wastewater treatment facilities comply and meet the regulatory requirements set by the DENR and by third-party providers. Quarterly testing is conducted to verify if water discharge complies with effluent standards by accredited testing laboratories. Property management teams practice harvesting of rainwater for flushing urinals and water closets, and reuse it for perimeter cleaning and landscape maintenance.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Non-compliance with effluent standards may cause ceasing of operations. Ultimately, it may result in significant health risks.	Employees, Communities	The Company is currently modernizing its facilities to conform with the stricter standards of DAO 2016 and of Laguna Lake Development Authority (LLDA). It currently invests in bioaugmentation that hastens the breakdown of contaminants in wastewater. Particularly, this process uses non-hazardous and non-corrosive microbes to degrade fats, oils, starch proteins, industrial waste and grease and also lowers

		sludge that can affect the environment.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company takes part in preserving a healthy environment for all its stakeholders by maintaining the quality of wastewater to prevent water pollution in nearby water bodies, and soil and underground contamination from leakages.	Vistamalls	Aside from recycling, the property management teams maintain the piping system to discharge only in designated discharge points. They secure all hazardous waste properly. Monitoring of cistern tanks and sewage treatment plants are conducted weekly and they are cleaned annually.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company's retail and business process outsourcing (BPO) operations comply with all local and national regulations in relation to environmental regulation.	Employees, Community, Government regulators	Each of the Company's retail and BPO operations has its own Pollution Control Officer (PCO), who is in charge of ensuring that all environmental regulations are complied. The PCO also acts as oversight and recommends actions for management to look and act on.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Environmental laws and regulations are set with important parameters that impede pollution and protect public health. Not complying with these laws impose	Employees, Community, Government regulators	Vistamalls takes a proactive approach in ensuring compliance with Clean Air Act, Clean Water Act, Ecological Solid Waste Management Act, and others by maintaining efficient operations

risks to the environment and to the health of the communities.		and continuous study of potential technologies to lessen environmental impact. The Company partners up with its tenants in this endeavor. Communication of company policies and guidelines is implemented. Among these policies and guidelines are the ban of single-use plastics, construction/fit out guidelines wherein the specification of lightings needs to be same with the building which are procured energy-efficient, and the switching off of all facilities and equipment after mall hours.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified in the reporting year.		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total number of employees[7]	257	
a. Number of female employees	145	#
b. Number of male employees	112	#
Attrition rate[8]	-23%	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

Employee Benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Yes	12	8
PhilHealth	Yes	4	7
Pag-Ibig	Yes	3	2
Parental leaves	Yes	6	4
Vacation leaves	Yes	95	70
Sick leaves	Yes	58	33
Medical Benefits (aside from PhilHealth)	Yes	31	19
Housing assistance (aside from Pag-Ibig)	Yes	0	0
Retirement fund (aside from SSS)	Yes	0	0
Further education support	No	0	0
Company stock options	No	0	0
Telecommuting	Yes	100	100
Flexible-working Hours	No	0	0

[7] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[8] Attrition rate = (no, of new hires – no. of turnover)/(average of total no, of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Our employees are the most important stakeholder in our operations, and we ensure that we take care of our employees during their time in the company. In 2020, the recruitment process and company events had to be organized uniquely, as there were several limitations that the pandemic has brought. Employee count reduced due to manpower rationalization as a consequence of the COVID-19 pandemic.	The Company's recruitment process includes non-discrimination policies. The Company encourages employee diversity, and recruits from different areas in the country, to ensure that it reaches a broader pool of candidates. During the pandemic, the Company ensured that the employees are well taken care of. Telecommuting was made available, and shuttle services were provided to those who reported in the offices and malls. The Company implemented extended health programs via the Health Maintenance Organization (HMO) provider and other partner establishments.
What are the Risk/s Identified?	**Management Approach**
The Company sees the risk of having problems in the hiring and retention of personnel. This could impair the ability of Vistamalls in undertaking project design, planning and execution activities within the Company. If this occurs, the Company will be forced to engage third-party consultants that may impose additional costs.	Vistamalls continuously evaluates its policies and procedures in hiring and retention of employees. This includes compensation and benefits that are being offered, as well as trainings and career growth paths. The employees of the Company are provided with benefits on top of the basic salary. Offering a competitive salary package to employees helps attract and retain talents. The Company provides additional benefits aside from government mandated benefits. This includes ample amount of leave credits, health card availment, annual performance reviews and annual salary appraisal, employee career growth plan, trainings and seminars, and others. Among other benefits, it motivates the employees to do their best for the Company and engages loyalty.
What are the Opportunity/ies Identified?	**Management Approach**
The Company ensures proper workplace succession by implementing job rotations and providing training programs to its employees. Vistamalls observed that the majority of the workforce are young professionals, with an average age of 26.6. The Company, therefore, considers also to attract employees within this age group to achieve organizational goals and targets.	One method of candidate development includes job rotations within the organization that give key performers opportunities to gain experience in other departments. Providing management education and mentoring through leadership trainings and management development programs is being done by the Company as well.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	1,056	hours
a. Female employees	272	hours
b. Male employees	784	hours
Average training hours provided to employees	4.11	hours/employee
a. Female employees	1.88	hours/employee
b. Male employees	7.00	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Providing employees with a Training and Development Program increases employee satisfaction and motivation. Inclusion in training makes employees appreciated and taken care of. In addition, training helps increase employees' capacity to deliver and promote innovation and creativity. Based on the performance evaluation, the company provides employees with salary increments and promotions.	The Company partners with affiliate, Vista Center for Professional Development, in providing training needs of employees. Part of the training program are courses for Personality Development (Image Enhancement, Business Communication), as well as courses for Technical Skills Development. During the pandemic, the Company implemented telecommuting and a skeletal workforce to adapt to a safer workplace. In addition to this, the company also implemented a shuttle service scheme for all employees. Technology was and still is a big factor, and the company made use of this to stay connected with one another through virtual meetings and events.
What are the Risk/s Identified?	**Management Approach**
Lack of training amongst employees may result in unsatisfied employees. Employees tend to perform poorly as there is no outlet provided for learning and improvement. 2020 has made it difficult to stage training for employees. As trainings were only permitted to be done virtually, training hours were cut short.	The Company shifted to online-based courses to ensure training learning and development while adjusting to the new normal. This has allowed Vistamalls to familiarize with various digital platforms and to be creative in delivering online trainings. The Company evaluates its employees annually using a standard Performance Evaluation Form. In the said form, employees are rated from one to five based on their job knowledge and subscription to the Company Values. Said evaluation will be the basis for promotions and salary increases. During the pandemic where face-to-face interactions are limited, Department

	Heads are asked to closely monitor work-from-home deliverables of their team.
What are the Opportunity/ies Identified?	**Management Approach**
The Company recognizes employees who have done exceptional work in their respective fields.	Vistamalls provides merit increase and promotion to the next rank to deserving employees regardless of age or tenure. Aside from promotion to the next rank with salary increment, the Company rewards an employee's excellent performance through travel incentives.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Even without a worker union, the Company encourages the participation of the employees using other platforms like surveys, focus-group discussions, regular staff meetings, and coordination meetings.	The Human Resources Department is mandated to welcome, to accommodate, and to address the concerns of the employees. Furthermore, the Company organizes regular values sessions, done per department or per division, where Company values are reiterated and at the same time becomes an avenue for employees to voice out their concerns. The Board has also established a whistle blowing policy so that employees can freely communicate their concerns without fear of retaliation. Grievances are handled with confidentiality and whistle blowers are kept anonymous.
What are the Risk/s Identified?	**Management Approach**
Vistamalls sees the risk of having an unhealthy work environment for concerns that were not addressed properly. Employees are sometimes eager to resolve matters on their own and not relay their concerns to their heads or to the Human Resources Department. However, the HR Department and heads are encouraged to keep their communication lines open to make	The Company conducts human capital risk assessments through quarterly review of the current manpower and the employee rankings. The senior management assesses employees and their capabilities to meet the goals of the organization. Employees are encouraged to report any work-related concerns to their department heads or the Human Resources Department. Timely values

employees feel comfortable with reporting their concerns to the correct people.	sessions and coordination meetings are also there to be used by employees as platforms to relay their concerns. Grievances are handled with confidentiality and investigations of the report will immediately take effect. Once confirmed, the Management and/or HR will make the appropriate disciplinary action, if needed.
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunities for the reporting year.	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of females in the workforce	56	%
% of males in the workforce	44	%
Number of employees from indigenous communities and/or vulnerable sector*	6	#

*Vulnerable sector pertains to employees aged >50 years old.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company does not discriminate its employees on the basis of personal characteristics, including gender orientation.	It is the Company's policy to ensure equal employment opportunity is given to applicants, without discrimination on the basis of race, sex, religion, gender orientation, political opinion, or other personal characteristics. In 2020, there were no cases reported in these matters.
What are the Risk/s Identified?	**Management Approach**
No significant risks for the reporting year.	
What are the Opportunity/ies Identified?	**Management Approach**
No significant opportunities for the reporting year.	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	2,496*	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	2	#

* Cumulative for the period of Jan-Dec. 2020

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Vistamalls prioritizes the health and safety of its employees, especially that there are those who need to report to the malls and offices. In 2020, the Company has reported no cases of work-related fatalities and injuries.	The Company implements Occupational Health and Safety (OHS) policies and programs to promote Vistamalls as a drug-free workplace, to prevent illnesses like Hepatitis B, HIV/AIDS, and Tuberculosis. These activities, policies and programs are communicated through the Post Master, the Company's official corporate communication platform. In 2020, safety policies and any other additional measures are communicated to employees through email blasts, and memorandums posted on the bulletin board of offices, as well as discussions during staff meetings and on social media platforms (group chats). The Department of Labor and Employment require organizations to have an OSH committee and policy in place. It has the authority to make decisions on the Company's health and safety in general. It is also responsible to ensure proper communication and coordination of safe work procedures and policies between workers and employers. Committee members meet once every 3 months. The Health and Safety Policy covers the following but not limited to: (1) Incident reporting; (2) First Aid Treatment; (3) Emergency Management; (4) Return to work policy; and (5) Safe Work Procedures. Should an accident take place in the workplace, there are trained First-Aiders and nurses/doctors who provide assistance.

	The company's occupational health services include pre-employment assessment and employee wellness which is an additional preventive measure in keeping the workplace safe. The Company partners with a Health Maintenance Organization (HMO) and ensures its employees' health and wellness by mandating employees to undergo annual physical examinations (staff to middle managers), executive check-ups (for senior managers and up), and timely COVID-19 tests. This is to make sure that the workplace is COVID-free. Moreover, the offices have partnerships with nearby clinics and hospitals. The HR team will then assist in taking the employee to a nearby medical facility for treatment. Employees are able to have teleconsultations through the Company's accredited HMO provider. These can be accessed through the company's partner HMO website and self-help kiosk. The Company also sends representatives for safety trainings such as the Basic Occupational Safety & Health (BOSH) Training, First-Aid Training, and Pollution Control Officer Training (provided for lead engineer of the mall). Trainings were conducted for free during paid working hours and by batch depending on the schedule availability. BOSH and PCO trainings were continued in 2020, through virtual trainings. Practical and written tests are put in place after the trainings to measure effectiveness. In addition to the standard training requirements of each department, training needs are also identified through the annual performance evaluation of employees. This evaluation identifies the employee's level of competency and knowledge, and the training program that will complement these.
What are the Risk/s Identified?	**Management Approach**
Several new safety measures were put into place to prevent the spread of COVID in the workplace. Work-related hazards include fires or explosions, equipment malfunction, trips & slips, and work-related stress.	Additional safety measures have been implemented for COVID-19 prevention. Employees are required to submit daily their health declaration before reporting to the office. Temperature checks, hand sanitizers, foot baths are placed at the office entrances as well. Offices were rearranged to consider physical distancing.

External events such as natural disasters may also significantly affect the Company's operations.	The Company conducts risk assessment which is executed by the Health and Safety Committee. The Department of Labor and Employment (DOLE) checks the quality of risk assessments, particularly the completeness and correctness of the minutes of the meeting of the OSH Committee. The Company reviews reports of work-related incidents and determine the severity of these incidents to come up with preventive actions. The results of hazard identification and risks assessments (HIRAC) are used to determine appropriate ways to eliminate the hazard or control the risk when the hazard cannot be totally eliminated. Aside from signages, the OSH committee conducts collaborative meetings to review existing policies on risk reduction. Work-related incidents are investigated through witness testimonies and CCTV footages, if available. Employees report to their assigned safety officer or the HR Department any work-related hazard. For identified hazards, the following actions are imposed to be conducted by the Company: ● Regular inspection of facilities; ● Employees are encouraged to file sick leaves or take short breaks throughout the day; ● Repair faulty equipment; ● Fire drills; ● Regular preventive maintenance; and ● Put up precautionary signages. In times of disasters, it is the responsibility of the senior management officer to determine the severity of the situation and instruct the HR Department to coordinate the order with the division head or officer-in-charge of the affected area/s. The Company prepares for disasters by facilitating Annual Fire and Earthquake Drills. Vista Malls have clinics with an Emergency Response Team present to provide employees and customers with any emergent health crisis.

What are the Opportunity/ies Identified?	Management Approach
The trainings conducted for employees provide them with a strong sense of confidence and additional knowledge so that they can be consulted in the development of safety protocols in the workplace, and ensure that they are carried out correctly. With the enhanced health and safety protocols caused by the pandemic, Vistamalls will continue to improve its occupational safety management system to assure safe and healthy workplaces for their employees.	All safety policies and procedures are audited by internal and external organizations (i.e., DOLE and Bureau of Fire Protection). Internal/External Audits are done through area inspection and drills. These audits help the Company identify the areas needed to improve the current system, especially in adapting to restrictions in response to the COVID-19 pandemic. Among the improvements done in 2020 are the following: ● The Company has laid out a strict COVID-19 policy to make sure everyone is safe from the virus. ● Signages are put up in all offices to keep employees informed of these policies. ● Employees are required to use the Vista Health App -- a mobile app developed by the Villar Group so the Company can easily monitor employees with symptoms and refer them to telemedicine. ● Sanitizers, masks, and foot baths have also been in place since the start of the pandemic in all offices.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Adherence to General Labor Standards (GLS)
Child labor	Y	Adherence to General Labor Standards (GLS)
Human Rights	Y	Article A Section 1-7 of the Company's Code of Conduct and Discipline (Offenses Against Person)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In 2020, there were no incidents in relation to human rights abuse or discrimination as the Company continues to acknowledge these rights in the workplace.	Any complaints received pertaining to discrimination will be dealt with promptly and with fairness. Same as other offenses, the Human Resource Department will investigate based on the incident report, testimony of the witnesses, and other evidence related to the commission of the offense. All employees are assured that their concerns are dealt with confidentiality and professionalism. The Company conducts an investigation of the incident reported. The open-door policy allows the employee to talk with his/her immediate supervisor or to a higher level of management without fear of retaliation. The HR Department follows strict guidelines on recruitment, as to not have it based on age, religion, origin, etc. Department Heads ensure that the policy is carried out and any report of human rights violation is dealt with accordingly by the management
What are the Risk/s Identified?	**Management Approach**
Non-compliance to labor laws and human rights may cause strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations that will negatively reflect Vistamalls employee's productivity and the Company's reputation. Failure to comply with labor laws and human rights may result in fines and sanctions during an audit or inspection from government agencies.	The Company's policies governing its employees are in compliance with the existing labor laws and regulations. The Employee Code of Conduct and Discipline states specific disciplinary actions towards offenses of discrimination, equivalent to separation. Article A Section 1-7 of the Company's Code of Conduct and Discipline (Offenses Against Person) states that any infraction of the Company rules and regulations shall give rise to appropriate disciplinary action that can range from a Written Warning, Suspension, or Dismissal. This is given after due process. The policy states that the Company does not encourage any act of insult, disrespect, or rudeness of employees. Aside from stipulation in the Company Code of Conduct regarding Offenses Against Person being put in place, the Management ensures that policy is carried out and relayed to all employees and stakeholders. The policy is communicated to all employees through the orientation and is stated in the

	Employee Code of Conduct and Discipline for their reference. During the lockdown, standard human rights policies on discrimination still remained. This was communicated in virtual onboarding orientation of new hires. Any complaints received pertaining to discrimination will be dealt with promptly and with fairness. Same as other offenses, HRD will investigate based on the incident report, testimony of the witnesses, and other evidence related to the commission of the offense. All employees shall be afforded with due process before implementation of the sanction, if applicable. Upon receipt of the complaint, the Company evaluates and investigates. If needed, it is forwarded to a subject matter expert. Afterwards, the company develops a resolution in coordination with the complainant. Upon agreement, the resolution is implemented and monitored closely.
What are the Opportunity/ies Identified?	**Management Approach**
The Company has a grievance mechanism that gives its employees confidence to freely communicate their concerns without fear of retaliation including workplace discrimination and bullying.	The Company has an existing whistle blowing mechanism consistent with the corporate values and codes of conduct set by the Board of Directors. The policy allows employees to freely communicate their concerns about illegal and unethical practices without retaliation, and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	Purchasing Policies and Procedures Section II (Policy Statement) Section III (Procedures) OPC-PD-001b – Supplier Accreditation
Forced labor	Y	
Child labor	Y	
Human Rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company assesses its suppliers for their environmental and social impacts through the supplier accreditation process. There were no significant negative environmental and social impacts reported in 2020. The Company receives several offers and proposals from various suppliers. Suppliers are chosen based on their capacity to fulfill our requirements, competitiveness of their offer, historical performance, and results of background checking, among others.	Vistamalls maintains an accreditation process to attain the needs and specifications of the Company. Potential and current suppliers are expected to adhere with the law and act ethically at all times. Although there is no priority, the Company welcomes suppliers employing vulnerable groups (e.g. persons with disabilities or PWDs, solo parents, indigenous peoples). Vistamalls believes suppliers who incorporate sustainability to their operations have an edge in the long run. Suppliers are chosen based on their capacity to fulfill our requirements, competitiveness of their offer, historical performance, and results of background checking, among others. In addition to these requirements, suppliers are assessed based on their number of years in the industry, after sales service, facilities and equipment, liquidity, and solvency.
What are the Risk/s Identified?	**Management Approach**
The Company is in the business of constructing malls that use materials such as steel, cement, and other raw materials that are subject to price fluctuations, current and emerging regulations (including environmental regulations). It is also vulnerable to labor	To manage the risks mentioned, the Company has an in-house purchasing group whose primary responsibility is to search and select suppliers, to accredit suppliers, to negotiate lock-in prices for an agreed period of time, as well as to manage the level of inventory of such materials. As to

shortages especially with the government ramping up its infrastructure programs. With the COVID-19 pandemic, Vistamalls is challenged on the evaluation of vendors since document review and phone interviews are limited instead of actual visits to their office, projects and other clients.	labor, the Company employs the services of the local contractors in the area where it is present thus strengthening our relationship with the local communities.
What are the Opportunity/ies Identified?	**Management Approach**
Vistamalls aspires to build long-term partnerships with its suppliers.	The Company chooses its suppliers based on their ability to provide products that meet the Company's quality standards, offer fair and reasonable prices, ensure timely delivery, and maintain good service and support. In 2020, the Purchasing Group eased up its accreditation process by accepting requirements via email and coordinating thru cellphone for the evaluation. The Group provides formal channels – emails, office landline, and cellphone - for supplier concerns.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant impacts on local communities	Vistamall Bataan
Location	Bataan
Vulnerable groups (if applicable) *	Children, youth, and elderly
Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have the highest standard of living by providing access to goods and other necessities
Mitigating measures or enhancement measures	Dialogue with the communities on their necessities

Operations with significant impacts on local communities	Terminal/Transport Hubs
Location	EDSA Shaw, Alabang, Bataan, Daanghari, Naga, Iloilo, Tanza, General Trias, Boardwalk
Vulnerable groups (if applicable) *	Children, youth, and elderly

Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have the highest standard of living by providing access to transportation
Mitigating measures or enhancement measures	Traffic management on terminals

Operations with significant impacts on local communities	Leasing of Grocery Stores
Location	All malls
Vulnerable groups (if applicable) *	Children, youth, and elderly
Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have the highest standard of living by providing access to goods and other necessities
Mitigating measures or enhancement measures	Waste management, COVID-19 Protocols

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displace persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _______N/A_______

Certificates	**Quantity**	**Units**
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	**Management Approach**
There are no risks identified as Vistamalls recorded no negative impacts on its local communities.	
What are the Opportunity/ies Identified?	**Management Approach**
The Company commits to give local communities livelihood income, job opportunities, and increase local taxes. Hence, Vistamalls continues to engage with them monthly and through seasonal marketing activities.	The Company allocates budget for its CSR program as approved by the board and management. Moreover, it partners with one particular local non-stock, non-profit organization. Employees are invited to participate in their program which includes

Vistamalls shares the vision of Vista Land, its parent Company, in realizing a vision called Communicities to enhance its relationship with communities across the country.	activities like coastal clean-up, relief operations, and tree planting among others. The following local community engagements are conducted in 2020: ● Communicities is an initiative where Vista Land will develop integrated urban development, combining lifestyle, retail, prime office space, university town, health care, themed residential developments, and leisure components within one location. Vistamalls continues to support the initiative being Vista Land's commercial development arm. ● Employees engage in agricultural activities with local communities, tree planting, urban planting, and help facilitate livelihood seminars. ● Vista Mall and Starmall have launched Give Hope Project, the malls' response to help families affected by Typhoons Rolly, Siony and Ulysses. The project is a donation drive that enlists the support of Vista Mall and Starmall's employees, partners and customers. Donations in the form of the following were accepted: cash, new clothes, bottled water, canned goods, medicine, sanitary products and other essential supplies.

Customer Management

Customer Satisfaction

Disclosure	**Score**	**Did a third party conduct the customer satisfaction study? (Y/N)**
Customer Satisfaction		
EVIA	4.5/5	N
NOMO	4.35/5	N
Starmall Alabang	4.13/5	Y*
Starmall EDSA Shaw	4.04/5	Y*
Vista Mall Bataan	4.29/5	N
Vista Hub	No data available	

*The survey is conducted by R&H Market Opportunity Windows, Inc.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's customer satisfaction surveys, conducted by third party companies, look into how its customers are satisfied in terms of overall appearance and mall operations, cleanliness, and the quality of its partner establishments and activity areas (e.g. event centers, cinemas).	Vistamalls takes the customer satisfaction survey seriously and finds ways to engage with the community to determine what is best for them. The Company's pioneering establishments are undergoing redevelopments which include refurbishment of the mall façade, interior designs, and upgrades to our tenant spaces.
What are the Risk/s Identified?	**Management Approach**
A significant reduction of customer satisfaction ratings of the malls would lead to reputational risks and loss of confidence.	Feedbacks are welcomed by Vistamalls and are taken into consideration during the Company's business planning sessions. In response, Vistamalls redeveloped its old malls which include upgrading of mall façade, mall interior designs and tenants upgrade. With increased demand for digital services, the Company launched the Personal Shopper service to help customers and enable contactless shopping. Vistamalls observed strict implementation of safety measures, clean and good ambiance and comfortable shopping experience for its customers. Communication lines were extended through Viber, SMS, and direct call for customers to raise their concerns faster and easier. As part of increasing customer satisfaction, mall personnel, especially those in charge of housekeeping, security, and customer service attendants, are trained for better handling of customer concerns.
What are the Opportunity/ies Identified?	**Management Approach**
The Company aims to continually provide an improved mall experience of mall-goers of both new and existing malls, through structural and design improvements.	The Company's malls are built in proximity to villages and subdivisions, with good air-conditioning systems, world class cinemas, beautifully-designed and with warm and cozy mall ambience. Vistamalls makes sure to have a complete mix of tenants to create a one stop shop experience for the customers. The Company's malls meet international standards for retail establishments.

	Additional services for ease of shopping are the DropBUY curbside pickup and delivery through the ShopBuddy with GETMO available.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
During the reporting year, the Company have received no complaints. Yet, Vistamalls maintains an open communication for any concerns or complaints relating to the health and safety of its customers. Previous concerns involve those that pertains to the building facilities. The Company believes that these affect mall operations, health and safety teams, and Vistamalls' engagement with the community. Hence, the Management ensures that all concerns are always proactively resolved.	To ensure the safety and convenience of the customers especially the senior citizens and Persons with Disability (PWD), Vistamalls makes sure that (i) there are adequate parking spaces reserved for them, (ii) ensure that escalators and elevators are maintained properly, and (iii) senior citizen and PWD-convenient ramps and stairs are available. Vistamalls maintain clean, healthy and well sanitized comfort rooms to prevent spread of virus causing diseases. All mall comfort rooms are properly manned by well trained personnel to maintain cleanliness and sanitation. Antibacterial hand soaps were provided for the customers and sanitized hand dryers were installed. The Company conducts quarterly evacuation drills to be led by an emergency response team (ERT) assigned to each mall, together with disaster risk management offices for the cities where malls are located. Well-lit evacuation plans are installed on the crowded areas so customers can easily identify where are the nearest exits when these incidents occur. Ensure that well-equipped clinics and competent medical teams are accessible at all times. Vista Malls that do not have a clinic on-site have partner clinics that can provide first aid. Regular

	drills are also being conducted to ensure that their response time is at par with the standards The Company also engages security companies that are competent, reliable, and experienced enough in mall security and management. Their performance is regularly assessed as well.
What are the Risk/s Identified?	**Management Approach**
The Company is exposed to the risk of the occurrence of natural disasters, such as earthquakes and typhoons, which may cause danger to its customers and employees. The COVID-19 pandemic increased the risk of customer's health and safety especially when they are in the mall premises.	Upcoming Vista Malls are designed to meet international standards, and existing malls have rehabilitation programs to ensure that they are up to date with current standards. Medical teams are also trained to handle first aid procedures in case of emergencies, such as those resulting from a natural disaster. Mall clinics are also on standby for any emergency, and have connections with hospitals near the malls for major emergencies. In 2020, Vistamalls managed to reduce its expenses by limiting mall equipment operations while purchasing PPEs and equipment in preventing the spread of COVID-19. Mall goers are reminded of the safety protocols needed to be observed to attain safe shopping experience. Prior to entry, everyone is required to undergo the following procedures: Temperature scanning (those who register a temperature of 37.5' or higher will be denied entry), checking of Valid ID (only those who are 21-59 years old are allowed entry), hand & foot sanitation (through alcohol application and foot bath). When inside the mall, the following must be observed: wearing of face mask at all times and strict physical distancing of at least 2 meters apart. With the knowledge that the virus also spreads through contact, the following sanitation and security procedures are observed across all Vista Malls: • Regular disinfection of common areas; • Ultraviolet sterilization of escalator handrails; • Disinfection of elevator buttons, ATM machines, and other high contact areas every 30 minutes;

	• Availability of alcohol and hand sanitizer dispensers at mall entrances and common areas; • Implementation of passenger capping at elevators (floor stickers will be installed to help guide customers); • “3-Step Rule” for escalators (customers should be 3 steps apart when using the escalator); • Hourly sanitation of comfort rooms, mall clinic, and breastfeeding & pumping station (including door handles, locks, faucet, and other high-contact areas); • Provision of trash bins for face mask and glove disposal; and • Separate doors for entry and exit. Guided by the community quarantine rules set by IATF-EID and local government units, Vista Cinemas, play areas, and rest areas remain closed to the public during this time. • Air conditioning is regulated to 26 centigrade until further notice. • Free mall Wi-Fi is disabled for the time being. • All restaurants and dining establishments can only serve orders that are for take-out and delivery and monitored for strict compliance of physical distancing rules among its workers, customers, and couriers.
What are the Opportunity/ies Identified?	**Management Approach**
Safety measures and facilities are continuously improved to prevent the spread of the virus.	Vistamalls see it significant to maintain cleanliness and practice safety protocols mandated by the government. Hence, the Company will continue to observe these protocols and ensure the safety of its customers.

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Marketing and labelling are usually used to market the malls and to promote events being held in the event centers, such as seasonal events, artist mall shows, children's events, movie mall tours, album tours, product launches and activations, and events related to partnerships with local schools and local government units. Vistamalls exhausted its social media accounts to disseminate information on activities, products, and new available services.	The Company conducts monthly meetings with the sales and marketing teams to revisit and to improve if necessary, its existing marketing efforts. In addition to this, Vistamalls ensures compliance with ASC for public marketing materials.
What are the Risk/s Identified?	**Management Approach**
The COVID-19 pandemic has affected businesses globally, affecting markets negatively.	Vistamalls follow and keep up on the trends/movements of the retail market both local and international. The Company stands for the market that it has and positions it according to what it needs and demands. From the tonality and look of designs to what activities will be put in to suit the taste of the market.
What are the Opportunity/ies Identified?	**Management Approach**
The Company is looking into more events and promotions that are directly connected with the communities which it operates, particularly the provincial malls. There have been requests from local community leaders for them to conduct their events in Vistamalls.	Each of the malls has its own marketing teams that handle mall promotions and in close coordination with the community to be able to grasp what their needs are and to eventually address them.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In 2020, Vistamalls has no reported cases or complaints regarding customer privacy.	Vistamalls ensures that Privacy Impact Assessments for all systems are completed and updated on a yearly basis. Results of which are discussed with and submitted to management for reference. The IT group also has standard procedures set to make sure that all suppliers follow privacy policies in working on projects.
What are the Risk/s Identified?	**Management Approach**
As services, marketing, and other transactions are translated digitally, customers share their information in different only sites or channels. Any incidents or leaks of information impose risks in Vistamalls customer privacy measures. In 2020, customers present their information in contact tracing using physical forms or through an application via mobile phone which are required upon entry to all malls & offices.	Vistamalls, as a subsidiary of Vista Land, employs the Privacy Policy of its parent company. Vista Land and Lifescapes (parent company), its officers, employees, third party providers, professional advisors are fully aware of and strictly comply with the terms set out in its Privacy Manual. The most salient points of the Company's privacy policies are duly disseminated throughout the organization by means of regular offline and online briefings with all departments and their respective staffs and officers. The DPO and COPs monitor changes or updates in data privacy legislation or in the laws, rules and regulations and policies regarding privacy and if need be, recommend suggested actions or changes in the privacy approach of the Company. Hence, the use of either method has to be properly consented and the collation and storage of the data collected are done by the authorized officers only. For more information, visit the Privacy Policy here.
What are the Opportunity/ies Identified?	**Management Approach**
Vistamalls plans to strengthen its protection for all customer information.	The Company followed the government's protocols especially regarding contact tracing and

	ensured that all data submitted have signed consent forms and handled in accordance with the existing privacy laws and regulations.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There is no significant impact since there were no data breaches reported in 2020.	The Company takes the issue of data security seriously. Its processes are in line with the Data Privacy Act. Its Data Privacy Officers regularly attend training and seminars accredited and organized by the National Privacy Commission.
What are the Risk/s Identified?	**Management Approach**
Potential risks on data security include data breaches, leaks, thefts, and losses of data.	The Company conducts regular inspections regarding policy form inclusion, physical and electronic storage of data, and processing and disposal of data. It ensures that controls on data security are established properly and are regularly updated to face the continuously evolving threats to data security.
What are the Opportunity/ies Identified?	**Management Approach**
Vistamalls plans to strengthen its data security infrastructure.	See Management Approach for Customer Privacy.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Commercial, Office, and Business Process Outsourcing (BPO) development business
Societal Value / Contribution to UN SDGs	**SDG 8: Decent Work and Economic Growth** Vistamalls provides employment opportunities to surrounding communities where the Company operates. This is done either through direct employment in property management and operations; or indirectly through contractual partners, and our tenant establishments that occupy spaces in buildings. The Company also contributes to decent work and economic growth through promotional spaces in our activity centers. The Company indirectly provides economic growth to the LGU where it has operations. Growth comes from through tax payments to the LGU, activity partnerships in its commercial spaces and activity centers, and other related initiatives.
	SDG 9: Industry, Innovation and Infrastructure Vistamalls' operations contribute to bringing goods and services closer to the local communities where they operate, and encourages small- and medium-scale industries to grow and develop in our commercial, office, and BPO spaces. In addition, the Company's partnership with Villar SIPAG encourages farmers and small industries to develop their initiatives and spur innovation that would lead to lasting positive change.
	SDG 11: Sustainable Cities and Communities Vistamalls' commercial, office, and BPO spaces encourage sustainable growth in the communities in which it operates, as the Company's establishments serve as one-stop shops for the needs of its citizens. Amenities that conform to international standards, such as activity centers, indoor playgrounds, shops, movie theaters, and other public spaces, contribute to the development of the community in terms of economic and social integration. In addition, the construction of transport terminals in the Company's malls contributes to infrastructure improvements in the communities it serves. This means that citizens in the communities where we operate no longer need to travel long distances to get what they need. Vistamalls also contributes in Vista Land's contribution to SDG 11, through the Communicities initiative of integrated urban development.

Potential Negative Impact of Contribution	While Vistamalls' brings positive impacts to local communities where it operates, it also recognizes that there may be impacts that are deemed unfavorable by the community, particularly to the environment and society. These include: - Increase of traffic and vehicular pollution in the area - Increase in water and energy demand, impacting overall community demand - High wastewater output, requiring better wastewater treatment capacity and technologies - Decrease in air quality during operational hours - Increase in ambient air temperature within the areas of operation - Potential biodiversity impacts due to the development of buildings
Management Approach to Negative Impact	**Adherence to Regulatory Standards** Vistamalls fully complies with the environmental standards and regulations set by DENR, the LGUs, and other agencies, to mitigate the effects of pollution and climate-related impacts in its operations. **Investments in technology** Vistamalls is investing in improving its wastewater treatment facilities in its facilities, and is looking into renewable energy as a way to reduce mainstream power consumption. **Transport Terminal Development** Vistamalls continues to develop transport terminals within the vicinity of its malls to reduce the burden of traffic in the surrounding communities, and provide a means to get from one place to another in a safe and secure manner. **Collaboration with Communities** Frequent consultations and collaborations within the surrounding communities on their need is something that Vistamalls has been doing for years, and will continue to do so in the future.

PART VI – EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17 A

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2020.

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

Reports on SEC Form 17-C

The following current reports have been reported by Vistamalls, Inc. during the year 2020 through official disclosure letters dated:

March 13, 2020
Material Information/Transactions 03/13/2020

June 04, 2020
BOD Meeting Resolution 06/04/2020
Notice of Annual Stockholders' Meeting 06/04/2020
Postponement of the 2020 Annual Stockholders' Meeting 06/04/2020

July 08, 2020
Tender Offer and Potential Fixed-rate Dollar Notes Issuance of an Affiliate

July 10, 2020
Notice of Annual Stockholders' Meeting 07/10/2020

July 14, 2020
New Fixed-rate Dollar Notes Issuance of an Affiliate
Announcement of Termination of Tender Offer and Consent Solicitation

August 03, 2020
Results of Annual Stockholders' Meeting
Results of Organizational Meeting of Board of Directors

August 13, 2020
BOD Meeting Resolution 08/13/2020

September 30, 2020
Cash Dividend Declaration

November 13, 2020
BOD Meeting Resolution 11/13/2020

November 26, 2020
Press Release 11/26/2020

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

None

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on APR 2 1 2021.

By:

MANUEL PAOLO A. VILLAR
President

MA. NALEN ROSERO
Corporate Secretary and Chief Information Officer

BRIAN N. EDANG
Chief Financial Officer

ROWENA B. BANDIGAN
Chief Accountant

SUBSCRIBED AND SWORN to before me this APR 2 1 2021 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Manuel Paolo A. Villar	P3900440A	02 Aug 2017 / DFA Manila
Brian N. Edang	P9937644A	14 Dec 2018 / DFA Manila
Ma. Nalen Rosero-Galang	P4792226B	11 Feb 2020 / DFA NCR East
Rowena B. Bandigan	P8621753A	04 Sep 2018 / DFA Manila

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Book No. X
Series of 2021.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL JUNE 30, 2021
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 1574601 / 04 Jan. 2021 / Mandaluyong City
MCLE Compliance No. VI-0026080 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

VISTAMALL

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Vistamalls, Inc. and Subsidiaries (the "Group")** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached herein, for the years ended December 31, 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 to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

The Board of Directors reviews and approves the consolidated 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 consolidated financial statements of the Group 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 APR 2 1 2021 day of ____________ 2021.

MANUEL B. VILLAR, JR.
Chairman of the Board

MANUEL PAOLO A. VILLAR
President

BRIAN N. EDANG
Chief Financial Officer and Head Investor Relations

SUBSCRIBED AND SWORN, to before me this APR 2 1 2021 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.

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Series of 2021.

ATTY. ARBIN OMAR P. CARINO
NOTARY PUBLIC
UNTIL JUNE 30, 2021
ROLL No. 57146
IBP Lifetime Member No. 018537
PTR No. 4574502 / 04 Jan. 2021 / Mandaluyong City
MCLE Compliance No. VI-0025341 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	0	0	0	0	3	9	5	8	7

COMPANY NAME

VISTAMALLS, INC. AND SUBSIDIARIES

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

LGF, BUILDING B, EVIA LIFESTYLE CENTER, VISTA CITY, DAANGHARI, ALMANZA II, LAS PIÑAS CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.starmalls.com.ph	8571-5948	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
436	08/03	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

LGF, Building B, EVIA Lifestyle Center, Vista City,
Daanghari, Almanza II, Las Piñas City

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vistamalls, Inc. and Subsidiaries
LGF, Building B, Evia Lifestyle Center
Vista City, Daanghari, Almanza II
Las Piñas City

Opinion

We have audited the consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Provision for Expected Credit Losses

The Group applies general approach in calculating expected credit loss (ECL). Allowance for credit losses and the provision for credit losses as of and for the year ended December 31, 2020 amounted to ₱124.87 million and ₱72.45 million, respectively. The determination of provision for credit losses for receivables from tenants is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the calculation; and incorporating forward-looking information (called overlays), including the impact of coronavirus pandemic, in calculating the ECL. The determination of provision for credit losses for receivables from tenants, specifically, the exposure at default includes consideration of the security deposits and advance rent, and financial support and credit enhancements extended by any related party of the tenants.

The disclosure in relation to provision for credit losses on receivables from tenants are included in Note 5 of the consolidated financial statements.

Audit Response

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

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

Further, we checked the data used in ECL models, such as the historical aging analysis and default and recovery data, by reconciling data from source system reports to the tenant database and from the tenant database to the loss allowance analysis/models and financing reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis.

We recalculated the impairment provisions on a sample basis and evaluated the disclosures made in the consolidated financial statements on allowance for credit losses using the ECL model.

Accounting for Lease Concessions

In 2020, the Group granted various lease concessions such as lease payment holidays or lease reduction to the lessees of its commercial and office spaces as a response to the laws and regulations issued by the government mandating the granting of certain lease concession during the coronavirus pandemic. The Group evaluated that the lease concessions do not qualify as lease modification and accounted for these in the form of negative variable rent which the Group recorded when the concession is granted regardless of the period to which the concession pertains. The Group's accounting of lease concession under PFRS 16 is significant to our audit because the Group has high volume and different types of lease concessions granted during the period; the recorded amounts are material to the consolidated financial statements; and accounting for lease concession involves application of significant judgment in determining whether the lease concession will be accounted for as lease modification.

The disclosures related to the lease concession granted by the Group are included in Note 25 to the consolidated financial statements.

Audit Response

We obtained an understanding of the type, extent and periods covered of the various lease concessions granted by the Group, including the determination of the population of the lease contracts covered by the lease concession granted by the Group during the period.

We tested the population of lease agreements by comparing the number of locations per operations report against lease contract master list used by the Group.

On a test basis, we inspected the communications of the Group in connection with the lease concessions granted to the lessees and traced these contractual terms and conditions to the calculation of the financial impact of lease concession prepared by the management. We test computed the lease concession impact prepared by management on a sample basis.

We obtained management assessment, and a legal opinion from the Group's internal legal counsel supporting the assessment that the lease concession granted does not qualify as a lease modification. We involved our internal specialist in evaluating the legal basis supporting the management assessment and legal position.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1737-A (Group A),
January 24, 2019, valid until January 23, 2022
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-074-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534376, January 4, 2021, Makati City

April 21, 2021

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Notes 7, 23 and 24)	**₱164,362,000**	₱589,007,023
Short term cash investment (Notes 8, 23 and 24)	**7,496,416**	62,810,499
Investment at fair value through profit or loss (Notes 8, 23 and 24)	**22,264,152**	29,669,110
Receivables (Notes 9, 23 and 24)	**5,165,573,169**	2,277,558,749
Receivable from ultimate parent company (Notes 20, 23 and 24)	**2,779,557,596**	2,850,849,682
Real estate properties for sale	**301,837,616**	301,837,616
Other current assets (Note 11)	**3,061,658,496**	3,034,402,589
Total Current Assets	**11,502,749,445**	9,146,135,268
Noncurrent Assets		
Investments at fair value through other comprehensive income (Notes 8, 20, 23 and 24)	**3,520,334,446**	5,814,569,502
Receivables - net of current portion (Note 9, 23 and 24)	**8,469,328,408**	7,056,775,568
Property and equipment	**65,400,126**	79,967,321
Investment properties (Note 10)	**49,474,575,417**	47,854,803,898
Other noncurrent assets (Note 11)	**659,388,323**	673,941,969
Total Noncurrent Assets	**62,189,026,720**	61,480,058,258
	₱73,691,776,165	₱70,626,193,526
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 23 and 24)	**₱4,081,305,823**	₱2,357,578,112
Security deposits and advance rent (Note 13)	**734,355,854**	702,690,342
Payable to parent company (Notes 20, 23 and 24)	**29,460,856,744**	27,853,559,896
Income tax payable	**34,615,793**	40,586,397
Dividends payable (Note 16, 20, 23, and 24)	**275,118**	275,118
Current portion of:		
Bank loans (Notes 14, 23 and 24)	**645,937,390**	1,328,366,778
Lease liabilities (Notes 23, 24 and 25)	**62,694,367**	51,674,182
Total Current Liabilities	**35,020,041,089**	32,334,730,825
Noncurrent Liabilities		
Bank loans - net of current portion (Notes 14, 23 and 24)	**2,326,228,927**	2,969,306,548
Lease liabilities - net of current portion (Notes 23, 24 and 25)	**3,673,984,320**	3,964,204,541
Pension liabilities	**71,163,876**	52,046,913
Deferred tax liabilities - net (Note 19)	**4,056,325,060**	3,139,728,492
Other noncurrent liabilities (Note 15)	**2,113,316,998**	2,023,601,848
Total Noncurrent Liabilities	**12,241,019,181**	12,148,888,342
Total Liabilities	**₱47,261,060,270**	₱44,483,619,167

(Forward)

	December 31	
	2020	2019
Equity (Note 16)		
Equity attributable to equity holders of the Parent Company:		
Capital stock	**₱8,449,481,156**	₱8,449,481,156
Additional paid-in capital	**6,389,314,354**	6,389,314,354
Retained earnings	**13,204,169,450**	10,615,328,399
Other comprehensive income (loss)	**(1,768,543,981)**	529,093,822
	26,274,420,979	25,983,217,731
Non-controlling interest (Note 21)	**156,294,916**	159,356,628
Total Equity	**26,430,715,895**	26,142,574,359
	₱73,691,776,165	₱70,626,193,526

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Rental income (Note 10)	**₱6,843,497,958**	₱6,730,451,620	₱5,673,918,632
Parking fees	**115,135,700**	185,407,579	158,815,457
Other operating income (Note 17)	**314,436,157**	559,118,182	452,977,105
	7,273,069,815	7,474,977,381	6,285,711,194
COSTS AND EXPENSES			
Depreciation (Note 10)	**1,545,571,648**	1,558,860,209	997,625,087
Light and power	**232,755,142**	521,869,915	408,684,886
Outside services	**280,211,064**	403,393,741	346,688,494
Salaries and employee benefits	**252,821,902**	256,135,605	244,416,504
Taxes, licenses and other fees	**246,475,713**	230,210,230	173,938,477
Repairs and maintenance	**118,735,867**	172,885,009	148,392,501
Provision for impairment losses (Note 9)	**82,161,649**	52,421,517	–
Insurance	**48,706,014**	33,737,626	30,397,083
Advertising and promotions	**32,414,982**	81,847,580	75,612,740
Professional fees	**27,194,419**	19,149,233	16,504,988
Rentals	**4,392,981**	10,910,231	299,079,524
Other operating expenses	**64,240,120**	103,814,532	67,015,536
	2,935,681,501	3,445,235,428	2,808,355,820
OTHER INCOME (EXPENSE)			
Interest income (Notes 7, 8, 11 and 18)	**45,007,271**	25,984,618	42,449,780
Fair value gain (loss) on investment at fair value through profit or loss (Note 8)	**(7,404,958)**	797,421	(5,679,378)
Interest expense and other financing charges (Notes 18 and 25)	**(521,987,212)**	(237,977,586)	(53,745,417)
	(484,384,899)	(211,195,547)	(16,975,015)
INCOME BEFORE INCOME TAX	**3,853,003,415**	3,818,546,406	3,460,380,359
PROVISION FOR INCOME TAX (Note 19)	**1,132,323,551**	1,182,112,958	1,037,698,461
NET INCOME	**₱2,720,679,864**	₱2,636,433,448	₱2,422,681,898
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱2,720,306,780**	₱2,626,326,397	₱2,407,017,260
Non-controlling interest (Note 21)	**373,084**	10,107,051	15,664,638
NET INCOME	**₱2,720,679,864**	₱2,636,433,448	₱2,422,681,898
BASIC/DILUTED EARNINGS PER SHARE (Note 21)	**₱0.323**	₱0.312	₱0.286

(Forward)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**₱2,720,679,864**	₱2,636,433,448	₱2,422,681,898
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Unrealized fair value gain (loss) on equity investment at fair value through other comprehensive income (Note 8)	**(2,294,235,056)**	1,745,123,059	(436,585,760)
Remeasurement (loss) gain on pension liabilities, net of tax	**(6,837,543)**	(394,933)	8,962,670
	(2,301,072,599)	1,744,728,126	(427,623,090)
TOTAL COMPREHENSIVE INCOME	**₱419,607,265**	₱4,381,161,574	₱1,995,058,808
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱422,668,977**	₱4,342,446,538	₱1,986,487,421
Non-controlling interest (Note 21)	**(3,061,712)**	38,715,036	8,571,387
	₱419,607,265	₱4,381,161,574	₱1,995,058,808

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 16)						
	Preferred Stock	**Common Stock**	**Additional Paid-in Capital** (Note 16)	**Retained Earnings** (Note 16)	**Other Comprehensive Income (Loss)**	**Non-Controlling Interest** (Note 21)	**Total**
Balances as at January 1, 2020	**₱23,500,000**	**₱8,425,981,156**	**₱6,389,314,354**	**₱10,615,328,399**	**₱529,093,822**	**₱159,356,628**	**₱26,142,574,359**
Net income	–	–	–	**2,720,306,780**	–	**373,084**	**2,720,679,864**
Other comprehensive loss	–	–	–	–	**(2,297,637,803)**	**(3,434,796)**	**(2,301,072,599)**
Total comprehensive income (loss) for the year	–	–	–	**2,720,306,780**	**(2,297,637,803)**	**(3,061,712)**	**419,607,265**
Cash dividend declared	–	–	–	**(131,465,729)**	–	–	**(131,465,729)**
Balances as at December 31, 2020	**₱23,500,000**	**₱8,425,981,156**	**₱6,389,314,354**	**₱13,204,169,450**	**(₱1,768,543,981)**	**₱156,294,916**	**₱26,430,715,895**
Balances as at January 1, 2019	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱8,471,471,436	(₱1,188,937,019)	₱120,641,592	₱22,241,971,519
Net income	–	–	–	2,626,326,397	–	10,107,051	2,636,433,448
Other comprehensive income	–	–	–	–	1,716,120,141	28,607,985	1,744,728,126
Total comprehensive income for the year	–	–	–	2,626,326,397	1,716,120,141	38,715,036	4,381,161,574
Transfer out of pension liability	–	–	–	(1,345,909)	1,910,700	–	564,791
Cash dividend declared	–	–	–	(481,123,525)	–	–	(481,123,525)
Balances as at December 31, 2019	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱10,615,328,399	₱529,093,822	₱159,356,628	₱26,142,574,359
Balances as at January 1, 2018, as previously presented	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱6,433,402,872	(₱763,856,172)	₱ 112,070,205	₱20,620,412,415
Effect of adoption of PFRS 9 and 15	–	–	–	43,237,713	(4,551,008)	–	38,686,705
Balances as at January 1, 2018, as restated	23,500,000	8,425,981,156	6,389,314,354	6,476,640,585	(768,407,180)	112,070,205	20,659,099,120
Net income	–	–	–	2,407,017,260	–	15,664,638	2,422,681,898
Other comprehensive loss	–	–	–	–	(420,529,839)	(7,093,251)	(427,623,090)
Total comprehensive income (loss) for the year	–	–	–	2,407,017,260	(420,529,839)	8,571,387	1,995,058,808
Cash dividend declared	–	–	–	(412,186,409)	–	–	(412,186,409)
Balances as at December 31, 2018	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱8,471,471,436	(₱1,188,937,019)	₱120,641,592	₱22,241,971,519

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,853,003,415**	₱3,818,546,406	₱3,460,380,359
Adjustments for:			
Depreciation (Note 10)	**1,545,571,648**	1,558,860,209	997,625,087
Interest expense and other financing charges (Note 18)	**521,987,212**	237,977,586	53,745,417
Impairment losses	**82,161,649**	52,421,517	3,204,170
Pension expense	**9,349,045**	8,648,931	10,802,440
Fair value loss on investment at fair value through profit or loss (Note 8)	**7,404,958**	(797,421)	5,679,378
Interest income (Note 18)	**(45,007,271)**	(25,984,618)	(42,449,780)
Operating income before working capital changes	**5,974,470,656**	5,649,672,610	4,488,987,071
Decrease (increase) in:			
Receivables	**(4,382,728,909)**	(2,528,921,252)	(1,987,863,728)
Real estate properties for sale	**–**	20,342,957	(90,140)
Other current assets	**(136,773,254)**	(1,097,271,086)	(473,943,647)
Increase (decrease) in:			
Accounts and other payables	**1,222,943,706**	(501,886,941)	242,232,513
Security deposits and advance rent	**129,641,133**	526,068,030	225,945,630
Other noncurrent liabilities	**(8,260,471)**	708,182,560	(104,674,467)
Net cash flows generated from operations	**2,799,292,861**	2,776,186,878	2,390,593,232
Income taxes paid	**(122,155,181)**	(203,310,360)	(253,384,836)
Net cash flows provided by operating activities	**2,677,137,680**	2,572,876,518	2,137,208,396
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in receivables from related parties (Notes 20 and 26)	**69,499,990**	–	2,071,799,483
Interest received	**45,007,271**	25,984,618	42,449,780
Acquisitions of:			
Property and equipment	**(18,093,955)**	(36,849,291)	(41,485,261)
Investment property (Notes 10 and 26)	**(2,911,196,724)**	(8,569,670,969)	(8,280,314,854)
Deductions from (Additions to):			
Restricted cash	**376,484,957**	(4,205,561)	–
Short-term cash investments	**55,314,083**	(62,810,499)	–
Other noncurrent assets	**(361,931,311)**	181,891,556	–
(Payments of) additions to liabilities for purchased land (Notes 12, and 15)	**(1,913,585)**	(794,700,185)	(27,711,689)
Net cash flows used in investing activities	**(2,746,829,274)**	(9,260,360,331)	(6,235,262,541)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Lease liabilities (Note 25)	**(328,751,973)**	(256,373,492)	–
Interest and other financing charges (including capitalized borrowing cost) (Notes 10 and 18)	**(175,457,893)**	(315,190,240)	(425,787,386)
Dividends declared (Note 26)	**(13,559,828)**	(481,123,525)	(412,186,409)
Bank loans (Notes 14 and 26)	**(1,328,366,778)**	(1,565,803,985)	(1,680,540,472)
Increase in payables to related parties (Notes 20 and 26)	**1,491,183,043**	9,476,547,065	6,462,641,706
Net cash flows provided by (used in) financing activities (Note 26)	**(354,953,429)**	6,858,055,823	3,944,127,439
NET INCREASE (DECREASE) IN CASH	**(424,645,023)**	170,572,010	(153,926,706)
CASH AT BEGINNING OF YEAR	**589,007,023**	418,435,013	572,361,719
CASH AT END OF YEAR (Note 7)	**₱164,362,000**	₱589,007,023	₱418,435,013

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Vistamalls, Inc. (the Parent Company, or VMI) was incorporated in the Republic of the Philippines and duly registered with the Philippine Securities and Exchange Commission (SEC) on October 16, 1969, originally to pursue mineral exploration. After obtaining Philippine SEC approval, the Parent Company later changed its primary business and is now presently engaged in holding investments in shares of stock and real estate business. In 2019, the Parent Company filed its amended articles of incorporation with the Philippine SEC that includes the Parent Company shall exist for another 50 years from October 15, 2019.

The Parent Company is the holding company of Vistamalls Group (the Group or VMI Group) which is engaged in leasing of retail malls and Business Process Outsourcing (“BPO”) commercial center. The Group has a wholly owned subsidiary, Masterpiece Asia Properties, Inc. (MAPI) and a 99.85% owned subsidiary, Manuela Corporation (MC).

The Parent Company is 88.34% owned by Vista Land & Lifescapes, Inc. (VLLI) and the rest by the public. VLLI is a publicly-listed investment holding company which is 65.00% owned by Fine Properties, Inc. (the Ultimate Parent Company), 35.00% owned by the public. The Parent Company’s shares of stock are listed at the Philippine Stock Exchange (PSE).

The Parent Company’s accounting and administrative functions are handled by its subsidiaries, MC and MAPI (Note 10).

The Parent Company’s registered office and principal place of business is located at LGF, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City.

2. Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for the financial assets measured at fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱) which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

<u>Statement of Compliance</u>
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries. The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	Percentage of Ownership		
	2020	2019	2018
Manuela Corporation	**99.85%**	99.85%	98.36%
Masterpiece Asia Properties, Inc.	**100.00%**	100.00%	100.00%

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the NCI having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

As at December 31, 2020 and 2019, percentage of non-controlling interests pertaining to Manuela Corporation is 0.15%. The voting rights held by the non-controlling interest are in proportion of their ownership interest.

The Parent Company and the subsidiaries are all domiciled and incorporated in the Philippines and are in the business of leasing commercial spaces and buildings.

3. Changes in Accounting Policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2019, except for the following amendments which the Group adopted starting January 1, 2020.

Unless otherwise indicated, the adoption did not have any significant impact on the consolidated financial statements.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide 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, 2021; 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 amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted. The Group adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2020 and recognized rent concession as variable lease payments. These rent concessions were presented in the consolidated statements of income as reduction in amortization expense under ‘Operating expenses’ amounting to ₱15.25 million in 2020.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group’s consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships

- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:
- The 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 1 January 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

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 1 January 2022 and apply prospectively.

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

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

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

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

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

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

The Group 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.

  - 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 Group 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 Group.

  - 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.

Effective beginning on or after January 1, 2023

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- 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.

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 mendments 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

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

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

All other assets are classified as noncurrent.

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

The Group classifies all other liabilities as noncurrent.

Deferred liabilities are classified as noncurrent liabilities.

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

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

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

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

Cash

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

Short-term Cash Investments

Short-term cash investments consist of money market placements made for varying periods of more than three (3) months and up to twelve (12) months. These investments earn interest at the respective short-term 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 Group’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 Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group 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 Group 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 Group's financial assets at amortized cost includes cash, short-term cash investments, receivables (except for advances to contractors), receivables from related parties and restricted cash. Restricted cash is presented in 'Other current assets' and 'Other noncurrent assets'.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

The Group's equity instrument classified as financial assets designated at FVOCI includes investment in VLLI (Note 8).

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

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

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

The Group's investment at FVTPL comprises of investment in mutual funds (Note 8).

Impairment of Financial Assets

The Group 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.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL

For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss Allowance
Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:
- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The loss allowance recognized in the period is impacted by a variety of factors, as described below:
- Transfers between Stage 1 and Stage 2 and 3 due to the financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL.
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
- Impact on the measurement of ECL due to changes in PDs, LGDs and EADs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

General Approach
Under the general approach, at each reporting date, the Group 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, short-term cash investments, receivables (except for advances to contractors), receivables from ultimate parent company and restricted cash presented in 'Other assets'.

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 Group's financial liabilities include accounts and other payables (except for deferred output VAT and other statutory payables), dividends payable, income tax payable, payable to related parties, liabilities for purchased land, retention payable, bank loans and lease liabilities.

Subsequent measurement
Loans and borrowings
This is the category most relevant to the Group. 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 consolidated statements of comprehensive income.

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

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized when, and only when: (a) the right to receive cash flows from the assets expires; (b) the Group 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 Group 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 Group 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 Group'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 Group could be required to repay.

Modification of financial assets
The Group 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 consolidated 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 Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the profit or loss.

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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 Group's construction activities and are recouped through reduction against progress billings as the construction progresses. Recoupment occur within one to five years from the date the advances were made.

Value-Added Tax
Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Group 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 Group upon approval of the BIR and/or Bureau of Customs. Input tax is stated at its estimated net realizable values. A valuation allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability. Input tax is recorded under current assets in the consolidated 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 consolidated 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 consolidated 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.

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.

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

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

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of investment properties. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the statement of financial position. The Group 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 Group 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, and the property is ready for occupation.

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

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

	Years
Buildings and building improvements	10 to 40 years or lease term, whichever is shorter
Right-of-use assets	2 to 25 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.

Impairment of Nonfinancial Assets

The Group 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 Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Security Deposits

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

Advance Rent

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

Equity

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

“Additional paid-in capital” account. Direct costs incurred related to equity issuance are chargeable to “Additional paid-in capital” account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Group less dividends declared. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by the subsidiaries.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group 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 Groups earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in the revenue in the consolidated 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 Group is reasonably certain that the tenant will exercise the option. For more information on the judgment involved, refer to Note 5.

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

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

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of PFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning and security of common areas). The consideration charged to tenants for these services includes fees charged based on a fixed rate and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

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 Group. The Group 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 Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the provision of administrative services, maintenance, security and advertising services, before transferring them to the customer and recognizes revenues as the services are rendered. Therefore, the Group records revenue on a gross basis. For more information, please refer to Note 5.

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

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

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

The Group 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 Group assesses whether or not it is probable that those income tax positions will be accepted by the tax authorities, where if not, the Group recognizes additional income tax expense and liability relating to those positions.

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

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

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated 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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in “Investment properties” account in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Leases Effective January 1, 2019

Lease Liabilities

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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 Group 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 Group applies the low-value assets recognition exemption to leases of underlying assets with a value of ₱0.25 million and below when new. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

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

A lessee recognizes the right-of-use assets and lease liability as a separate new lease after assessing that the consideration for the lease increases by an amount commensurate with the stand-alone price and any adjustments to that stand-alone price reflects the circumstances of the particular contract. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use assets, without affecting profit or loss. For lease termination, the difference between the right-of-use assets and lease liability is recognized in the profit or loss.

Lease concessions
The Group accounted for Covid-19 related lease concessions received in 2020 as negative variable lease payments which is offset against the depreciation expense of ROU asset, in accordance with the provisions of the amendment to PFRS 16. Lease liability and right-of-use assets are not remeasured using a revised discount rate.

<u>Leases Prior to January 1, 2019</u>
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.

Group as a lessee
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 consolidated 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.

Group 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.

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

As of December 31, 2020, 2019 and 2018, the Group has no potential dilutive common shares (Note 21).

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

Provisions
Provisions are recognized when the Group 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 Group 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 consolidated statement of comprehensive income net of any reimbursement.

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

5. Significant Accounting Judgments and Estimates

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

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

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

Property lease classification – the Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group 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 Group 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 Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group 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 Group 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 and therefore, is not a lease modification under PFRS 16. Consequently, this is treated as a variable lease.

The rent concessions granted by the Group for the year ended December 31, 2020 amounted to ₱1,478.44 million. (Note 25)

Operating Lease Commitments - as Lessee (Before January 1, 2019)
The Group has entered into various lease agreements as a lessee. Management has determined that all the significant risks and benefits of ownership of these properties, which the Group leases under operating lease arrangements, remain with the lessor. Accordingly, the leases were accounted for as operating leases. Rent expense amounted to ₱299.08 million in 2018.

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

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

Incorporation of forward-looking information
The Group incorporates forward-looking information, including the impact of the COVID-19 pandemic into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Significant increase in credit risk
The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors. The Group's cash and cash equivalents, short term cash investments, investments at amortized cost, and restricted cash cost are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. For the Group's accounts receivable and receivables from ultimate parent company, the Group performs an assessment, at the end of each reporting period, of whether the receivables' credit risk has increased significantly, considering the impact of COVID-19 pandemic, since initial recognition, by considering the change in the risk of default occurring over the remaining life of the receivables. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of financial assets
Cash, short term cash investments, accounts receivable, accrued rent receivable, receivables from related parties and restricted cash:

The Group 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 Group uses external credit rating approach to calculate ECL for cash in banks, short-term cash investments, accounts receivable from tenants, accrued rent receivable and receivables from related parties 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.

Further details are provided in Note 24.

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

The Group has determined that the COVID-19 pandemic has impacted the current operations of the Group and is expected to impact its future business activities.

Tenants which belong to micro, small and medium enterprise and those operating under entertainment, non-essentials and food industries are also adversely affected due to temporary closure of mall operations. This increases the risk of non-collection of the remaining receivables.

Considering the above, the Group revisited the expected credit loss exercise as at December 31, 2020 for its receivables.

For the receivables from tenants, certain tenants were moved from stage 1 to stage 2, hence, lifetime PD, instead of 12-months PD, was used in the calculation of ECL. The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

As a result of the loss estimation, management recognized an additional impairment loss for receivable from tenants amounting to ₱72.45 million for the year ended December 31, 2020.

Further details are provided in Note 24.

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

Further details about the fair value of financial instruments are provided in Note 24.

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

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. Fair value less costs to sell pertain to quoted prices and for fair values determined using discounted cash flows (DCF) or other valuation technique such as multiples. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group 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 10.

Determining the fair value of investment properties
The Group discloses the fair values of its investment properties. The Group engaged independent valuation specialists to assess fair value as at reporting date. The Group's investment properties consist of land and land developments and building and building improvements. These were valued by reference to market-based evidence using income approach, and comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Further details are provided in Note 10.

Leases - Estimating the incremental borrowing rate
The Group 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 Group 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 Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group 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 Group estimated the useful lives of its investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. For investment properties located in parcels of land that the Group leases, the Group also considers the non-cancellable term of the lease in determining the useful lives of the leasehold improvements.

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

Further details are provided in Note 19.

6. Segment Information

The Group's shopping malls and commercial centers are all located in the Philippines and are treated as one operating segment. The real estate development of MC is very minimal to the overall operations and financial position of the Group as of December 31, 2020 and 2019. These were not treated as a separate segment by the chief operating decision maker for its review, evaluation and allocation of resources.

Rent income amounting ₱5,506.18 million or 80.46%, ₱4,015.66 million or 59.66%, and ₱2,469.72 million or 43.53% of the commercial segment of the Group was generated from anchor tenants as defined in Note 20 for the years ended December 31, 2020, 2019 and 2018, respectively. There is no cyclicality in the Group's operations.

7. Cash

This account consists of:

	2020	2019
Cash on hand	**₱530,500**	₱821,800
Cash in banks (Notes 23 and 24)	**163,831,500**	588,185,223
	₱164,362,000	₱589,007,023

Cash in banks earns interest at the prevailing bank deposit rates. Interest rate ranges from 0.10% to 1.25%, 0.10% to 1.25% and 0.03% to 0.49% in 2020, 2019 and 2018, respectively.

Interest earned from cash in banks for the years ended December 31, 2020, 2019 and 2018 amounted to ₱3.37 million, ₱5.91 million and ₱14.93 million, respectively (Note 18).

8. Investments

Short-term cash investments
Short-term cash investments consist of money market placements with maturities of more than three months up to one year and earn annual interest at the respective short-term investment rates, as follows:

As at December 31, 2020, and 2019, short-term cash investments amounted to ₱7.50 million and ₱62.81 million, respectively. Interest rate ranges from 3.00% to 3.25% in 2020 and 2019.

Interest earned from short-term cash investments for the years ended December 31, 2020, 2019 and 2018 amounted to ₱0.40 million, ₱1.42 million and ₱7.64 million, respectively (Note 18).

Investment at fair value through FVTPL
The investment at fair value through FVTPL of the Group comprises of investment in mutual funds.

The movement of the accounts follow:

	December 31, 2020	December 31, 2019
Balances at beginning of year	**₱29,669,110**	₱28,871,689
Unrealized fair value (loss) gain during the year	**(7,404,958)**	797,421
Balances at end of year	**₱22,264,152**	₱29,669,110

Investment at fair value through OCI
The investment at fair value through FVOCI consists of VLLI shares carried at fair value which the Group irrevocably elected to measure at FVOCI.

The movement of the accounts follow:

	December 31, 2020	December 31, 2019
Balances at beginning of year	**₱5,814,569,502**	₱4,069,446,443
Unrealized fair value gain (loss) during the year	**(2,294,235,056)**	1,745,123,059
Balances at end of year	**₱3,520,334,446**	₱5,814,569,502

9. **Receivables**

This account consists of:

	2020	2019
Accounts receivable from tenants (Note 20)	**₱3,511,708,988**	₱1,672,978,351
Advances to contractors	**3,407,279,844**	3,870,810,327
Accrued rent receivable (Note 20)	**6,783,889,238**	3,729,533,628
Other receivables	**66,606,673**	113,433,528
	13,769,484,743	9,386,755,834
Less allowance for impairment losses	**(135,455,697)**	(52,421,517)
	13,634,901,577	9,334,334,317
Less noncurrent portion	**(8,469,328,408)**	(7,056,775,568)
	₱5,165,573,169	₱2,277,558,749

Accounts receivable from tenants
Accounts receivables from tenants represent the outstanding receivables arising from the lease of commercial centers relating to the Group's mall and offices and are collectible within 30 days from billing date. These are covered by security deposit of tenants' equivalent to three-month rental and three-month advance rental paid by the lessees. This includes both the fixed and contingent portion of lease.

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

Accrued rental receivable
Accrued rental receivable pertains to the effect of straight-line calculation of rental income.

Provision for expected credit losses

The following is the rollforward analysis of impaired receivables:

	2020	2019
Balances at beginning of year	**₱52,421,517**	₱–
Provision on impairment losses:		
Accounts receivable from tenants	**72,448,156**	52,421,517
Advances to contractors	**10,586,024**	–
	₱135,455,697	₱52,421,517

No receivables are used to secure the obligations of the Group (Note 14).

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, provides a provision of a minimum of thirty (30)-day grace period on residential rents and commercial rents of lessees, and MSMEs and cooperatives ordered to temporarily cease operations, falling due within the period of the CQ, without incurring interest, penalties, fees, and other charges: Provided, That all amounts due within the period of CQ shall be amortized in equal monthly installments until December 31, 2020 without any interest, penalties and other charges: Provided, further, That no increase in rent shall be imposed during the same period: Provided, furthermore, that the minimum thirty (30)-day grace period shall be reckoned from the date of the lifting of the ECQ or MECQ.

In 2020, the Group, in addition to the reliefs provided under Bayanihan 1 Act and Bayanihan 2 Act, has offered temporary financial reliefs (e.g., short-term extension of payment terms) to its tenants as a response to the effect of the COVID-19 pandemic.

10. Investment Properties

The rollforward analysis of this account follows:

	December 31, 2020				
	Land	**Building and Building Improvements**	**Construction in Progress**	**Right-of-use Assets**	**Total**
Cost					
Balances at beginning of year	**₱12,104,637,444**	**₱25,296,862,605**	**₱13,821,522,448**	**₱3,604,709,243**	**₱54,827,731,740**
Additions	**148,914,179**	**255,254,812**	**2,983,624,247**	**193,923,157**	**3,581,716,395**
Reclassification	–	**78,477,521**	**(78,477,521)**	–	–
Termination (Note 25)				**(488,038,914)**	**(488,038,914)**
Balances at end of year	**12,253,551,623**	**25,630,594,938**	**16,726,669,174**	**3,310,593,486**	**57,921,409,221**
Accumulated Depreciation					
Balances at beginning of year	–	**6,779,156,034**	–	**193,771,808**	**6,972,927,842**
Depreciation	–	**1,333,270,451**	–	**200,001,046**	**1,533,271,497**
Termination (Note 25)	–	**(25,264,166)**	–	**(34,101,369)**	**(59,365,535)**
Balances at end of year	–	**8,087,162,319**	–	**359,671,485**	**8,446,833,804**
Net Book Value	**₱12,253,551,623**	**₱17,543,432,619**	**₱16,726,669,174**	**₱2,950,922,001**	**₱49,474,575,417**

	December 31, 2019				
	Land	Building and Building Improvements	Construction in Progress	Right-of-use Assets	Total
Cost					
Balances at beginning of year, as previously reported	₱11,670,526,711	₱22,349,094,386	₱6,744,183,446	₱–	₱40,763,804,543
Impact of PFRS 16 adoption	–	–	–	2,867,331,420	2,867,331,420
Balances at beginning of year, as restated	11,670,526,711	22,349,094,386	6,744,183,446	2,867,331,420	43,631,135,963
Additions	433,923,233	11,081,551	10,014,213,170	737,377,823	11,196,595,777
Reclassification	187,500	2,936,686,668	(2,936,874,168)	–	–
Balances at end of year	12,104,637,444	25,296,862,605	13,821,522,448	3,604,709,243	54,827,731,740
Accumulated Depreciation					
Balances at beginning of year	–	5,448,157,153	–	–	5,448,157,153
Depreciation	–	1,330,998,881	–	193,771,808	1,524,770,689
Balances at end of year	–	6,779,156,034	–	193,771,808	6,972,927,842
Net Book Value	₱12,104,637,444	₱18,517,706,571	₱13,821,522,448	₱3,410,937,435	₱47,854,803,898

Investment properties consist mainly of land and commercial centers. These include properties, currently being leased out for future leasing. The commercial centers include retail malls, Vistamalls and Starmalls that are located in key cities and municipalities in the Philippines. These also include office space for lease.

As of December 31, 2020, the construction in progress represents capitalized costs arising from construction of commercial centers that are located in Cabanatuan, Sta. Maria, Bacolod, Davao, Sto. Tomas, Las Pinas, Pampanga, Mactan, Tacloban and Subic which are due to be completed in 2021 to 2022. The percentages of completion of various constructions in progress ranges from 6.50% to 98.78% as of December 31, 2020.

As of December 31, 2019, the construction in progress represents capitalized costs arising from a construction of commercial centers that are located in Las Piñas, Cavite, Bulacan, Naga, Davao, Bacolod, Tacloban, Butuan, Cabanatuan, Isabela, Laguna, Cebu, Ilocos Sur, Quezon and Zamboanga which are due to be completed in 2020 to 2021. The percentages of completion of various constructions in progress ranges from 1.81% to 99.69% in 2019.

The reclassification of ₱78.48 million from construction in progress to building and building improvements in 2020, represents completed retail malls in Naga, Cagayan De Oro, General Trias, Tanza and Talisay Cebu, with gross floor area of 95,575 sqm.

The reclassification of ₱2,936.69 million from construction in progress to building and building improvements in 2019, represents completed retail malls in Naga, Cagayan De Oro, General Trias, Tanza and Talisay Cebu, with gross floor area of 104,107.11 sqm.

Rental income earned from investment properties amounted to ₱6,843.50 million, ₱6,730.45 million and ₱5,673.92 million in 2020, 2019 and 2018, respectively. Repairs and maintenance costs incurred arising from the investment properties amounted to ₱118.73 million, ₱172.89 million and ₱148.39 million for the years ended December 31, 2020, 2019 and 2018, respectively. Cost of property operations amounted to ₱2,661.19 million, ₱3,114.64 million and ₱2,592.95 million for the years ended December 31, 2020, 2019 and 2018, respectively. For the terms and conditions on the lease, refer to Note 25.

As of December 31, 2020 and 2019, the aggregate fair values of investment properties amounted to ₱157,055.45 million, and ₱119,156.73 million, respectively, using Level 3 (significant unobservable inputs).

In 2020, the fair values of the investment properties held for leasing were determined by independent professionally qualified appraisers while that for land and land developments were determined by the appraiser and management. In 2019, all fair values of the investment properties were determined by management.

In the determination of fair values in 2020 and 2019, market value approach method was used for land, income approach method was used for completed and substantially completed malls and office buildings for rent and cost approach method was used for construction in progress under early stage of construction and right-of-use asset.

The key assumptions used to determine the fair value of the investment properties held for leasing are the estimated rental value per sqm per year, rental growth rate per annum, and discount rate. The discount rate used in the valuation are discount rates of 8.67% and 7.13% in 2020 and 2019, respectively. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long-term vacancy rate.

The parcels of land are located in cities and municipalities like Mandaluyong, Las Piñas, Taguig, Naga, Bacoor, Imus, San Jose del Monte, Sta. Rosa, Alabang and Kawit. The market price per square meter of the land ranges between ₱1,258 to ₱173,017. The fair value measurement using unobservable data in active market is Level 3 of the fair value hierarchy.

The estimated useful life of the investment properties other than land is 10 to 40 years.

Investment properties with carrying value of ₱5,610.90 million and ₱6,608.78 million are used to secure the bank loans of the Group as of December 31, 2020 and 2019, respectively (Note 14). The fair value of the investment properties used as collateral amounted to ₱52,956.21 million and ₱25,087.84 million under income approach as of December 31, 2020 and 2019, respectively.

The Group's borrowing cost capitalized to investment properties amounted to ₱85.94 million and ₱459.25 million for the years ended December 31, 2020 and 2019, respectively (Note 18). Amortization expense related to right-of-use asset amounted to ₱205.08 million and ₱193.77 million for the years ended December 31, 2020 and 2019. Right-of-use asset is amortized over a period of 2 to 25 years.

The total contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhances amounted to ₱3,169.65 million and ₱4,287.50 million as of December 31, 2020 and 2019, respectively.

11. Other Assets

This account consists of:

	2020	2019
Input value-added tax (VAT)	**₱2,834,287,737**	₱2,623,352,898
Restricted cash	**289,185,058**	665,670,015
Refundable deposits	**461,075,694**	263,239,299

(Forward)

	2020	2019
Prepaid expenses	**₱114,527,160**	₱133,175,598
Creditable withholding taxes	**6,019,982**	7,410,551
Others	**15,951,188**	15,496,197
	3,721,046,819	3,708,344,558
Less noncurrent portion:		
Restricted cash	**(198,312,629)**	(423,575,015)
Refundable deposits	**(461,075,694)**	(250,366,954)
	(659,388,323)	(673,941,969)
	₱3,061,658,496	₱3,034,402,589

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.

Creditable withholding taxes pertain to taxes withheld by the customer and are recoverable and can be applied against income tax in future periods. For the years ended December 31, 2020, and 2019, creditable withholding taxes applied to income tax payable amounting to ₱104.95 million and ₱169.18 million, respectively.

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 Group's commercial centers.

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.

Restricted cash 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 restricted cash amounted to ₱38.07 million, ₱11.36 million and ₱10.64 million in 2020, 2019 and 2018, respectively (Note 18). 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, 2021 and bank loans maturing beyond December 31, 2021, respectively.

12. Accounts and Other Payables

This account consists of:

	2020	2019
Accounts payable:		
Contractors	**₱1,400,806,535**	₱661,202,109
Supplier	**976,203,778**	692,898,379
Deferred output VAT	**664,505,385**	512,808,580
Accrued expenses	**154,257,478**	159,723,554
Current portion of liabilities for purchased land	**172,816,841**	161,321,669
Current portion of retention payable	**626,587,296**	73,685,803
Other payables	**86,128,510**	95,938,018
	₱4,081,305,823	₱2,357,578,112

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

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

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

Accrued expenses
Details of accrued expenses as follow:

	2020	2019
Interest (Note 25)	**₱29,740,073**	₱38,933,263
Security services	**28,644,724**	44,399,495
Repairs and maintenance	**27,609,564**	25,747,298
Real property tax	**19,265,318**	3,904,912
Advertising	**15,908,894**	10,627,397
Agency services	**12,220,478**	15,104,959
Utilities	**6,982,643**	7,655,904
Rental	**6,277,848**	224,572
Janitorial services	**2,349,024**	11,650,861
Others	**5,258,912**	1,474,893
	₱154,257,478	₱159,723,554

Current portion of liabilities for purchased land
Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate payables. Liabilities for purchased land that are payable beyond one year from year end date are presented in 'Other noncurrent liabilities' (Note 15).

Current portion of retention payable
Retention payable pertains to 10.00% retention from the contractors' progress billings which will be released after the completion of contractors' project. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects. Retention payables that are payable beyond one year from year end date are presented in 'Other noncurrent liabilities' (Note 15).

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.

13. **Security Deposits and Advance Rent**

This account consists of:

	2020	2019
Security deposits	**₱792,948,224**	₱736,803,307
Advance rent	**737,829,721**	664,333,506
	1,530,777,945	1,401,136,813
Less noncurrent portion:		
Security deposits (Note 15)	**(323,129,545)**	(318,376,715)
Advance rent (Note 15)	**(473,292,546)**	(380,069,756)
	(796,422,091)	(698,446,471)
	₱734,355,854	₱702,690,342

Security deposits
Security deposits represent deposits required by lease agreements. These can be recovered upon termination of the lease agreement through refund or application to unpaid rent and/or other charges. Current portion are those to be applied within one year from financial reporting date.

Advance rent
Advance rent includes three-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last three months rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings. Current portion are those to be applied within one year from financial reporting date.

14. **Bank Loans**

Bank Loans
Bank loans pertain to the borrowings of the Group from various local financial institutions. These bank loans are obtained to finance capital expenditures and for general corporate purposes.

The rollforward analysis of this account follows:

	December 31, 2020	December 31, 2019
Principal		
Balance at the beginning of year	**₱4,302,647,127**	**₱5,868,451,112**
Payment	**(1,328,366,778)**	**(1,565,803,985)**
Balance at end of year	**2,974,280,349**	**4,302,647,127**
Debt issue cost		
Balance at the beginning of the year	**4,973,801**	**12,041,758**
Amortizations	**(2,859,769)**	**(7,067,957)**
Balance at end of the year	**2,114,032**	**4,973,801**
Carrying value	**2,972,166,317**	**4,297,673,326**
Less current portion	**(645,937,390)**	**(1,328,366,778)**
Noncurrent portion	**₱2,326,228,927**	**₱2,969,306,548**

Details of the bank loans as at December 31, 2020 and 2019 follow:

Loan Type	Date of Availment	2020	2019	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
MAPI							
Bank loan	Availed in various dates in 2013 and 2014	**₱–**	₱356,964,140	August 2020	5.75% to 6.12%	Interest and principal payable quarterly	Current ratio of at least 1:25:1.00; Debt to Equity maximum of 3:00:1.00; with collateral
Bank loan	Availed in various dates in 2015	**568,405,348**	1,028,190,232	March 2022	5.46%	Interest and principal payable monthly	With collateral
Bank loan	July 2017	**421,875,000**	484,375,000	June 2027	6.23%	Interest and principal payable monthly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; with collateral
		990,280,348	1,869,529,372				
MC							
Bank loan	July 2015	**1,981,885,969**	2,428,143,954	July 2022	5.75%	Interest and principal payable quarterly	Current ratio of at least 1:00:1.00; Debt to Equity maximum of 3.00:1.00; with collateral
		1,981,885,969	2,428,143,954				
		2,972,166,317	4,297,673,326				
Less noncurrent portion		**2,326,228,927**	2,969,306,548				
		₱645,937,390	₱1,328,366,778				

Interest expense on bank loans and loans payable amounted to ₱217.07 million, ₱360.86 million, ₱373.97 million in 2020, 2019 and 2018, respectively (Note 18).

The Group has complied with the covenants required by the bank loans as at December 31, 2020 and 2019. The compliance of MAPI and MC to the covenants of their respective bank loans are based on their standalone financial statement balances.

As disclosed in Note 10, certain investment properties are used as collateral to bank loans.

15. Other Noncurrent Liabilities

This account consists of long-term portion of:

	2020	2019
Payable to Contractors - net of current portion (Note 12)	**₱768,706,669**	₱320,937,656
Advance rent - net of current portion (Note 13)	**473,292,546**	380,069,756
Retention payable - net of current portion (Note 12)	**363,496,267**	817,370,868
Security deposits - net of current portion (Note 13)	**323,129,545**	318,376,715
Liabilities for purchased land - net of current portion (Note 12)	**135,103,646**	144,685,233
Other payables (Note 12)	**49,588,325**	42,161,620
Total	**₱2,113,316,998**	₱2,023,601,848

16. Equity

Capital Stock

The details of the Parent Company's capital stock as at December 31 follow:

	2020	2019
Preferred		
Authorized shares	**10,000,000,000**	10,000,000,000
Par value per share	**₱0.01**	₱0.01
Issued and outstanding shares	**2,350,000,000**	2,350,000,000
Value of shares issued	**₱23,500,000**	₱23,500,000
Common		
Authorized shares	**16,900,000,000**	16,900,000,000
Par value per share	**₱1.00**	₱1.00
Issued and outstanding shares	**8,425,981,156**	8,425,981,156
Value of shares issued	**₱8,425,981,156**	₱8,425,981,156

Registration Track Record

On November 13, 1970, the SEC approved the listing of the Parent Company's common shares totaling 1,000,000,000 shares. The shares were initially issued at an offer price of ₱0.01 per share.

After listing in 1970, there had been subsequent issuances covering a total of 7,425,981,156 shares.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as at December 31, 2020:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2018	8,425,981,156	437
Add/(Deduct) Movement	–	(1)
December 31, 2019	8,425,981,156	436
Add/(Deduct) Movement	–	–
December 31, 2020	**8,425,981,156**	**436**

Retained Earnings

In accordance with Revised Securities Regulation Code Rule 68, the Parent Company's retained earnings available for dividend declaration as at December 31, 2020, after reconciling items, amounted to ₱5,562.68 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱7,618.41 million, and ₱8,112.62 million in 2020, and 2019, respectively. These are not available for dividends until declared by the subsidiaries.

The BOD approved the declaration of regular cash dividend amounting to ₱131.47 million or ₱0.0156 per share and ₱481.12 million or ₱0.0571 per share in September 30, 2020 and September 30, 2019, respectively. The dividend declarations are in favor of all stockholders of record as of October 15, 2020 and October 15, 2019 paid on October 29, 2020 and October 23, 2019, respectively. (Note 26)

As at December 31, 2020 and 2019, unpaid dividends amounted to ₱0.28 million for both years.

Capital Management

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

The Group considers debt as a stable source of funding. The Group may lengthen the maturity profile of its debt portfolio in order to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis.

As at December 31, 2020, 2019 and 2018, the Group had the following ratios:

	2020	2019	2018
Current ratio	**0.33**	0.28	0.41
Debt-to-equity ratio	**1.79**	1.70	1.38
Net debt-to-equity ratio	**0.11**	0.14	0.24
Asset-to-equity ratio	**2.79**	2.70	2.38

As at December 31, 2020, 2019 and 2018, the Group had complied with all externally imposed capital requirements (Note 14). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2020, 2019 and 2018.

The Group considers as capital the equity attributable to equity holders of the Parent Company.

The following table shows the component of the Group's equity which it manages as capital as at December 31, 2020, 2019 and 2018:

	2020	2019	2018
Total paid-up capital	**₱14,838,795,510**	₱14,838,795,510	₱14,838,795,510
Retained earnings	**13,204,169,450**	10,615,328,399	8,471,471,436
Other comprehensive income	**(1,768,543,981)**	529,093,822	(1,188,937,019)
	₱26,274,420,979	₱25,983,217,731	₱22,121,329,927

Financial Risk Assessment

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

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's counterparties remain diverse and the related parties are guaranteed by Fine Properties, Inc., ultimate parent company. As discussed in Note 6, out of the total rental income, 80.45% comes from anchor tenant of the Group which is a related party.

17. Other Operating Income

This account consists of:

	2020	2019	2018
Administrative fees	**₱120,994,497**	₱322,383,728	₱250,784,212
Gain on derecognition of liabilities	**93,196,221**	36,928,378	157,814
Mall maintenance and security fees	**52,628,160**	134,031,259	121,800,033
Advertising fees	**30,974,531**	39,784,881	37,611,420
Penalties and surcharges	**1,021,318**	2,311,118	2,660,568
Forfeited deposits and advances and reversals	**474,782**	2,596,374	31,566,268
Realized gross profit on real estate sales	**306,301**	11,398,705	2,232,254
Miscellaneous	**14,840,347**	9,683,739	6,164,536
	₱314,436,157	₱559,118,182	₱452,977,105

Gain on derecognition of liabilities includes gain from termination of lease contract wherein the Group is the lessee (see Note 25).

18. **Interest Income and Expense**

Interest income consist of:

	2020	2019	2018
Interest income from cash, short term investments and restricted cash (Note 7, 8 and 11)	**₱41,837,589**	₱18,687,178	₱33,210,648
Interest income from tenants	**3,169,682**	7,297,440	9,239,132
	₱45,007,271	₱25,984,618	₱42,449,780

Interest expense and other financing charges consist of:

	2020	2019	2018
Bank loans (Note 14)	**₱217,067,736**	₱360,863,050	₱373,966,083
Lease liabilities (Notes 25)	**390,674,379**	336,034,670	–
Bank charges	**183,189**	328,410	244,514
	607,925,304	697,226,130	374,210,597
Amounts capitalized (Note 10)	**85,938,092**	459,248,544	320,465,180
	₱521,987,212	₱237,977,586	₱53,745,417

19. **Income Tax**

Provision for income tax consists of:

	2020	2019	2018
Current:			
RCIT	**₱213,049,598**	₱363,167,092	₱274,241,918
MCIT	**160,714**	180,504	96,000
Final	**7,919,915**	2,663,434	4,579,621
Deferred	**911,193,324**	816,101,928	758,780,922
	₱1,132,323,551	₱1,182,112,958	₱1,037,698,461

The components of the Group's deferred tax assets (liabilities) are as follows:

	2020	2019
Deferred tax assets on:		
Lease liabilities	**₱1,121,003,606**	₱1,204,763,617
Allowance for impairment	**40,636,709**	15,726,455
Accrual of retirement costs	**19,306,532**	9,637,654
MCIT	–	8,333,619
	1,180,946,847	1,238,461,345
Deferred tax liabilities on:		
Capitalized interest and other expenses	**(1,109,300,697)**	(1,177,954,469)
Right-of-use assets	**(885,276,601)**	(1,023,281,231)
Straight lining of rent income	**(3,238,760,820)**	(2,176,954,137)
Accrual gain on pension liability	**(3,933,789)**	–
	(5,237,271,907)	(4,378,189,837)
	(₱4,056,325,060)	(₱3,139,728,492)

Out of the ₱19.08 million movement in net deferred tax liabilities, ₱2.05 million was booked as movement in OCI in 2020.

Out of the ₱15.73 million movement in net deferred tax liabilities, ₱0.02 million was booked as movement in OCI in 2019.

As at December 31, 2020 and 2019, the Group has deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income for which no deferred tax assets have been recognized as follows:

	2020	2019
NOLCO	**₱2,483,495**	₱13,303,812
MCIT	**64,715**	372,504

The related unrecognized deferred tax assets on these deductible temporary differences is coming from the Parent Company of the Group which is a holding company.

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

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, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year incurred	Amount	Expired	Applied	Balance	Expiry Year
2017	₱8,278,314	₱7,268,833	₱1,009,483	₱–	2020
2018	5,025,498	–	–	5,025,498	2021
	₱13,303,812	₱7,268,833	₱1,009,483	₱5,025,498	

The Group did not incur NOLCO in taxable year 2020.

As at December 31, 2020, the details of the Group's MCIT which are available for offset against future taxable income follow:

MCIT

Year incurred	Amount	Expired	Applied	Balance	Expiry Year
2017	₱8,429,619	₱–	₱8,429,619	₱–	2020
2018	96,000	–	–	96,000	2021
2019	180,504	–	–	180,504	2022
2020	160,714			160,714	2023
	₱8,866,837	₱–	₱8,429,619	₱437,218	

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:

	2020	2019	2018
Provision for income tax at statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Expiration of NOLCO and MCIT	**0.32**	1.25	(0.22)
Nondeductible interest and other expenses	**0.06**	1.13	0.36
Transfer out of pension liability	–	0.42	–
Income already subjected to final tax	**(0.23)**	(0.12)	(0.07)
Change in unrecognized deferred tax assets	**(0.09)**	(1.70)	0.16
Others	**(0.66)**	(0.02)	–
Provision for income tax	**29.40%**	30.96%	30.23%

Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE"
On March 26, 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.

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.

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, 2011 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 Company would have been subjected to lower regular corporate income tax rate of 27.50% effective July 1, 2020.

This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, which will be reflected in the Company's 2020 annual income tax return but will only be recognized for financial reporting purposes in its 2021 financial statements. Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Group for CY2020 is 27.50%. This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, amounting to ₱195.44 million and ₱31.73 million, respectively, or a reduction of ₱17.77 million and ₱2.88 million, respectively. The reduced amounts will be reflected in the individual company's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

This will result in decrease in deferred tax liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by ₱3,899.06 million and ₱151.87 million, respectively. These reductions will be recognized in the 2021 financial statements.

20. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Entities under common control are those entities outside the Group but are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities.

The Parent Company and its subsidiaries have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirement under Revised Securities Regulation Code Rule 68 and SEC Memorandum Circular 10, series 2019.

The Parent Company has an approval requirement such that material related party transaction (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements. The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The consolidated statements of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable (payable) with related parties as of December 31, 2020 and 2019:

December 31, 2020

	Nature of Transaction	Volume	Amount	Terms	Conditions
Receivables from tenants (Note 9)					
Ultimate Parent Company	**a) Rental of office spaces**	**(₱1,367,828)**	**₱758,727**	**Noninterest-bearing**	**Unsecured; no impairment**
VLLI	**a) Rental of office spaces**	**(1,694,817)**	**9,645,189**	**Noninterest-bearing**	**Unsecured; no impairment**
Entities under common control	**a) Rental of commercial spaces**	**(799,312,766)**	**2,475,532,742**	**Noninterest-bearing**	**With guarantee from Fine Properties Inc., no impairment**
			₱2,485,936,658		
Investments at fair value through OCI (Note 8)					
VLLI	**b) Investments in VLLI shares**	**(₱2,294,235,056)**	**₱3,520,334,446**	**Not held for trading; subject to fair value changes**	**Unsecured; no impairment**
Receivables from related parties					
Ultimate Parent Company	**c) Advances**	**(73,084,182)**	**819,486,034**	**Due and demandable; noninterest-bearing**	**Unsecured; no impairment**
	d) Sale of VLLI shares	**–**	**1,960,071,562**	**Due and demandable; noninterest-bearing**	**Unsecured; no impairment**
	f) Dividend	**(1,792,096)**	**–**		
			₱2,779,557,596		
Payables to parent company					
VLLI	**c) Advances**	**(₱1,491,183,043)**	**₱29,460,856,744**	**Due and demandable; noninterest-bearing**	**Unsecured**
	f) Dividend	**(116,113,805)**	**–**	**–**	**–**
			₱29,460,856,744		
Lease liabilities (Note 25)					
Ultimate parent company	**e) Rental of parcels of land**	**(₱11,738,253)**	**(₱245,635,931)**	**Scheduled lease payments**	**Unsecured**
Entities under common control	**e) Rental of parcels of land**	**(103,088,788)**	**(1,582,077,579)**	**Scheduled lease payments**	**Unsecured**
			(₱1,827,713,510)		
Dividends payable (Note 16)					
Other stockholders	**f) Dividend**	**(₱13,559,828)**	**(₱275,118)**	**Due and demandable; noninterest-bearing**	**Unsecured**

December 31, 2019

	Nature of Transaction	Volume	Amount	Terms	Conditions
Receivables from tenants (Note 9)					
Ultimate Parent Company	a) Rental of office spaces	₱773,182	₱2,126,555	Noninterest-bearing	Unsecured; no impairment
VLLI	a) Rental of office spaces	9,136,574	11,340,006	Noninterest-bearing	Unsecured; no impairment
Entities under common control	a) Rental of commercial spaces	1,053,379,563	3,274,845,508	Noninterest-bearing	With guarantee from Fine Properties Inc., no impairment
			₱3,288,312,069		
Investments at fair value through OCI (Note 8)					
VLLI	b) Investments in VLLI shares	₱1,745,123,059	₱5,814,569,502	Not held for trading; subject to fair value changes	Unsecured; no impairment
Receivables from related parties					
Ultimate Parent Company	c) Advances	–	890,778,120	Due and demandable; noninterest-bearing	Unsecured; no impairment
	e) Sale of VLLI shares	–	1,960,071,562	Due and demandable; noninterest-bearing	Unsecured; no impairment
			₱2,850,849,682		

(Forward)

	Nature of Transaction	Volume	Amount	Terms	Conditions
Payables to parent company					
VLLI	c) Advances	₱9,476,547,065	(₱27,853,559,896)	Due and demandable; noninterest-bearing	Unsecured
	f) Dividends	425,024,522	–	–	–
			(₱27,853,559,896)		
Lease liabilities (Note 25)					
Ultimate parent company	e) Rental of parcels of land	₱233,897,678	(₱233,897,678)	Scheduled lease payments	Unsecured
Entities under common control	e) Rental of parcels of land	1,478,988,791	(1,478,988,791)	Scheduled lease payments	Unsecured
			(₱1,712,886,469)		
Dividends payable (Note 16)					
Other stockholders	f) Dividends	₱–	(₱275,118)	Due and demandable; noninterest-bearing	Unsecured

The significant transactions with related parties follow:

a) The Group has operating lease agreements with All Value Group, anchor tenant, which is comprised of AllHome Corp., AllDay Marts, Inc., Family Shoppers Unlimited, Inc., and CM Star Management, Inc. for the leases of commercial centers. All Value Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings. The lease agreements are with renewal options and contains escalation clauses.

   Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱1,573 million and ₱9,690.37 million, respectively, as of December 31, 2020 and ₱4,015.66 million and ₱3,109.51 million, respectively, as of December 31, 2019. These receivables from All Value Group which are recognized as ‘Accounts receivable from tenants’ and ‘Accrued rent receivable’ under ‘Receivables’ are not impaired (Note 9).

   Rental income and receivables from All Value Group without the effect of future escalation amounted to ₱3,250.15 million and ₱1,418.91 million, respectively, as of December 31, 2020 and ₱3,250.15 million and ₱1,418.91 million, respectively, as of December 31, 2019. These receivables from All Value Group are recognized as ‘Accounts receivable from tenants’ under ‘Receivables’ (Note 9). These receivables are due and demandable.

   Outstanding rent receivables without the effect of future escalation amounting to ₱1,239.52 million and ₱625.16 million are guaranteed by Fine Properties, Inc. as of December 31, 2020 and 2019, respectively. The guaranteed amount in 2020 excludes those rent receivables pertaining to AllHome Corp.

   Certain related party tenants who are entities under common control requested to terminate certain lease contracts in various malls in 2020. Accrued rent receivable from anchor tenants from straight-lining of rental income of ₱1,569.91 million was reversed against rental income for the year ended December 31, 2020.

   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 Group based on its scheme waived its right to collect rent and other charges as part of various lease concessions it granted to its related party lessees such as lease payment holidays or lease payment reductions. The rent concession granted by the Group for the year ended December 31, 2020 amounted to ₱975.17 million.

   In May and November 2019, the Group amended certain lease contracts with All Value 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, Fine Properties, Inc. assumed certain liabilities of All Value Group from the Group in relation to its lease agreement amounting ₱2,010.00 million. The liabilities assumed were under accounts receivable from tenants.

The Ultimate Parent Company also has lease agreements with the Group for the lease of its office spaces. The rental due is based on prevailing market conditions.

b) In 2016, MC invested in 752.21 million shares of VLLI at ₱7.15 per share amounting to ₱5,378.29 million. Investment in VLLI is recorded as investment in quoted equity securities carried at fair value through OCI by the Group.

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

d) In May 2013, the Group sold the remaining 399,397,000 shares of its investments in VLLI, with a carrying amount of ₱1,906.22 million, for a total consideration of ₱2,772.30 million to Fine Properties Inc. The outstanding receivables in relation to sale of VLLI shares as at December 31, 2019 and 2018 amounted to ₱1,960.07 million. This is noninterest bearing receivables that is due and demandable.

e) The Group entered into lease agreements pertaining to parcels of land wherein the Group's commercial centers are situated with Fine Properties, Inc. and other related parties under common control of VLLI. These leases have terms ranging from 20 to 25 years, with rental escalation clauses and renewal options.

f) Details of dividends declared to stockholders are discussed in Note 16.

On September 28, 2018, the Group acquired from Fine Properties parcels of land amounting to ₱4,525.94 million. The land is where the office spaces and commercial center of MAPI are currently situated. The consideration of ₱2,515.94 million was paid in cash while the remaining ₱2,010.00 million was offset against the receivables of the Group from Fine Properties Inc.

In addition, the Parent Company served as the guarantor for the following borrowings entered into by its related parties which the Parent Company unconditionally and irrevocably guaranteed. No fees are charged for these guarantee agreements. The Parent Company assessed that the expected credit loss from its guaranteed obligation of VLLI and VII. is nil. Therefore, the obligation related to the guarantee extended by the Parent Company is nil

A. Dollar Denominated Bonds

a. US$200.00 million Notes (Due July 2027)
On July 20, 2020, VLL International, Inc. (VII), a wholly-owned subsidiary of VLLI, issued US$ 200.00 million notes ("Notes") which are due on July 10, 2027 for refinance existing debt and for general corporate purposes.

As of December 31, 2020, outstanding balance of the note amounted to US$198.07 million (₱9,511.86 million).

b. US$350.00 million Notes (Due November 2024)
On November 28, 2017, VII issued US$350.00 million notes (“Notes”) which are due on November 28, 2024 for general working capital purposes, refinancing and other general corporate purposes of the subsidiaries under VLLI.

As of December 31, 2020, and 2019, outstanding balance of the note amounted to US$343.81 million (₱16,510.73 million) and US$342.67 million (₱17,351.21 million), respectively.

c. US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII issued US$300.00 million bonds which are due on June 22, 2022 for general working capital purposes, refinancing and other general corporate purposes of the subsidiaries under VLLI. As of December 31, 2020, and 2019, outstanding balance of note amounted to US$240.47 million (₱11,547.94 million) and US$237.57 million (₱12,029.30 million), respectively.

On February 2, 2016, VII issued additional USD$125.00 million bonds with the same terms and conditions with the above note. On September 29, 2016, VII repurchased US$54.54 million out of the US$425.00 million notes outstanding balance prior to the repurchase date. As of December 31, 2020, and 2019, outstanding balance of note amounted to US$124.87 million (₱5,996.60 million) and US$124.87 million (₱6,322.58 million), respectively.

B. Corporate Note Facility

a. ₱15,000.00 million Corporate Notes
On July 15, 2019, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2024 amounting to ₱14,500.00 million at a fixed rate of 6.77% per annum, payable quarterly.

On October 17, 2019, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2024, at a fixed interest of 6.77% per annum, payable quarterly.

As of December 31, 2020, and 2019, the outstanding balance of the Corporate Notes is ₱13,973.50 million and ₱14,861.46 million, respectively.

b. ₱8,200.00 million Corporate Notes
On July 11, 2018, VLLI entered into a Corporate Notes Facility Agreement for the issuance of a long term corporate notes consisting of Seven-Year Corporate Notes due 2025 amounting to ₱1,700.00 million and Ten-Year Corporate Notes due 2028 amounting to ₱6,000.00 million at a fixed rate of 7.7083% per annum, payable quarterly.

On July 25, 2018, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2025, at a fixed interest of 7.4985% per annum.

As of December 31, 2020, and 2019, the outstanding balance of the Corporate Notes is ₱6,847.66 million and ₱7,863.84 million, respectively.

c. ₱10,000.00 million Corporate Notes
On December 28, 2016, VLLI entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes with a principal amount of up to ₱8,000.00 million. On April 21, 2017, a consent solicitation was made for amendments to include among others, increasing the Corporate Notes principal amount to up to ₱10,000.00 million in respect to the second drawdown. Such amendments were consented by Note Holders representing at least fifty one percent (51%) of the outstanding Corporate Notes.

On April 27, 2017, VLLI made such amendments to the Corporate Note Facility dated December 28, 2016. The first drawdown was at ₱5,150.00 million in 2016. On May 3, 2017, VLLI made its second drawdown at ₱4,850.00 million, payable quarterly.

As of December 31, 2020, and 2019, the outstanding balance of the Corporate Note is ₱9,148.55 million and ₱9,341.41 million, respectively.

C. Peso-denominated Loan

a. ₱5,000.00 million Loan
On March 2020, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.89%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments commencing September 2020. As of December 31, 2020, the outstanding balance of the peso denominated loan is ₱4,445.64 million.

b. ₱3,000.00 million Loan
On October 24, 2019, VLLI obtained an additional 5-year unsecured peso denominated loan from a local bank amounting to ₱3,000.00 million. As of December 31, 2020 and 2019, the outstanding balance of the peso denominated loan is ₱2,210.53 million and ₱2,842.11 million, respectively.

c. ₱2,000.00 million Loan
On May 6, 2019, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2020 and 2019, the outstanding balance of the peso denominated loan is ₱1,388.14 million and ₱1,778.33 million, respectively.

d. ₱2,000.00 million Loan
On November 16, 2018, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2020 and 2019, the outstanding balance of the peso denominated loan is ₱1,500.00 million and ₱2,000.00 million, respectively.

e. ₱2,000.00 million Loan
On October 3, 2018, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2020 and 2019, the outstanding balance of the peso denominated loan is ₱1,490.80 million and ₱1,980.50 million.

Key Management Personnel Compensation
The compensation of key management personnel by benefit type follows:

	2020	2019	2018
Short-term employee benefits	**₱18,553,354**	₱21,393,009	₱36,163,446
Post-employment benefits	**9,349,045**	11,809,991	10,785,632
	₱27,902,399	₱33,203,000	₱46,949,078

21. Earnings Per Share and Noncontrolling Interest

The following table presents information necessary to compute the EPS:

	2020	2019	2018
Net profit attributable to equity holders of Parent Company	**₱2,720,306,780**	₱2,626,326,397	₱2,407,017,260
Weighted average common shares	**8,425,981,156**	8,425,981,156	8,425,981,156
Basic/Diluted EPS	**₱0.323**	₱0.312	₱0.286

The basic and dilutive earnings per share are the same due to the absence of potentially dilutive common shares for the years ended December 31, 2020, 2019 and 2018.

The summarized financial information of Manuela Corporation is provided below. The information is based on amounts before inter-company eliminations.

Manuela Corporation

	2020	2019	2018
Assets	**₱18,511,080,448**	₱20,725,441,937	₱17,814,755,781
Liabilities	**5,704,297,717**	5,868,775,933	5,138,762,719
Equity	**12,806,782,731**	14,856,666,004	12,495,993,062
Net income	**248,722,989**	616,283,597	955,160,854
Other comprehensive (loss) income	**(2,298,606,263)**	1,744,389,339	(432,515,305)

As of December 31, 2020, 2019 and 2018, the accumulated balances of and net income attributable to non-controlling interests follows:

	2020	2019	2018
Accumulated balances	**₱156,294,916**	₱159,356,628	₱120,641,592
Net income	**373,084**	10,107,051	15,664,638
Other comprehensive income (loss)	**(3,061,712)**	28,607,985	(7,093,251)

22. Contingencies

The Group is contingently liable with respect to lease contracts and other transactions arising in the ordinary course of business.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

23. Fair Value Determination

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, short-term cash investments, restricted cash, accounts receivable from tenants, other receivables, receivables from related parties, accounts and other payables (except for deferred output VAT and other statutory payables), dividends payable and payable to related parties: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the consolidated 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.

Investments at FVTPL and FVOCI
Fair values of equity securities are based on quoted market prices.

Bank loans
Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranges from 3.29% to 4.36% in 2020 and 4.69% to 5.97% in 2019 using the remaining terms to maturity.

Liabilities for purchased land and retention payable
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 is 5.41% in 2020 and 5.32% in 2019 using the remaining terms to maturity.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities recognized as at December 31, 2020 and 2019:

	December 31, 2020				
	Carrying Value	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets					
Financial assets measured at fair value (Note 8):					
Investments at FVTPL	**₱22,264,152**	**₱22,264,152**	**₱–**	**₱–**	**₱22,264,152**
Investments at FVOCI	**3,520,334,446**	**3,520,334,446**	**–**	**–**	**3,520,334,446**

(Forward)

	December 31, 2020				
	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 loans (Note 14)	**₱2,972,166,317**	**₱–**	**₱–**	**₱3,075,538,982**	**₱3,075,538,982**
Lease liabilities (Note 25)	**3,736,678,687**	**–**	**–**	**5,305,271,487**	**5,305,271,487**
Liabilities for purchased land (Notes 12 and 15)	**307,920,487**	**262,903,742**	**–**	**–**	**262,903,742**
Retention payable (Notes 12 and 15)	**990,083,563**	**945,948,522**	**–**	**–**	**945,948,522**

	December 31, 2019				
	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets					
Financial assets measured at fair value (Note 8):					
Investments at FVTPL	₱29,669,110	₱29,669,110	₱–	₱–	₱29,669,110
Investments at FVOCI	5,814,569,502	5,814,569,502	–	–	5,814,569,502
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loans (Note 14)	4,297,673,326	–	–	4,307,594,684	4,307,594,684
Lease liabilities (Note 25)	4,015,878,723	–	–	5,473,160,518	5,473,160,518
Liabilities for purchased land (Notes 12 and 15)	306,006,902	–	–	275,885,219	275,885,219
Retention payable (Notes 12 and 15)	891,056,671	–	–	810,599,054	810,599,054

In 2020 and 2019, there were no transfers between Levels of fair value measurements.

Significant increases (decreases) in discount rate would result in significantly higher (lower) fair value of the restricted cash, bank loans, liabilities for purchased land and retention payable.

Description of significant unobservable inputs to valuation:

Account	**Valuation Technique**	**Significant Unobservable Inputs**
Bank loans	Discounted cash flow analysis	Discount rate
Lease liabilities	Discounted cash flow analysis	Discount rate
Liabilities for purchased land	Discounted cash flow analysis	Discount rate
Retention payable	Discounted cash flow analysis	Discount rate

24. Financial Assets and Liabilities

Financial Risk Management Objectives and Policies

Financial risk

The Group's principal financial liabilities comprise of accounts and other payables (except for deferred output VAT and other statutory payables), dividends payable, payable to related parties, liabilities for purchased land, retention payable and bank loans. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as cash, short-term cash investments, receivables (except for advances to contractors), receivables from related parties, restricted cash, investment at FVTPL and investment at FVOCI which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group 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 Group's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk
The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts.

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

	December 31, 2020		December 31, 2019	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Financial assets				
Fixed rate				
Cash* (Note 7)	**0.10% to 1.52%**	**₱163,831,500**	0.10% to 1.25%	₱558,185,223
Short-term cash investments (Note 8)	**3.00% to 3.25%**	**7,496,416**	3.00% to 3.25%	62,810,499
Restricted cash (Note 11)	**3.13% to 6.25%**	**289,185,058**	3.13% to 6.25%	665,670,015
		₱460,512,974		₱1,286,665,737
Financial liabilities				
Fixed rate				
Bank loans (Note 14)	**7.08% to 9.73%**	**₱2,972,166,317**	5.75% to 6.25%	₱4,297,673,326

**Excluding cash on hand*

As of December 31, 2020 and 2019, the Group's leasing income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily from receivables from tenants and from its investing activities primarily from short-term cash investments with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Receivables are regularly monitored.

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash in banks, short-term cash investments, receivables from related parties, restricted cash, investment at FVTPL and investment at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years.

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

The Group evaluates the concentration of risk with respect to receivable from related parties (refer to Note 20). The related parties have a strong capacity to meet their contractual cash flows and/or guaranteed by Fine Properties, Inc., ultimate parent company.

Credit risk arising from receivable from third party tenants is primarily managed through a screening of tenants based on credit history and financial information submitted. Tenants are required to pay security deposits equivalent to 3-months lease payment to cover any defaulting amounts and advance rentals also equivalent to 3-month rent.

Credit risk arising from receivable from related party tenants, aside from the same terms of security deposits and advance rent, is minimal due to the guarantee provided by Fine Properties, Inc., ultimate parent company.

Credit risk arising from receivables from related parties is minimal as they have a low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk as of December 31, 2020 and 2019 is equal to the carrying values of its financial assets.

Applying the expected credit risk model resulted to recognition of impairment loss of ₱82.16 million for all financial assets in 2020 and ₱52.63 million in 2019.

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group 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 Group's 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 Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2020 and 2019.

Maturity Profile of Financial Liabilities

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2019 and 2018 based on undiscounted contractual payments, including interest 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 loans (Note 14)	**₱–**	**₱329,174,166**	**₱945,426,744**	**₱2,281,163,553**	**₱3,555,764,463**
Lease liabilities (Note 25)	**–**	**99,964,511**	**312,849,419**	**10,208,062,624**	**10,620,876,554**
Accounts and other payables* (Notes 12 and 15)	**–**	**3,330,671,927**	**734,355,854**	**1,267,306,581**	**5,332,334,362**
Dividends payable	**275,118**	**–**	**–**	**–**	**275,118**
Payables to related parties (Note 20)	**29,460,856,744**	**–**	**–**	**–**	**29,460,856,744**
	₱29,461,131,862	**₱3,759,810,604**	**₱1,992,632,017**	**₱13,756,532,758**	**₱48,970,107,241**

**Excluding deferred output VAT, other payables, noncurrent portion of security deposits and noncurrent portion of advance rent*

	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 loans (Note 14)	₱–	₱425,890,997	₱1,125,234,714	₱3,265,022,405	₱4,816,148,116
Lease liabilities (Note 25)	–	10,990,573	40,683,608	3,964,204,541	4,015,878,722
Accounts and other payables* (Notes 12 and 15)	–	926,415,303	982,139,765	1,282,993,757	3,191,548,825
Dividends payable	275,118	–	–	–	275,118
Payables to related parties (Note 20)	27,853,559,896	–	–	–	27,853,559,896
	₱27,853,835,014	₱1,363,296,873	₱2,148,058,087	₱8,512,220,703	₱39,877,410,677

**Excluding deferred output VAT, other payables, noncurrent portion of security deposits and noncurrent portion of advance rent*

25. **Leases**

The Group as a Lessor

The Group has entered into non-cancellable property leases on its investment property portfolio, consisting of retail mall spaces and BPO commercial centers which generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2020 and 2019 follow:

	2020	2019
Within one year	**₱3,715,769,210**	₱5,543,492,704
After one year but not more than five years	**17,935,626,658**	24,379,271,412
More than five years	**80,431,314,268**	55,957,270,244
	₱102,082,710,136	₱85,880,034,360

Rental income included in the consolidated statements of comprehensive income for the years ended December 31, 2020, 2019 and 2018 amounted to ₱6,843.50 million, ₱6,730.45 million and ₱5,673.92 million, respectively.

Contingent rent included in rental income for the years ended December 31, 2020, 2019 and 2018 amounted to ₱1,342.60 million, ₱1,899.60 million and ₱782.73 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 Group 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 Group 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, 2020 and beyond depending on the tenant's profile and credit. The rent concession granted by the Group for the year ended December 31, 2020 amounted to ₱1,478.44 million.

The Group as a Lessee

The Group, as lessee, has lease contracts for parcels of land where its commercial centers are situated with the lease term of 2 - 25 years. Rental due is based on prevailing market conditions. Generally, the Group is not restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

In 2020, the group as Lessee received rent concession amounting to ₱15.25 million.

The following are the amounts recognized in consolidated statement of comprehensive income:

	2020	2019
Depreciation expense of right-of-use assets included in investment properties	**₱200,001,046**	₱193,771,808
Interest expense on lease liabilities	**390,674,378**	237,649,175
Expenses relating to short-term leases (included in operating expenses)	**1,915,174**	4,674,950
Expenses relating to leases of low-value assets (included in operating expenses)	**131,095**	945,276
Total amount recognized in statement of comprehensive income	**₱592,721,693**	₱437,041,209

The rollforward analysis of lease liabilities follows:

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	**₱4,015,878,723**	₱3,223,629,921
Additions	**187,295,437**	712,587,624
Terminations	**(528,417,878)**	–
Interest expense (Note 18)	**390,674,379**	336,034,670
Payments	**(328,751,974)**	(256,373,492)
Balance at the end of the year	**3,736,678,687**	4,015,878,723
Less current portion	**62,694,367**	51,674,182
Noncurrent portion	**₱3,673,984,320**	₱3,964,204,541

On September 30, 2020, the Group terminated two lease contracts with third party lessors covering parcels of land previously used as open space parking facility. This resulted to reversal of the related right-of-use asset and lease liability and gain on pre termination amounting to ₱74.16 million presented under other operating income in the consolidated statements of comprehensive income.

The Group has no lease contract that contains variable payments. The Group's fixed payments amounted to ₱328.68 million.

The Group's 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 Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	December 31, 2020	December 31, 2019
Within 1 year	**₱412,813,929**	₱338,680,516
More than 1 year to 2 years	**425,764,525**	412,813,929
More than 2 years to 3 years	**441,693,861**	425,764,526
More than 3 years to 4 years	**461,402,459**	441,693,861
More than 5 years	**8,879,201,779**	9,340,604,238
	₱10,620,876,553	₱10,959,557,070

26. Notes to Consolidated Statements of Cash Flows

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

			Non-cash Change						
	December 31, 2019	**Cash Flows**	**Amortization of debt issue cost**	**Lease liabilities**	**Declaration of dividends**	**Receivable from ultimate parent company**	**Payable to parent company**	**Interest and other financing charges (including capitalized borrowing cost)**	**December 31, 2020**
Payables to related parties (Note 20)	**₱27,853,559,896**	**₱1,491,183,043**	**₱–**	**₱–**	**₱–**	**₱–**	**₱116,113,805**	**₱–**	**₱29,460,856,744**
Dividends payable	**275,118**	**(13,559,828)**	**–**	**–**	**131,465,729**	**(1,792,096)**	**(116,113,805)**	**–**	**275,118**
Bank loans (Note 14)	**4,297,673,326**	**(1,328,366,778)**	**2,859,769**	**–**	**–**	**–**	**–**	**–**	**2,972,166,317**
Interest payable (Note 12)	**38,933,263**	**(175,457,893)**	**(2,859,769)**	**–**	**–**	**–**	**–**	**169,124,472**	**29,740,073**
Lease liabilities (Note 25)	**4,015,878,723**	**(328,751,973)**	**–**	**(341,122,441)**	**–**	**–**	**–**	**390,674,378**	**3,736,678,687**
Total liabilities from financing activities	**₱36,206,320,326**	**(₱354,953,429)**	**₱–**	**(₱341,122,441)**	**₱131,465,729**	**(₱1,792,096)**	**₱–**	**559,798,850**	**36,199,716,939**

			Non-cash Change						
	December 31, 2018	Cash Flows	Amortization of debt issue cost	Lease liabilities	Declaration of dividends	Receivable from ultimate parent company	Payable to parent company	Interest and other financing charges (including capitalized borrowing cost)	December 31, 2019
Payables to related parties (Note 20)	₱18,377,012,831	₱9,476,547,065	₱–	₱–	₱–	₱–	₱–	₱–	₱27,853,559,896
Dividends payable	275,118	(481,123,525)	–	–	481,123,525			–	275,118
Bank loans (Note 14)	5,856,409,354	(1,565,803,985)	7,067,957	–	–	–	–	–	4,297,673,326
Interest payable (Note 12)	–	(315,190,240)	(7,067,957)	–	–	–	–	361,191,460	38,933,263
Lease liabilities (Note 25)	3,223,629,921	(256,373,492)	–	712,587,624	–	–	–	336,034,670	4,015,878,723
Total liabilities from financing activities	₱27,457,327,224	₱6,858,055,823	₱–	₱712,587,624	₱481,123,525	₱–	₱–	₱697,226,130	₱36,206,320,326

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

a) Recognition of mark-to-market loss and mark-to-market gain amounting to ₱7.40 million and ₱0.80 million in 2020 and 2019, respectively. Recognition of unrealized fair value loss of investment held at fair value through OCI amounting to ₱1,745.12 million during the year.

b) Recognition additions in right-of-use asset and lease liability amounting to ₱328.22 million and ₱341.12 million, respectively, during the year. (Notes 10 and 25).
c) Application of dividends against outstanding receivable from and payable to related parties amounting ₱1.79 million and ₱116.11 million as of December 31, 2020, respectively.
d) As at December 31, 2020 and 2019, unpaid investment properties amounted to ₱1,699.97 million and ₱1,241.10 million, respectively.
e) As at December 31, 2020 and 2019, unpaid property and equipment amounted to ₱4.86 million and ₱9.76 million, respectively.
f) As at December 31, 2020 and 2019, the Group applied creditable withholding taxes amounting to ₱96.61 million and ₱169.18 million, respectively.

27. 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 Group's business activities.

The Group has adjusted its operations in accordance with the required measures and safety protocols. 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.

28. Approval of the Financial Statements

The consolidated financial statements of the Group as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were authorized for issue by the BOD on April 21, 2021.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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Philippines

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ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vistamalls, Inc. and Subsidiaries
LGF, Building B, Evia Lifestyle Center
Vista City, Daanghari, Almanza II
Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group) as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in this Form 17-A, and have issued our report thereon dated April 21, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules, are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements, and in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1737-A (Group A),
January 24, 2019, valid until January 23, 2022
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-074-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534376, January 4, 2021, Makati City

April 21, 2021

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vistamalls, Inc. and Subsidiaries
LGF, Building B, Evia Lifestyle Center
Vista City, Daanghari, Almanza II
Las Piñas City

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group) as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 21, 2021. Our audits were made for the purpose of forming an opinion on the consolidated 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 Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019, and for each of the three years in the period ended 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
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December 3, 2020, valid until December 2, 2023
PTR No. 8534376, January 4, 2021, Makati City

April 21, 2021

VISTAMALLS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2020

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱2,474,214,714
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	3,214,865,472
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)	5,183,471
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	3,220,048,943
Add (Less):	
Dividend declarations during the period	(131,445,306)
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	₱5,562,675,020

VISTAMALLS, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES

VISTAMALLS, INC. (FORMERLY STARMALLS, INC.) AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2020

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash (excluding cash on hand)	N/A	₱163,831,500	₱163,831,500	₱3,767,328
Accounts receivables	N/A	3,511,708,988	3,511,708,988	3,169,682
Installment contracts receivables	N/A	67,479,204	67,479,204	2,224,698
Investments in mutual funds	N/A	22,264,152	22,264,152	–
Investments in quoted equity shares (VLL)	N/A	3,520,334,446	3,520,334,446	–
Restricted cash	N/A	289,185,058	289,185,058	38,070,262
Total financial assets		₱7,574,803,348	₱7,574,803,348	₱47,231,970

See Note 7, 8, 9 and 11 of the Consolidated Financial Statements

VISTAMALLS, INC. (FORMERLY STARMALLS, INC.) AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2020

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts liquidated	Amounts written off	Current	Not current	Balance at end of period
Receivable from employees	₱10,406,647	₱294,830,555	₱253,557,882	₱–	₱51,679,320	₱–	₱51,679,320

See Note 9 of the Consolidated Financial Statements

VISTAMALLS, INC. (FORMERLY STARMALLS, INC.) AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2020

Name and Designation of Debtor/Creditor	Balance at Beginning of Period	Additions	Amounts Liquidated	Amounts Converted to APIC/Capital Stock	Current	Noncurrent	Balance at end of period
Vistamalls, Inc.	₱29,666,489,860	₱10,437,264,727	₱5,629,166,299	₱–	₱–	₱–	34,474,588,288
Manuela Corporation	6,697,132,495	1,220,854,695	868,709,245	–	–	–	7,049,277,945
Masterpiece Asia Properties, Inc.	(36,363,622,355)	7,951,788,419	2,791,544,540	–	–	–	(41,523,866,233)

VISTAMALLS, INC. (FORMERLY STARMALLS, INC.) AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2020

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	Interest rates	Amount	Number of periodic installments	Maturity date
Bank loan 1	₱2,273,613,392	₱454,724,278	₱113,681,070	6.25%	₱568,405,348	Quarterly interest and principal payment	March 2022
Bank loan 2	500,000,000	62,500,000	359,375,000	5.75%	421,875,000	Quarterly interest and principal payment	June 2027
Bank loan 3	4,330,000,000	128,713,112	1,853,172,857	5.75%	1,981,885,969	Quarterly interest and principal payment	July 2022
	₱7,103,613,392	₱645,937,390	₱2,326,228,927		₱2,972,166,317		

See Note 14 of the Consolidated Financial Statements

VISTAMALLS, INC. (FORMERLY STARMALLS, INC.) AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2020

Name of related party	Balance at beginning of period	Balance at end of period
Payable to parent company	₱27,853,559,896	₱29,460,856,744

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2020

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 guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee
VLL International, Inc.	Dollar-denominated bonds	₱9,511,857,608	₱9,511,857,608	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	16,510,730,542	17,351,206,777	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	17,544,547,004	17,544,547,004	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	13,973,499,757	13,973,499,757	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	6,847,662,256	6,847,662,256	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	9,148,551,700	9,148,551,700	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	4,455,643,122	4,455,643,122	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	2,210,526,316	2,210,526,316	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,388,144,450	1,388,144,450	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,500,000,000	1,500,000,000	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,490,803,909	1,490,803,909	Guaranteed principal payments of the securities
		₱84,581,966,664	₱85,422,442,899	

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

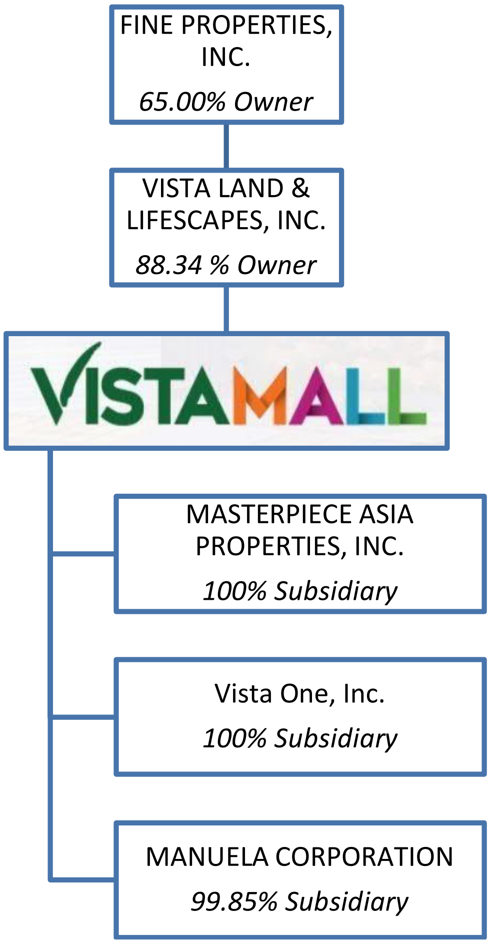
DECEMBER 31, 2020

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	16,900,000,000	8,425,981,156 shares issued; and outstanding	–	7,558,070,596	6,100	867,904,460
Preferred Stock, ₱0.01 par value	10,000,000,000	2,350,000,000 shares issued and outstanding	–	2,350,000,000	–	–

See Note 16 of the Consolidated Financial Statements

VISTAMALLS, INC. (FORMERLY STARMALLS, INC.) AND SUBSIDIARIES
GROUP STRUCTURE

Below is the map showing the relationship between and among the Group and its Parent Company, and its subsidiaries as of December 31, 2020.



SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTAMALLS, INC. AND SUBSIDIARIES
AS OF DECEMBER 31, 2020 AND 2019

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2020, 2019 and 2018

		2020	2019	2018
Current ratio	Current assets / Current liabilities	**0.33**	0.28	0.41
Acid test ratio	Quick asset[1] / Current liabilities	**0.31**	0.27	0.39
Solvency ratio	Net income + Depreciation / Total liabilities	**0.09**	0.09	0.11
Debt ratio	Interest bearing debt[2] / Total assets	**0.04**	0.06	0.11
Asset to equity ratio	Total assets / Total equity	**2.79**	2.70	2.38
Interest service coverage ratio	EBITDA / Total interest paid	**32.68**	17.82	10.60
Return on equity	Net income / Total equity	**0.10**	0.10	0.11
Return on assets	Net income / Average total assets	**0.03**	0.04	0.05
Net profit margin	Net income / Net revenue	**0.63**	0.65	0.70

[1]Includes Cash, Short-term investments, Investment at FVTPL, Current receivables, Receivable from ultimate parent company and Other current asset
[2]Includes current and noncurrent portion of Bank loans

Figures used in the computation	**December 31, 2020**	December 31, 2019
Current assets	₱11,502,749,445	₱ 9,146,135,268
Current liabilities	35,020,041,089	32,334,730,825
Quick asset[1]	11,200,911,829	8,844,297,652
Net income + Depreciation	4,266,251,512	4,195,293,657
Total liabilities	47,261,060,270	44,483,619,167
Interest bearing debt[2]	2,972,166,317	4,297,673,326
Total assets	73,691,776,165	70,626,193,526
Total equity	26,430,715,895	26,142,574,359
EBITDA	5,920,562,275	5,615,384,201
Total interest paid	175,457,893	315,190,240
Net income	2,720,679,864	2,636,433,448
Average total assets	84,690,120,723	68,803,501,714
Net revenue	4,337,388,314	4,029,741,953